



**MCB-ARIF HABIB**  
Savings and Investments Limited

# ANNUAL REPORT 2021

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



# **ALHAMRA ISLAMIC ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> 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	
<b>Bankers</b>	MCB Bank Limited Habib Metropolitan Bank Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan Meezan Bank Limited Dubai Islamic Bank Pakistan Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Askari Bank Limited Soneri Bank Limited	
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

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**Dear Investor,**

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Asset Allocation Fund** accounts review for the year ended **June 30, 2021**.

## **Economy and Money Market Review**

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

## **Equity Market Review**

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election. However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a laggard with 11 per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528 million shares compared to 196 million shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120 million compared to USD 46 million a year back.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Foreign investors continued their selling spree in FY21 as well with net selling of USD 387 million compared to USD 285 million a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332 million and USD 138 million, respectively.

### FUND PERFORMANCE

During the period under review, the fund delivered a return of 24.41 per cent as against its benchmark return of 35.56 per cent.

On the equities front, the overall allocation was 84.2 per cent at the end of the period under review. The fund was mainly invested in Cement, Oil & Gas Exploration Companies and Pharmaceuticals significantly during the period.

On the fixed income side, there was no exposure towards Sukuk at the end of the period under review.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 2,335 million as compared to Rs. 1,964 million as at June 30, 2020 registering an increase of 18.89 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 77.7831 as compared to opening NAV of Rs. 62.5192 per unit as at June 30, 2020 registering an increase of Rs. 15.2639 per unit.

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021, the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 28.3 to the financial statements.

### Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

From capital market perspective, particularly equities, markets are watchful of the 4<sup>th</sup> wave of Covid cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is right now at 3.6 per cent, compared to historical average of 1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

### Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

### Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With four (4) Non-Executive Directors, three (3) Independent Directors and one (1) Executive Director on the Board, as governing body of the Management Company, the Board is accountable to the unit holders for good corporate governance.

The Board consists of 1 female and 7 male directors. The details are as under:

Sr.No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i) Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	(i) Audit Committee (ii) HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i) Audit Committee (Chairman); and (ii) HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i) HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i) HR&R* Committee

\* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2021:

### 1. Meeting of the Audit Committee.

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

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg(Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-



## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

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

During the year, four (4) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (chairman)	4	4	4	-
2. Mr. Ahmed Jahangir	4	4	4	-
3. Mr. Nasim Beg	4	4	4	-
4. Ms. Mavra Adil Khan	4	4	3	1
5. Syed Savail Meekal Hussain	4	4	4	-
6. Mr. Muhammad Saqib Saleem (CEO)	4	4	4	-

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Asif Mehdi Rizvi	Chief Operating & Financial Officer	6	0	0

### External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2022. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2022.

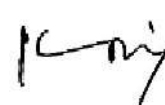
### ACKNOWLEDGMENT

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 15, 2021



**Kashif A. Habib**  
Director

## ڈائریکٹرز رپورٹ

میٹنگز کی تعداد				
نام	منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
۱۔ جناب مرزا قمر بیگ (چیرمین)	4	4	4	-
۳۔ جناب احمد جہانگیر	4	4	4	-
۴۔ جناب نسیم بیگ	4	4	4	-
۵۔ محترمہ ماوراء عادل خان	4	4	3	1
۶۔ سید ساویل میکال حسین	4	4	4	-
۷۔ جناب محمد ثاقب سلیم (سی ای او)	4	4	4	-

m. دوران سال منجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانسئل آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے یونٹس میں تجارت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فائیننشل آفیسر	6	-	-

### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز **A.F. Ferguson & Co.** چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے **A.F. Ferguson & Co.** چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال مختتمہ 30 جون 2022ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔

### اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



کاشف اے حبیب  
ڈائریکٹر



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
15 ستمبر 2021ء

## ڈائریکٹرز رپورٹ

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حشی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الادا ٹیکس، قانونی چارہ اور ڈیوٹیز (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

l. بورڈ آف ڈائریکٹرز میننگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میننگز کی تفصیلات درج ذیل ہیں:

۱۔ آڈٹ کمیٹی کی میننگ

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

میننگز کی تعداد				
نام	منعقدہ میننگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت
۲۔ مرزا محمد قمر بیگ (چیئر مین)	9	9	9	-
۳۔ جناب نسیم بیگ	9	9	9	-
۴۔ جناب احمد جہانگیر	9	9	9	-
۵۔ جناب کاشف اے حبیب	9	9	9	-
۶۔ سید ساویل میکال حسین	9	9	9	-

۲۔ ہیومن ریسورس اینڈ میوزیشن کمیٹی کی میننگ

دوران سال ہیومن ریسورس اینڈ میوزیشن کمیٹی کی چار (4) میننگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

## ڈائریکٹرز رپورٹ

### میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکے۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پرعزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمپنی کی گورننگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون راشد	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید ساویل میکان حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیز مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیز مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

\* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریمونریشن

مینجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور مینجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے پالمرسٹ مطلع کیا جاتا ہے کہ:

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

b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

زیرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آ سکتی ہے۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو وڈ کی چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جاسکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (مورگن اسٹینلی کیپیٹل انٹرنیشنل) امرجنگ مارکیٹ انڈیکس سے ایم ایس سی آئی فرنٹیر مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازار کی رفتار میں کردار ادا کریں گے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔



### ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سینٹیٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی لچک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سینٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای اینڈ پی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص منافع ہوا جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 24.41 فیصد منافع حاصل کیا، جبکہ مقررہ معیار کا منافع 35.56 فیصد تھا۔

ایکویٹی میں مجموعی اختصاص زیر جائزہ مدت کے اختتام پر 84.2 فیصد تھا۔ دوران مدت فنڈ کی زیادہ تر سرمایہ کاری سینٹ تیل اور گیس کی دریافت کی کمپنیوں اور دواسازی کے شعبے میں تھی۔

مقررہ آمدنی کی جہت میں زیر جائزہ مدت کے اختتام پر سنسکک میں کوئی شمولیت نہیں تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 2,335 ملین روپے تھے جو 30 جون 2020ء کی سطح 1,964 ملین روپے کے مقابلے میں 18.89 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 77.7831 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 62.5192 روپے فی یونٹ کے مقابلے میں 15.2639 روپے فی یونٹ اضافہ ہے۔

ایس آر بی نے اپنے خط مؤرخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ زمالیاتی اداروں / صنعتی اسٹیل شمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شراکتی حصے ان پر واجب الاداء نہیں ہیں۔

13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویژن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت کے لیے کیے گئے SWWF کے مجموعی پراویژن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 28.3 ملاحظہ فرمائیے۔

### معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سینٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک ایسیٹ ایلوکیٹن فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار زر کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پھیپوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں چمک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6 فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7 فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دھکتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

### Fund Type and Category

Alhamra Islamic Asset Allocation Fund (ALHAA) is an Open-End Shariah Compliant Asset Allocation Scheme.

### Fund Benchmark

The benchmark for ALHAA is KMI-30 Index and Six (6) months average deposit rates of three (3) A rated scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by MUFAP on the basis of actual proportion held by the Scheme.

### Investment Objective

The objective of the fund is to provide medium to long term capital appreciation through investing in Shariah compliant investments in Pakistan and Internationally.

### Investment Strategy

Alhamra Islamic Asset Allocation Fund (ALHAA) is an open-end asset allocation fund which seeks to achieve its objective through investing in a portfolio of Shariah compliant investments diversified across the capital markets of Pakistan as well as keeping a limited exposure internationally. The Fund is managed through an active management strategy with dynamic allocation towards different asset classes. The investment process is driven by fundamental research. The domestic portfolio of the Fund primarily invests in fundamentally strong Shariah compliant equities, high quality Sukuks and other Shariah compliant instruments. For equities, fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the Fund's portfolio is high quality liquid stocks.

### Manager's Review

During the period under review, the fund delivered a return of 24.41% as against its benchmark return of 35.56%.

The overall allocation was 84.2% at the end of the period under review. The fund was mainly invested in Oil & Gas Exploration Companies, Cement and Commercial Banks during the period. Fund was invested 14.1% in cash.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 2,335 million as compared to Rs. 1,964 million as at June 30, 2020 registering an increase of 18.9%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 77.7831 as compared to opening NAV of Rs. 62.5192 per unit as at June 30, 2020 registering an increase of Rs. 15.2639 per unit.

#### Asset Allocation as of June 30, 2021 (%age of Total Assets)

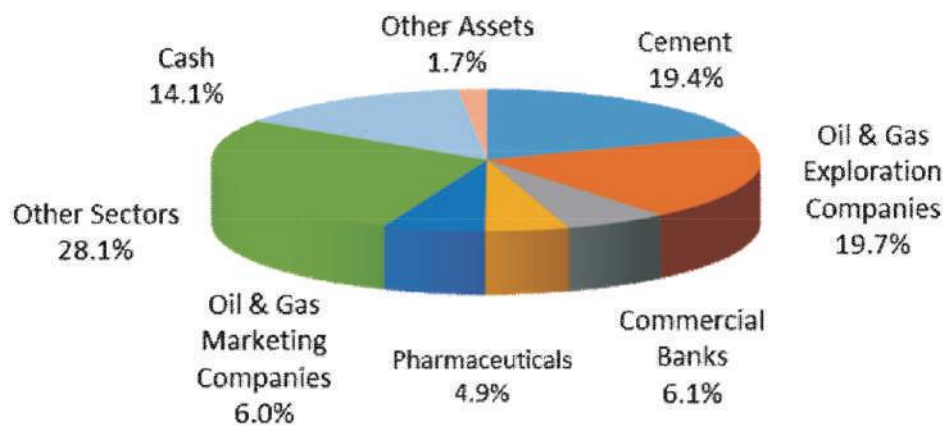
Asset Allocation (%age of Total Assets)	Jun-21
Cash	14.1%
Others including receivables	1.7%
Stocks / Equities	84.2%



## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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### Asset Allocation as on June 30, 2021 (% of total assets)



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**Awais Abdul Sattar, CFA**  
Fund Manager

# TRUSTEE REPORT TO THE UNIT HOLDERS

## CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

### Head Office:

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



## TRUSTEE REPORT TO THE UNIT HOLDERS

### ALHAMRA ISLAMIC ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 09, 2021



## REPORT OF THE SHARIAH ADVISORY BOARD

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Karachi: September 10, 2021

### REPORT OF THE SHARIAH ADVISORY BOARD

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

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

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

- We have reviewed and approved the modes of investment of ALHAA in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHAA by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHAA for the period from July 01, 2020 to June 30, 2021 have been in compliance with Shariah principles.

During the year an amount of Rupees 2,916,361.20 was transferred to charity account. The total amount of charity payable as at 30 June 2021 amounts to Rs. 2,916,361.20

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.



Dr Muhammad Zubair Usmani  
(Shariah Advisor)



Dr Ejaz Ahmed Samadani  
(Shariah Advisor)

**For and on behalf of Shariah Advisory Board**

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alhamra Islamic Asset Allocation Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Alhamra Islamic Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value (NAV)</b> (Refer notes 5 and 6 to the annexed financial statements)  Balances with banks and Investments constitute the most significant components of the NAV. Balances with banks of the Fund as at June 30, 2021 aggregated to Rs 334,549 million and Investments amounted to Rs 2,002,301 million.  The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2021 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>tested the design and operating effectiveness of the key controls for valuation of investments;</li><li>obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2021 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li></ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F. FERGUSON & CO.

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"><li>re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

## Other Information

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

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

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

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

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

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

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AFC

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & Co.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

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

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

*A.F. Ferguson & Co.*

Chartered Accountants  
Karachi

Date: September 23, 2021

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

	Note	June 30, 2021 ----- (Rupees in '000) -----	June 30, 2020
<b>ASSETS</b>			
Balances with banks	5	334,549	238,799
Investments	6	2,002,301	1,748,024
Dividend, mark-up and other receivables	7	2,086	10,420
Advances and deposits	8	3,905	3,905
Receivable against sale of investments		33,855	-
<b>Total assets</b>		<u>2,376,696</u>	<u>2,001,148</u>
<b>LIABILITIES</b>			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	9	8,865	10,332
Payable to Central Depository Company of Pakistan Limited - Trustee	10	316	275
Payable to the Securities and Exchange Commission of Pakistan	11	488	471
Payable against purchase of investments		-	7,343
Accrued and other liabilities	12	32,139	19,148
<b>Total liabilities</b>		<u>41,808</u>	<u>37,569</u>
<b>NET ASSETS</b>		<u>2,334,888</u>	<u>1,963,579</u>
<b>Unit holders' fund (as per statement attached)</b>		<u>2,334,888</u>	<u>1,963,579</u>
<b>Contingencies and commitments</b>	13		
<b>NUMBER OF UNITS IN ISSUE</b>			
		<u>30,017,933</u>	<u>31,407,618</u>
<b>NET ASSET VALUE PER UNIT</b>			
	4.7	<u>77.7831</u>	<u>62.5192</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

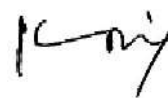
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	For the year ended	
		June 30, 2021	June 30, 2020
		----- (Rupees in '000) -----	
<b>INCOME</b>			
Net gain on sale of investments		399,750	42,672
Dividend income		80,854	82,924
Income on term deposit musharika		-	1,977
Income from Sukuk Certificates		4,170	4,298
Mark-up on bank deposits		23,286	69,837
Unrealised appreciation / (diminution) on remeasurement of investments			
classified as financial assets at fair value through profit or loss - net	6.1.1 & 6.1.2	143,001	(76,640)
<b>Total income</b>		<b>651,061</b>	<b>125,068</b>
<b>EXPENSES</b>			
Remuneration of MCB-Arif Habib Savings & Investments			
Limited - Management Company	9.1	61,161	47,116
Sindh Sales Tax on remuneration of the Management Company	9.2	7,951	6,125
Allocated expenses	9.3	2,442	2,356
Selling and marketing expenses	9.4	19,428	25,797
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	3,442	3,356
Sindh Sales Tax on remuneration of the Trustee	10.2	447	436
Annual fee to the Securities and Exchange Commission of Pakistan	11	488	471
Auditors' remuneration	14	612	534
Brokerage, settlement and bank charges		13,271	8,611
Fees and subscription		27	39
Legal and professional charges		137	77
Shariah advisory fee		744	900
Printing and related costs		41	46
Donation / charity		2,916	2,148
<b>Total expenses</b>		<b>(113,107)</b>	<b>(98,012)</b>
<b>Net income from operating activities</b>		<b>537,954</b>	<b>27,056</b>
Provision for Sindh Worker's Welfare Fund (SWWF)		(10,759)	(541)
<b>Net income for the year before taxation</b>		<b>527,195</b>	<b>26,515</b>
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>527,195</b>	<b>26,515</b>
<b>Earnings per unit</b>	4.13	-	-
<i>Allocation of net income:</i>			
Net income after taxation		527,195	26,515
Income already paid on units redeemed		(175,125)	(210)
		<b>352,070</b>	<b>26,305</b>
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		352,070	-
- Excluding capital gains		-	26,305
		<b>352,070</b>	<b>26,305</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

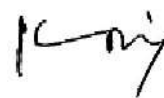
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director



# STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended	
	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
Net income for the year after taxation	527,195	26,515
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>527,195</u>	<u>26,515</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

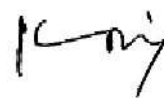
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021			June 30, 2020		
	Capital value	(Accumulated loss) / Undistributed income	Total	Capital value	Accumulated loss	Total
	----- (Rupees in '000) -----					
<b>Net assets at beginning of the year</b>	2,157,877	(194,298)	1,963,579	3,168,189	(195,102)	2,973,087
Issuance of 17,787,428 (2020: 10,000,288) units						
- Capital value (at net assets value per unit at the beginning of the year)	1,112,056	-	1,112,056	638,265	-	638,265
- Element of Income	158,574	-	158,574	47,377	-	47,377
	1,270,630	-	1,270,630	685,642	-	685,642
Redemption of 19,177,113 (2020: 25,174,814) units						
- Capital value (at net assets value per unit at the beginning of the year)	1,198,938	-	1,198,938	1,606,773	-	1,606,773
- Element of loss	52,453	175,125	227,578	89,181	210	89,391
	1,251,391	175,125	1,426,516	1,695,954	210	1,696,164
Total comprehensive income for the year	-	527,195	527,195	-	26,515	26,515
Final distribution for the year ended June 30, 2020 @ Rs 0.8205 per unit on June 29, 2019	-	-	-	-	(25,501)	(25,501)
<b>Net assets at the end of the year</b>	<u>2,177,116</u>	<u>157,772</u>	<u>2,334,888</u>	<u>2,157,877</u>	<u>(194,298)</u>	<u>1,963,579</u>
<b>Accumulated loss brought forward comprising of:</b>						
- Realised		(117,658)			186,816	
- Unrealised		(76,640)			(381,918)	
<b>Accumulated loss brought forward</b>		(194,298)			(195,102)	
<b>Accounting income available for distribution:</b>						
- Relating to capital gains		352,070			-	
- Excluding capital gains		-			26,305	
		352,070			26,305	
Distribution during the year		-			(25,501)	
<b>Undistributed income / (accumulated loss) carried forward</b>		<u>157,772</u>			<u>(194,298)</u>	
<b>Undistributed income / (accumulated loss) carried forward comprising of:</b>						
- Realised		14,771			(117,658)	
- Unrealised		143,001			(76,640)	
		<u>157,772</u>			<u>(194,298)</u>	
		(Rupees)			(Rupees)	
<b>Net asset value per unit at the beginning of the year</b>		<u>62.5192</u>			<u>63.8246</u>	
<b>Net asset value per unit at the end of the year</b>		<u>77.7831</u>			<u>62.5192</u>	

The annexed notes from 1 to 28 form an integral part of these financial statements.

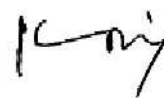
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended	
	June 30, 2021	June 30, 2020
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the year before taxation	527,195	26,515
<b>Adjustments for:</b>		
Dividend income	(80,854)	(82,924)
Provision for Sindh Worker's Welfare Fund (SWWF)	10,759	541
Unrealised (appreciation) / diminution on remeasurement of investments classified as financial assets at fair value through profit or loss - net	(143,001)	76,640
	314,099	20,772
<b>Decrease / (Increase) in assets</b>		
Investments - net	(111,276)	180,304
Dividend, mark-up and other receivables	4,399	3,065
Advances and deposits	-	(502)
Receivable against sale of investments	(33,855)	36,127
	(140,732)	218,994
<b>Increase / (decrease) in liabilities</b>		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(1,467)	457
Payable to Central Depository Company of Pakistan Limited - Trustee	41	(102)
Payable to the Securities and Exchange Commission of Pakistan	17	(2,951)
Payable against purchase of investments	(7,343)	7,343
Accrued and other liabilities	2,232	612
	(6,520)	5,359
Dividend received	84,789	91,357
<b>Net cash generated from operating activities</b>	251,636	336,482
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	1,270,630	685,642
Payments on redemption of units	(1,426,516)	(1,696,164)
Distribution during the year	-	(25,501)
<b>Net cash used in financing activities</b>	(155,886)	(1,036,023)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	95,750	(699,541)
Cash and cash equivalents at beginning of the year	238,799	938,340
<b>Cash and cash equivalents at end of the year</b>	334,549	238,799

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The annexed notes from 1 to 28 form an integral part of these financial statements.

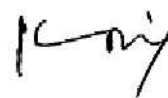
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 14, 2005 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC rules).
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to make investment in shariah compliant investments in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Shariah compliant Islamic Asset Allocation" scheme by the Board of Directors of the Asset Management Company in accordance with the requirements of Circular 7 of 2009 dated March 06, 2009 issued by the SECP.
- 1.4 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2020 to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.
- 1.6 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company to fulfil the requirement for registration of Trust Deed under Sindh Trusts Act 2020, has submitted the Collective Investment Scheme Trust Deed to the Registrar (acting under Sindh Trusts Act 2020).

## 2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 3.2 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.

## 3.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

## 3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2023

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

There are certain other standards, interpretations and amendments that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

## 3.5 Critical accounting estimates and judgements

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

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6), provision for SWWF (note 12.1), provision for Federal Excise Duty (note 12.2) and provision for taxation (notes 4.12 and 15).

## 3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 4.2 Cash and cash equivalents

These comprise balances with banks and other short-term highly liquid investments with original maturities of three months or less.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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## 4.3 Financial assets

### 4.3.1 Classification and subsequent measurement

#### 4.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL) based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

#### 4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### 4.3.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments as per Circular 33 of 2012) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

#### 4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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### 4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These 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 recognised in the Income Statement.

### 4.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

### 4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

### 4.4 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost using the effective interest method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement. Financial liabilities include payable to the Management Company and certain other liabilities.

### 4.5 Offsetting of financial assets and financial liabilities

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

### 4.6 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 4.7 Net asset value per unit

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

### 4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties, charges and transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties, charges and transaction costs, if applicable.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

## **4.10 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the year in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the date of commencement of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, term deposit receipts and government securities is recognized on an accrual basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with banks is recognized on an accrual basis using the effective yield method.

## **4.11 Expenses**

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

## **4.12 Taxation**

### **Current**

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds (Section 4B of the Income Tax Ordinance, 2001).

## **4.13 Earnings per unit**

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





# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the investee company	Number of shares					Balance as at June 30, 2021			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Total investments	Net assets	
						----- (Rupees in '000) -----			----- % -----		
Balance brought forward	-	-	-	-	-	133,833	139,234	5,401			
Cable and electrical goods					-						
Pak Elektron Limited	450,000	2,350,000	-	2,800,000	-	-	-	-	-	-	-
					-	-	-	-	-	-	-
Cement					-						
Lucky Cement Limited	365,400	312,542	-	432,942	245,000	146,598	211,543	64,945	9.06	10.56	0.08
Kohat Cement Limited	-	387,900	-	37,700	350,200	61,692	72,313	10,621	3.10	3.61	0.17
Fauji Cement Company Limited	2,366,500	2,300,000	-	3,316,500	1,350,000	30,600	31,050	450	1.33	1.55	0.10
Maple Leaf Cement Factory Limited	1,131,000	5,314,500	-	4,245,500	2,200,000	95,612	103,356	7,744	4.43	5.16	0.20
Power cement limited	-	5,093,000	-	5,093,000	-	-	-	-	-	-	-
Cherat Cement Company Limited	-	436,500	-	436,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited**	-	1,785,000	-	1,430,000	355,000	44,284	41,862	(2,422)	1.79	2.09	0.08
						378,786	460,124	81,338	19.71	22.97	0.63
Chemical											
Engro Polymer and Chemicals Limited	2,900,748	895,000	-	3,120,500	675,248	27,200	31,899	4,699	1.37	1.59	0.07
Archroma Pakistan Limited	-	21,150	-	-	21,150	12,748	12,108	(640)	0.52	0.60	0.06
						39,948	44,007	4,059	1.89	2.19	0.13
Commercial banks											
Meezan Bank Limited	500,512	1,237,403	50,051	535,966	1,252,000	111,980	144,493	32,513	6.19	7.22	0.09
						111,980	144,493	32,513	6.19	7.22	0.09
Engineering											
Agha Steel Ind. Ltd	-	1,495,000	-	1,230,000	265,000	9,140	8,938	(202)	0.38	0.45	0.00
Mughal Iron & Steel Industries Limited	-	375,000	-	275,000	100,000	11,360	10,440	(920)	0.45	0.52	0.00
International Industries Limited	19,060	98,000	-	19,060	98,000	22,194	20,680	(1,514)	0.89	1.03	0.00
						42,694	40,058	(2,636)	1.72	2.00	0.00
Fertilizer					-						
Engro Corporation Limited	415,311	290,629	-	382,940	323,000	95,722	95,159	(563)	4.08	4.75	0.06
Fatima Fertilizer Company Limited**	2,080,500	-	-	2,080,500	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	2,300,000	-	1,600,000	700,000	18,010	18,487	477	0.79	0.92	0.05
Engro Fertilizer Limited	432,500	-	-	432,500	-	-	-	-	-	-	-
						113,732	113,646	(86)	4.87	5.67	0.11
Food and personal care products											
National Foods Limited****	96,480		13,620	110,100	-	-	-	-	-	-	-
The Organic Meat Company Limited	-	460,000	-	-	460,000	16,470	16,900	430	0.72	0.84	0.41
Al-Shaheer Corporation Limited	-	575,000	-	-	575,000	10,603	11,460	857	0.49	0.57	0.19
Unity Foods Limited	-	3,300,000	-	3,300,000	-	-	-	-	-	-	-
						27,073	28,360	1,287	1.21	1.41	0.60
Oil and gas exploration companies					-						
Pakistan Petroleum Limited	1,042,225	1,384,682	-	1,137,540	1,289,367	118,987	111,956	(7,031)	4.79	5.59	0.05
Oil & Gas Development Company Limited*****	1,553,000	1,120,000	-	1,335,219	1,337,781	138,033	127,129	(10,904)	5.44	6.35	0.03
Hi-Tech Lubricants Limited	-	250,000	-	-	250,000	-	-	-	-	-	0.22
Pakistan Oilfields Limited	560	240,973	-	25,533	216,000	85,433	85,074	(359)	3.64	4.25	0.08
Shell (Pakistan) Limited	-	110,000	-	-	110,000	20,584	19,272	(1,312)	0.83	0.96	0.05
Mari Petroleum Company Limited	29,128	81,560	-	15,680	95,008	131,544	144,829	13,285	6.20	7.23	0.07
						494,581	488,260	(6,321)	20.90	24.38	0.50
Oil and gas marketing companies					-						
Attock Petroleum Limited	-	143,400	-	44,500	98,900	33,080	31,750	(1,330)	1.36	1.59	0.10
Sui Northern Gas Pipelines Limited	1,234,500	400,000	-	1,409,500	225,000	10,728	10,931	203	0.47	0.55	0.04
Hi-Tech Lubricants Limited	-	250,000	-	-	250,000	19,107	17,728	(1,379)	0.76	0.89	0.22
Pakistan State Oil Company Limited	-	812,045	-	529,045	283,000	62,189	63,462	1,273	2.72	3.17	0.06
						125,104	123,871	(1,233)	5.31	6.20	0.42
Balance carried forward						1,728,350	1,861,323	132,973			

\* Nil figures due to rounding off

\*\* These represent transactions in shares of related parties

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the investee company	Number of shares					Balance as at June 30, 2021			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised (loss) / gain	Total investment	Net assets	
						----- (Rupees in '000) -----			----- % -----		
Balance brought forward	-	-	-	-	-	1,728,350	1,861,323	132,973			
Pharmaceuticals											
The Searle Company Limited	197	493,000	18,200	427,397	84,000	21,335	20,380	(955)	0.87	1.02	0.03
AGP Limited	-	250,000	-	250,000	-	-	-	-	-	-	-
IBL Healthcare Limited	691	175,000	-	691	175,000	20,979	19,448	(1,531)	0.83	0.97	0.32
Glaxosmithkline Pakistan	-	100,000	-	100,000	-	-	-	-	-	-	-
Highnoon Laboratories Limited	-	35,000	2,000	-	37,000	21,628	22,200	572	0.95	1.11	0.10
ICI Pakistan Limited	-	32,850	-	32,850	-	-	-	-	-	-	-
Abbott Laboratories (Pakistan) Limited	106,800	62,400	-	99,200	70,000	45,367	55,465	10,098	2.38	2.77	0.07
					-	109,309	117,493	8,184	5.03	5.87	0.52
Refinery											
Attock Refinery Limited	-	149,000	-	75,000	74,000	17,876	18,977	1,101	0.81	0.95	0.07
National Refinery Limited	-	68,000	-	68,000	-	-	-	-	-	-	-
					-	17,876	18,977	1,101	0.81	0.95	0.07
Power generation and distribution											
The Hub Power Company Limited*****	2,106,883	1,081,282	-	2,188,165	1,000,000	75,991	79,670	3,679	3.41	3.98	0.08
Power Cement Limited	-	5,093,000	-	5,093,000	-	-	-	-	-	-	-
K-Electric Limited***	5,400,000	8,865,000	-	9,765,000	4,500,000	17,694	18,810	1,116	0.81	0.94	0.02
Lalpir Power Limited	1,999,500	-	-	1,999,500	-	-	-	-	-	-	-
					-	93,685	98,480	4,795	4.22	4.92	0.10
Sugar and allied industries											
Faran Sugar Mills Limited	92,000	-	-	92,000	-	-	-	-	-	-	-
					-	-	-	-	-	-	-
Technology and communication											
Systems Limited	145,700	48,000	-	151,700	42,000	18,839	23,529	4,690	1.01	1.18	0.03
Trg Pakistan Limited	-	145,000	-	20,000	125,000	20,910	20,791	(119)	0.89	1.04	0.02
Avanceon Limited	-	1,510,000	-	1,510,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	131,500	2,000,000	-	2,131,500	-	-	-	-	-	-	-
					-	39,749	44,320	4,571	1.90	2.22	0.05
Textile composite											
Kohinoor Textile Mills Limited*	14,650	347,000	-	91,000	270,650	19,266	20,353	1,087	0.87	1.02	0.09
Nishat Mills Limited**	-	860,000	-	860,000	-	-	-	-	-	-	-
Interloop Limited	697,020	1,466,000	-	1,713,000	450,020	28,514	31,515	3,001	1.35	1.57	0.05
					-	47,780	51,868	4,088	2.22	2.59	0.14
Paper And Board											
Packages Limited	344	229,600	-	106,950	122,994	60,535	67,057	6,522	2.87	3.35	0.14
Century Paper & Board Mills Limited	-	335,000	-	335,000	-	-	-	-	-	-	-
					-	60,535	67,057	6,522	2.87	3.35	0.14
Miscellaneous											
Shifa international hospitals	-	100,000	-	-	100,000	22,500	21,915	(585)	0.94	1.09	0.16
Synthetic Products Limited*	-	260,000	11,700	268,500	3,200	135	138	3	0.01	0.01	-
Services Global Company	-	91,670	-	91,670	-	-	-	-	-	-	-
					-	22,635	22,053	(582)	0.95	1.10	0.16
Total as at June 30, 2021	-	-	-	-	-	1,859,300	2,002,301	143,001			
Total as at June 30, 2020						1,387,164	1,310,093	(77,071)			

\* Nil figures due to rounding off

\*\* These represent transactions in shares of related parties

\*\*\*\* Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of security	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	--- (Number of shares) ---		----- (Rupees in '000) -----	
The Hub Power Company Limited	233,744	233,744	18,622	16,946
Oil & Gas Development Company Limited	600,000	600,000	57,018	65,400
	<u>833,744</u>	<u>833,744</u>	<u>75,640</u>	<u>82,346</u>

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

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

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs. During the current year, the Fund has reclassified the amount of these shares from "investments" to "dividend, profit and other receivables".

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

As at June 30, 2021, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.105 million (2020: 0.092 million).

### 6.1.2 Sukuk Certificates

Particulars	Profit rate	Number of certificates				Balance as at June 30, 2021			Market value as a percentage of	
		As at July 01, 2020	Purchased during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value	Unrealised gain	Net assets	Total investments
Pakistan Energy Sukuk - 10 years	6M KIBOR	50,000	-	50,000	-	-	-	-	0.00%	0.00%
GOP Ijara - Sukuk - 5 years (issue date June 24, 2020)	7.38%	187,500	-	187,500	-	-	-	-	0.00%	0.00%
GOP Ijara - Sukuk - 5 years (issue date June 29, 2020)	7.38%		62,500	62,500	-	-	-	-	0.00%	0.00%
<b>Total as at June 30, 2021</b>						<u>-</u>	<u>-</u>	<u>-</u>		
<b>Total as at June 30, 2020</b>						<u>437,500</u>	<u>437,931</u>	<u>431</u>		

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
<b>7</b>	<b>DIVIDEND, PROFIT AND OTHER RECEIVABLES</b>	----- (Rupees in '000) -----	
	Dividend receivable	226	4,161
	Markup receivable on deposit accounts with banks	1,571	3,513
	Markup receivable on Government securities	-	2,517
	Other receivable	289	229
		<u>2,086</u>	<u>10,420</u>

## **8 ADVANCES AND DEPOSITS**

Security deposits with:

- National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		200	200
Advance tax	8.1	1,205	1,205
		<u>3,905</u>	<u>3,905</u>

- 8.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on debt amounts to Rs 1.205 million (2020: Rs 1.205 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as advance tax under 'Advances and deposits' as at June 30, 2021 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2021	June 30, 2020
<b>9</b>	<b>PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENT LIMITED - MANAGEMENT COMPANY</b>	----- (Rupees in '000) -----	
	Management fee payable	6,537	3,216
	Sindh Sales Tax payable on remuneration of the Management Company	850	418
	Allocated expenses payable	198	161
	Selling and marketing expenses payable	-	6,179
	Sales load payable	404	201
	Back end load payable	816	82
	Shariah advisory fee payable	60	75
		<u>8,865</u>	<u>10,332</u>

- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable limit, the Management Company has charged its remuneration at the rate of 2% per annum from July 1, 2020 till February 8, 2021 and at the rate of 3.3% per annum from February 9, 2021 till June 30, 2021 (2020: 2% per annum) of the average daily net assets of the Fund during the year. The remuneration is payable to the Management Company monthly in arrears.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**9.2** During the year, an amount of Rs. 7.951 million (2020: Rs. 6.125 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 7.519 million (2020: Rs. 6.360 million) has been paid to the Management Company which acts as a collecting agent.

**9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

**9.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the year ended June 30, 2020, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board of Directors of the Asset management company as part of its annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

<b>10</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<b>Note</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
			<b>----- (Rupees in '000) -----</b>	
	Trustee fee payable	10.1	280	243
	Sindh Sales Tax payable on trustee fee	10.2	36	32
			<u>316</u>	<u>275</u>

**10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the average daily net assets of the Fund during the year. The tariff structure applicable to the Fund in respect of trustee fee is as follows :

<b>Average net asset value</b>	<b>Tariff per annum</b>
Up to Rs.1,000 million	0.20% per annum of net assets
Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

The aforementioned limits were revised and are effective since February 19, 2021. Previously, The tariff structure applicable to the Fund in respect of trustee fee was as follows:

<b>Average net asset value</b>	<b>Tariff per annum</b>
Up to Rs.1,000 million	Rs.0.7 million or 0.20% per annum of net assets, whichever is higher
Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

**10.2** During the year, an amount of Rs. 0.447 million (2020: Rs 0.436 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.443 million (2020: Rs. 0.447 million) was paid to the Trustee which acts as a collecting agent.

<b>11</b>	<b>PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>	<b>Note</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
			<b>(Rupees in '000)</b>	
	Annual fee	11.1	<u>488</u>	<u>471</u>

**11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (2020: 0.02%) of the average daily net assets of the Fund during the year.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
<b>12 ACCRUED AND OTHER LIABILITIES</b>		----- (Rupees in '000) -----	
Provision for Sindh Worker's Welfare Fund (SWWF)	12.1	18,922	8,163
Provision for Federal Excise Duty payable on remuneration of the Management Company	12.2	5,910	5,910
Federal Excise Duty payable on sales load		1,136	1,136
Charity / donation payable		2,916	2,148
Auditors' remuneration payable		357	357
Withholding tax payable		1,190	18
Brokerage payable		1,052	630
Other payables		656	786
		<u>32,139</u>	<u>19,148</u>

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Re. 0.63 (2020: Re 0.26) per unit.

- 12.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 7.04 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2021 would have been higher by Re. 0.20 (2020: Re. 0.19) per unit.

## **13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>14 AUDITORS' REMUNERATION</b>		
Annual audit fee	250	250
Half yearly review fee	131	131
Other certification and services	50	50
Out of pocket expenses	181	103
	<u>612</u>	<u>534</u>

## 15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2021 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	June 30, 2021	June 30, 2020
		(Rupees in '000)	
<b>16 CASH AND CASH EQUIVALENTS</b>			
In savings accounts	5	327,388	226,111
In current account	5	7,161	12,688
		<u>334,549</u>	<u>238,799</u>

## 17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 5.07% (2020: 4.18%) which includes 0.8% (2020: 0.32%) representing government levies on the Fund such as provision for Sindh Worker's Welfare Fund, sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 4.5% (2020: 4%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "Shariah compliant Islamic Asset Allocation" scheme.

## 18 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and constitutive documents of the Fund respectively.

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	For the year ended June 30, 2021	For the year ended June 30, 2020
	----- (Rupees in '000) -----	
<b>18.1 Transactions during the year:</b>		
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Remuneration (including related taxes)	69,112	53,241
Selling and marketing expenses	19,428	25,797
Allocated expenses	2,442	2,356
Shariah advisory fee	744	900
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration (including indirect taxes)	3,889	3,792
Central Depository Service (CDS) settlement charges	305	208
<b>Group / Associated Companies</b>		
<b>MCB Bank Limited</b>		
Bank charges	38	15
<b>MCB Islamic Bank Limited</b>		
Markup on bank deposits	1	-
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage and settlement charges *	824	621
<b>D.G. Khan Cement Company Limited</b>		
Purchase of 1,785,000 shares (2020: 825,500 shares)	201,357	62,194
Sale of shares 1,430,000 shares (2020: 825,500 shares)	158,744	64,613
<b>Fatima Fertilizer Company Limited</b>		
Sale of 2,080,500 shares (2020: NIL shares)	59,639	-
Dividend income	-	4,161
<b>Nishat Mills Limited</b>		
Purchase of shares: 860,000 (2020: 250,000 shares)	90,791	27,580
Sale of shares 860,000 (2020: 413,600 shares)	91,263	37,450
Dividend income	2,480	-
<b>Power Cement Limited</b>		
Purchase of 5,093,000 (2020: NIL shares)	56,188	-
Sale of 5,093,000 (2020: NIL shares)	48,115	-
Dividend income	-	-
<b>18.2 Balances outstanding at year end:</b>	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----	
<b>MCB Arif Habib Savings and Investments Limited - Management Company</b>		
Management remuneration payable	6,537	3,216
Sindh sales tax payable on remuneration of the management company	850	418
Allocated expenses payable	198	161
Selling and marketing expenses payable	-	6,179
Sales load payable	358	178
Sales tax payable on sales load	46	23
Back end load payable	816	82
Shariah advisory fee payable	60	75
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee fee payable	280	243
Sindh sales tax payable on trustee fee	36	32
Security deposit	200	200

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>Arif Habib Limited - Brokerage house</b>		
Brokerage and settlement charges payable *	53	119
<b>MCB Bank Limited</b>		
Balances with bank	6,158	11,393
<b>MCB Islamic Bank Limited</b>		
Balances with bank	13	27
<b>Fatima Fertilizer Company Limited</b>		
NIL (2020: 2,080,500) shares held	-	55,612
<b>D.G. Khan Cement Company Limited</b>		
355,000 shares held (2020: Nil)	41,862	-

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

## 18.3 Transactions during the year with connected persons / related parties in units of the Fund:

	June 30, 2021							
	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / associated companies</b>								
D.G Khan Cement Company Limited - Employees'								
Provident Fund Trust	112,493	31	-	112,524	7,033	91	-	8,752
Adamjee Life Assurance Company Limited - Investment								
Multiplier Fund	580,211	166	-	580,377	36,274	470	-	45,144
Adamjee Life Assurance Company Limited-Mazaaf	1,939,509	32,906	39,879	1,932,536	121,257	2,500	3,000	150,319
Adamjee Life Assurance Company Limited - Amaanat Fund	-	290,429	-	290,429	-	22,800	-	22,590
<b>Key management personnel *</b>	12,691	22,833	13,969	21,555	793	1,741	1,056	1,677
<b>Mandate under discretionary portfolio services*</b>	313,966	485,970	238,415	561,521	19,629	34,239	17,785	43,677

\* This reflects the position of related party / connected person status as at June 30, 2021.

	June 30, 2020							
	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020
	----- Units -----				----- (Rupees in '000) -----			
<b>Group / associated companies</b>								
D.G Khan Cement Company Limited - Employees'								
Provident Fund Trust	111,065	1,428	-	112,493	7,090	91	-	7,033
Adamjee Life Assurance Company Limited - Investment								
Multiplier Fund	572,847	7,364	-	580,211	36,562	470	-	36,274
Adamjee Life Assurance Company Limited-Mazaaf	354,404	1,585,105	-	1,939,509	22,620	116,571	-	121,257
<b>Key management personnel *</b>	14,241	1,856	3,406	12,691	909	118	221	793
<b>Mandate under discretionary portfolio services</b>	297,835	320,546	304,415	313,966	19,009	19,904	19,469	19,629

\* This reflects the position of related party / connected person status as at June 30, 2020.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 19 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Balances with banks
Investments
Dividend, mark-up and other receivables
Receivable against sale of investments
Deposits

June 30, 2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
334,549	-	334,549
-	2,002,301	2,002,301
2,086	-	2,086
33,855	-	33,855
2,700	-	2,700
373,190	2,002,301	2,375,491

### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued and other liabilities

June 30, 2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
8,865	-	8,865
316	-	316
4,981	-	4,981
14,162	-	14,162

### Financial assets

Balances with banks
Investments
Dividend, mark-up and other receivables
Deposits

June 30, 2020		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
238,799	-	238,799
-	1,748,024	1,748,024
10,420	-	10,420
2,700	-	2,700
251,919	1,748,024	1,999,943

### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued and other liabilities

June 30, 2020		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
10,332	-	10,332
275	-	275
7,343	-	7,343
3,921	-	3,921
21,871	-	21,871

## 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 20.1 Market risk

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

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

### (ii) Yield / Profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2021, the Fund is exposed to such risk on its balances held with banks and sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis of variable rate instruments

As at June 30, 2021, the Fund is exposed to cash flow profit rate risk on bank deposits. In case of 100 basis points increase / decrease as on June 30, 2021, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been lower / higher by Rs 3.274 million (2020: Rs 2.26 million).

#### b) Sensitivity analysis of fixed rate instruments

As at June 30, 2021, the Fund does not hold any financial instrument exposing the Fund to fair value interest rate

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

June 30, 2021					
Profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					

#### On-balance sheet financial instruments

##### Financial assets

Balances with banks	5.5% to 7.0%	327,388	-	-	7,161	334,549
Listed equity securities		-	-	-	2,002,301	2,002,301
Dividend, markup and other receivables		-	-	-	2,086	2,086
Receivable against sale of investments		-	-	-	33,855	33,855
Deposits		-	-	-	2,700	2,700
		327,388	-	-	2,048,103	2,375,491

##### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Accrued and other liabilities

-	-	-	8,865	8,865
-	-	-	316	316
-	-	-	4,981	4,981
-	-	-	14,162	14,162

#### On-balance sheet gap (a)

327,388	-	-	2,033,941	2,361,329
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#### Off-balance sheet financial instruments

-	-	-	-	-
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#### Off-balance sheet gap (b)

-	-	-	-	-
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#### Total profit rate sensitivity gap (a+b)

327,388	-	-	-	-
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#### Cumulative profit rate sensitivity gap

327,388	327,388	327,388	-	-
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020					
Profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		

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

## On-balance sheet financial instruments

### Financial assets

Balances with banks	6.75% to 14.35%	226,111	-	-	12,688	238,799
Listed equity securities		-	-	-	1,310,093	1,310,093
Sukuk certificate	6M KIBOR+0.1% and 7.38%	-	437,931	-	-	437,931
Dividend, markup and other receivables		-	-	-	10,420	10,420
Deposits		-	-	-	2,700	2,700
		226,111	437,931	-	1,335,901	1,999,943

### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	10,332	10,332
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	275	275
Payable against purchase of investment		-	-	-	7,343	7,343
Accrued and other liabilities		-	-	-	3,921	3,921
		-	-	-	21,871	21,871

## On-balance sheet gap (a)

226,111	437,931	-	1,314,030	1,978,072
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## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

-	-	-	-	-
---	---	---	---	---

## Total profit rate sensitivity gap (a+b)

226,111	437,931	-
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## Cumulative profit rate sensitivity gap

226,111	664,042	664,042
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## (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 6.1.1.

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

	June 30, 2021	June 30, 2020
<b>Effect due to increase / decrease in KSE 100 index</b>	<b>----- (Rupees '000) -----</b>	
Investments	100,115	65,505
Income statement	100,115	65,505

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 20.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	-----2021-----		-----2020-----	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	-----Rupees in '000-----			
Balances with banks	334,549	334,549	238,799	238,799
Investments in equity and government securities	2,002,301	-	1,748,024	-
Dividend, markup and other receivables	2,086	2,086	10,420	7,903
Deposits	2,700	2,700	2,700	2,700
Receivable against sale of investments	33,855	33,855	-	-
	<u>2,375,491</u>	<u>373,190</u>	<u>1,999,943</u>	<u>249,402</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities and government securities of Rs.2,002.301 million (2020: Rs. 1,748 million) and profit receivable from government securities of Rs: Nil (2020: Rs. 2.517 million) is not exposed to credit risk.

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

Bank balances by rating category	2021	2020
	----- % -----	
AAA	66.10	73.24
AA+	0.01	0.10
AA	33.88	26.63
A+*	0.01	0.00
A-*	0.00	0.03
	<u>100</u>	<u>100</u>

\* Nil figures due to rounding off.

### 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 concentration of credit risk.

### 20.3 Liquidity risk

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

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

June 30, 2021						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited  
Payable to Central Depository Company of Pakistan - Trustee  
Accrued and other liabilities

8,865	-	-	-	-	-	8,865
316	-	-	-	-	-	316
4,981	-	-	-	-	-	4,981
<b>14,162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,162</b>

June 30, 2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

### Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited  
Payable to Central Depository Company of Pakistan - Trustee  
Payable against purchase of investments  
Accrued and other liabilities

10,332	-	-	-	-	-	10,332
275	-	-	-	-	-	275
7,343	-	-	-	-	-	7,343
3,921	-	-	-	-	-	3,921
<b>21,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,871</b>

## 21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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 to be significantly different from the respective book values.

### Fair value hierarchy

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

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

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

As at June 30, 2021, the Fund held the following financial instruments measured at fair values:

June 30, 2021			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>			
Listed equity securities	2,002,301	-	2,002,301
	<u>2,002,301</u>	<u>-</u>	<u>2,002,301</u>
June 30, 2020			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>			
Listed equity securities	1,310,093	-	1,310,093
Pakistan Energy Sukuk *	-	250,000	250,000
GOP Ijara Sukuk	-	187,931	187,931
	<u>1,310,093</u>	<u>437,931</u>	<u>1,748,024</u>

\* This is being carried at cost.

## 22 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of their proportionate share of the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in unit holders' Fund'.

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

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## 23 PATTERN OF UNITHOLDING

### Details of pattern of unitholding

June 30, 2021			
Number of unit holders	Number of units held	Investment amount	Percentage investment
		(Rupees in '000)	%
Individuals	2,370	21,174,603	70.54%
Retirement funds	30	5,755,669	19.17%
Associated companies	4	2,915,866	9.71%
Others	5	171,795	0.57%
	<u>2,409</u>	<u>30,017,933</u>	<u>100%</u>
June 30, 2020			
Number of unit holders	Number of units held	Investment amount	Percentage investment
		(Rupees in '000)	%
Individuals	2,178	22,485,312	71.59%
Retirement funds	35	6,026,649	19.19%
Associated companies	3	2,632,213	8.38%
Others	121	263,444	0.84%
	<u>2,337</u>	<u>31,407,618</u>	<u>100%</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

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

	June 30, 2021 (Percentage)
Top Line Securities Pvt Ltd	8.83%
Arif Habib Limited	7.68%
Alfalah Clsa Securities Pvt Ltd	7.19%
Intermarket Securities Ltd	6.83%
Al Falah Securities Private Limited	6.46%
EFG Hermes Pakistan Limited	6.07%
BMA Capital Management Ltd	4.11%
AKIK Capital (Private) Limited	3.72%
Foundation Securities Ltd	3.45%
Taurus Securities Limited	3.36%
	June 30, 2020 (Percentage)
Taurus Securities Limited	9.45%
Arif Habib Limited	9.37%
Ismail Iqbal Securities Private Limited	7.80%
Foundation Securities Limited	6.44%
Khadim Ali Shah Bukhari Securities Private Limited	6.35%
DJM Securities Private Limited	5.77%
Al Falah Securities Private Limited	5.31%
EFG Hermes Pakistan Limited	4.91%
BMA Capital Management Limited	4.15%
Insight Securities Limited	3.98%

## 25 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroun Rashid	Chairman	11	11	11	0	-
Mr. Nasim Beg	Director	11	11	11	0	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	0	-
Syed Savail Meekal Hussain	Director	11	11	11	0	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159,163 & 167
Mr. Muhammad Saqib Saleem (CEO)	Chief Executive Officer	11	11	11	0	-

## 26 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
3	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	11
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	16
5	Jawad Naeem	Head of Islamic Equity	MBA & CFA	12
6	Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	13
7	Syed Abid Ali	Head Of Equities	MBA	13

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Mr. Awais Abdul Sattar is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

- Alhamra Islamic Pension Fund; and
- Alhamra Islamic Stock Fund
- Alhamra Islamic Money Market Fund
- Alhamra Daily Dividend Fund

### 27 DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 28.3 to these financial statements.

### 28 GENERAL

28.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

#### 28.2 Impact of COVID-19

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts. The Securities and Exchange Commission of Pakistan (SECP) had provided certain time bound relaxations to CISs operating in Pakistan in order to provide temporary relaxation against covid pandemic. All of the relaxations provided have expired prior to June 30, 2021.

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

#### 28.3 Subsequent Event

Subsequent to the year ended June 30, 2021, Sindh Revenue Board (SRB) through its letter dated August 12, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021.

The SECP has given its concurrence for prospective reversal of provision for SWWF through its letter dated August 30, 2021. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Fund. Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2021, the net asset value per unit of the Fund as at June 30, 2021 would have been higher by Rs 0.63 (2020: Re 0.26).

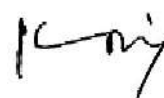
For MCB-Arif Habib Savings and Investments Limited  
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
683	001-10,000	25,786
871	10,001 – 100,000	431,227
551	100,001 – 1,000,000	2,413,444
304	1,000,001+	27,147,476
<b>2409</b>		<b>30,017,933</b>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	2334.89	1963.6	2973.087	3,634	1,485
Net Assets value per unit – Rupees	77.7831	62.5192	63.8246	70.0492	73.0135
Closing Offer Price	80.4199	64.6386	65.9883	72.4239	75.4887
Closing Repurchase Price	75.1463	62.5192	63.8246	70.0492	73.01
Highest offer price per unit	83.0920	80.4091	74.6502	77.1006	90.63
Lowest offer price per unit	65.6646	52.0342	63.6464	69.8535	66.32
Highest Redemption price per unit	80.3675	77.7726	72.2025	74.5726	87.66
Lowest Redemption price per unit	63.5116	50.3281	61.5595	67.5631	64.07
Distribution per unit – Rs. *	-	0.8205	-	-	8.00
<b>Average Annual Return - %</b>					
One year	24.41	-0.76	-8.89	-4.06	27.74
Two year	11.83	-4.83	-6.48	11.84	16.42
Three year	4.92	-4.57	4.93	9.59	22.81
Net Income for the year – Rs. in million	527.1950	(20.355)	(315.449)	(77.1931)	318.9
Distribution made during the year – Rs. in million	-	25.5012	-	-	139.36
Accumulated Capital Growth – Rs. in million	527.1950	(45.856)	(315.449)	(77.1931)	179.54

\* Date of Distribution

2021	
Date	Rate
NIL	

2020	
Date	Rate
June 29, 2020	0.8205

2019	
Date	Rate
Nil	

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	8.00

### Disclaimer

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



**PROXY ISSUED BY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

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The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of Alhamra Islamic Asset Allocation Fund – ALHAA) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company's website ([www.mcbah.com](http://www.mcbah.com)).

During the financial year ended June 30, 2021, the Management Company on behalf of ALHAA participated in six (6) shareholders' meetings. Summary of actual proxies voted during the financial year are as follows:

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Reason for Abstaining</b>
Number	21	21	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of ALHAA will be provided without any charges upon request of the Unit Holders.

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

**Head Office:** 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)

URL: [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)