



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

# ANNUAL REPORT | 2017

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



**ALHAMRA ISLAMIC ASSET ALLOCATION FUND**  
**(Formerly: Pakistan International Element Islamic Asset Allocation Fund)**

## TABLE OF CONTENTS

---

---

|     |  |     |
|-----|--|-----|
| 1.  | Fund's Information   | 513 |
| 2.  | Report of the Director of Management Company   | 514 |
| 3.  | Report of the Fund Manager   | 524 |
| 4.  | Trustee Report to the Unit Holders   | 525 |
| 5.  | Report of the Shariah Advisory Board   | 526 |
| 6.  | Statement of Compliance with the Code of Corporate Governance  | 527 |
| 7.  | Review Report to the Unit Holders on the Statement of Compliance with the Best Practices of the Code of Corporate Governance | 529 |
| 8.  | Independent Auditor's Report to the Unit Holders   | 530 |
| 9.  | Statement of Assets and Liabilities  | 532 |
| 10. | Income Statement   | 533 |
| 11. | Statement of Other Comprehensive Income  | 534 |
| 12. | Distribution Statement   | 535 |
| 13. | Statement of Movement in Unit Holder's Fund  | 536 |
| 14. | Cash Flow Statement  | 537 |
| 15. | Notes to and Forming Parts of the Financial Statements   | 538 |
| 16. | Pattern of Holding as per Requirement of Code of Corporate Governance  | 567 |
| 17. | Pattern of Units Holding by Size   | 568 |
| 18. | Performance Table  | 569 |
| 19. | Proxy Issued by Fund   | 570 |

## FUND'S INFORMATION

|  |   |
|--|---|
| <b>Management Company</b>                              | <b>MCB-Arif Habib Savings &amp; Investments Limited</b><br>24th Floor, Centre Point, Off Shaheed-e-Millat Expressway<br>Near K.P.T. Interchange, Karachi.   |
| <b>Board of Directors</b>                              | Mian Mohammad Mansha Chairman<br>Mr. Nasim Beg Vice Chairman<br>Mr. Muhammad Saqib Saleem Chief Executive Officer<br>Dr. Syed Salman Ali Shah Director<br>Mr. Haroun Rashid Director<br>Mr. Ahmed Jahangir Director<br>Mr. Samad A. Habib Director<br>Mr. Mirza Qamar Beg Director              |
| <b>Audit Committee</b>                                 | Mr. Haroun Rashid Chairman<br>Mr. Ahmed Jahangir Member<br>Mr. Mirza Qamar Beg Member<br>Mr. Nasim Beg Member   |
| <b>Human Resource &amp; Remuneration Committee</b>     | Dr. Syed Salman Ali Shah Chairman<br>Mr. Nasim Beg Member<br>Mr. Haroun Rashid Member<br>Mr. Ahmed Jahangir Member<br>Mr. Muhammad Saqib Saleem Member  |
| <b>Chief Executive Officer</b>                         | Mr. Muhammad Saqib Saleem   |
| <b>Chief Financial Officer &amp; Company Secretary</b> | Mr. Abdul Basit   |
| <b>Trustee</b>   | <b>Central Depository Company of Pakistan Ltd.</b><br>CDC House, 99-B, Block 'B' S.M.C.H.S<br>Main Shahra-e-Faisak Karachi<br>Tel: (92-21) 111-111-500<br>Fax: (92-21) 34326053<br>Web: www.cdcPakistan.com   |
| <b>Bankers</b>   | MCB Bank Limited<br>Habib Metropolitan Bank Limited<br>United Bank Limited<br>Bank Al-Habib Limited<br>Meezan Bank Limited<br>Habib Bank Limited<br>Dubai Islamic Bank Pakistan Limited<br>Askari Bank Limited<br>Bank Islami Pakistan Limited<br>Al Baraka Bank Limited<br>Allied Bank Limited |
| <b>Auditors</b>  | <b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b><br>Chartered Accountant<br>Progressive Plaza, Beaumont Road, P.O. Box 155411<br>Karachi, Sindh-75530, Pakistan.  |
| <b>Legal Advisor</b>                                   | <b>Bawaney &amp; Partners</b><br>3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area<br>Phase VI, D.H.A., Karachi   |
| <b>Transfer Agent</b>                                  | <b>MCB-Arif Habib Savings &amp; Investments Limited</b><br>24th Floor, Centre Point, Off Shaheed-e-Millat Expressway<br>Near K.P.T. Interchange, Karachi.   |
| <b>Rating</b>  | AM2++ Asset Manager Rating assigned by PACRA  |

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2017

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Asset Allocation Fund** (Formerly: Pakistan International Element Islamic Asset Allocation Fund) accounts review for the year ended June 30, 2017.

## ECONOMY AND MONEY MARKET OVERVIEW

Pakistan's economy achieved its decade high growth of 5.28% in FY17 which though missed the target of 5.7% but still reflects progressive movement from stabilization phase to growth trajectory. Agriculture sector remained the main stay, posting a growth of 3.50% compared to a modest of 0.26% a year back. This was well supported by Services with 6% YoY growth. On the industrial front, large scale manufacturing sector recorded growth of 5.7% for 11MFY17 with major contribution coming from consumer, construction and power segment. Auto sector recorded double digits growth as demand continued to grow and new models were introduced by local OEMs. CPEC related and other infrastructure investment continued to provide boom to construction related industries including steel and cement.

On the external front, a 17.7% rise in imports and 1.4% drop in exports widened the trade deficit to USD 26.9 billion in FY17 compared to USD 19.3 billion a year back. Major contribution in imports came from Petroleum products, which posted an increase of 21% to USD 10.6 billion, followed by Food (15% YoY rise) and Machinery (10% YoY rise). Increase in oil prices, LNG imports to fill the natural gas deficit, fast growing demand of consumer products and capital goods import for various projects guided the import bill to USD 48.5 billion in FY17.

Remittance marginally declined during FY17 to USD 19.30 billion, ~3.08% lower than last year, where major reasons can be attributed to employment situation in Middle East and slower than expected global recovery.

The above two factors (declining remittance and rising CA deficit) have started to put pressure on FX reserves, wiping out ~USD 1.72 billion since July 1, 2016 to end the year at USD 21.368 billion.

Despite a 19% YoY increase in average Arab Light prices, CPI remained subdued, posting a 4.15% YoY rise in FY17. This was mainly on account of benign growth in Food, transportation and house rent.

The government managed to contain the fiscal deficit at 4.2%, moderately higher than the set target of 3.8%. Total expenditure and total revenue both advanced by 12%YoY while fiscal balance hiked by 11%YoY. The government has set a fiscal deficit target of 4.1% in FY18.

Along with CA deficit, another point of concern is rising fiscal deficit and public and private debt to finance these increasing gaps. Pakistan's total debt stood at ~PKR 23.95 trillion (till March, 2017) reflecting an increase of ~PKR 2.33 trillion over a year.

State Bank of Pakistan in its latest monetary policy review for next two months maintained the policy rate at 5.75% for the seventh consecutive time. The policy committee remains positive based on future expected inflows due to CPEC and other projects which have kept the rupee relatively stable during the year. Ongoing political uncertainty also temporarily reflected in currency markets where on a single day, a temporary relaxation from SBP turned into a sharp depreciation of near 4% which however recovered in the following days as Finance Minister clarified and expressed the firm resolve to fight any speculative movement.

BOP deficits have caused Net Foreign Asset of the banking system to shrink from PKR 1.0 trillion at the end of FY16 to PKR 601 billion only at the end of FY17. M2 growth remains elevated (+13.7% Y/Y) owing to the government running large budget deficits, which has also led to Net Domestic Asset of the banking system to grow by 18.3% YoY. The government relied on SBP for funding with borrowings of PKR 908 billion leaving local banks with substantial liquidity. In second half of FY17, Yield Curve has remained flat; whereas liquidity was adequately managed by SBP.

Shariah Instruments market remained thinly supplied as State Bank of Pakistan conducted a sole Ijara Sukuk auction in FY17 based on fixed rate rental arrangement offering yields of 5.24% and borrowing PKR 71 billion against the maturing Ijara Sukuk of PKR 50 billion evidencing a scarcity of avenues for Islamic investments.

# REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2017

## EQUITIES MARKET OVERVIEW

Despite taking significant battering in the last one and a half month of FY17, index managed to post a gain of 23.24%. The index declined by 11.94% from its high of 52,876 points witnessed in May, 2017 by end of June, 2017. Increased concerns regarding JIT proceedings and disappointing net foreign flows post MSCI up gradation led to negative returns. Foreigners remained net sellers, liquidating a massive USD 652 million worth of equities with majority of the selling absorbed by mutual funds (USD 575 million). Average volumes increased by ~64% to 340 million shares and value traded increased by ~58 % to PKR 15 billion.

Among the best performers, Steel sector lead the charts, outperforming the benchmark index by a massive ~198% as strong infrastructural activities under the CPEC regime, along with government's favorable policies in terms of imposition of regulatory and anti-dumping duties on various steel products provided strong investor's interest in the sector. Furthermore, the share prices started incorporating capacity enhancement projects. Phenomenal return of ~98% made the Auto Sector, second best performer in the market. The outperformance came in due to stream of new model launches, impressive sales volumes and announcement of taxi scheme in the budget. Oil and Gas sector witnessed an astounding growth driven by two factors; one of which is a volumetric growth of ~10% in OMCs while the second is announcement of capital projects worth PKR 110 billion by SNGP which are to be completed by 2018.

On the flip side, Fertilizers remained among the weak performers by losing ~11% as rising inventories coupled with discounts on urea prices took a toll on the sector. Furthermore, depressing international fertilizer prices abraded the pricing power of local manufacturers and dampened the potential export margins. Similarly, underperformance of cement sector by ~7% against the benchmark was also witnessed during the period under review, as international coal prices surged by ~30% YoY reaching a peak of \$100 in November, 2016. Furthermore, Cherat Cement's expansion in the North region challenged the dynamics of pricing arrangement, as a result of which cement prices were reduced by 4-5% in the region keeping the stock prices under pressure.

## FUND PERFORMANCE

During the period under review, the fund delivered a return of 27.74% as against its benchmark return of 18.07%.

On the equities front, the overall allocation was 43.2% at the end of the period under review. The fund decreased its exposure in Power Generation & Distribution, Fertilizer, Oil & Gas Exploration Companies and Cement during the period. On the fixed income side, there was exposure towards Sukuk at 0.1% of the portfolio at the end of the period under review. The Net Assets of the Fund as at June 30, 2017 stood at Rs. 1,485 million as compared to Rs. 821 million as at June 30, 2016 registering an increase of 80.88%.

The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 73.0135 as compared to opening NAV of Rs. 63.5232 per unit as at June 30, 2016 registering an increase of Rs. 9.4903 per unit.

## FUTURE OUTLOOK

The windfall gains that emerged in past couple of years had been a byproduct of subdued oil prices, which painted a rosy picture on external account, CPI, discount rate and even fiscal account in terms of less burden in terms of subsidies. Though international commodity outlook still appear bearish but rising current account deficit is posing a challenging scenario going ahead.

The trade imbalance of USD 27 billion in FY17 could deteriorate further with machinery imports under CPEC and several local capital projects are expected to lead the import bill. Exports on the other hand, are expected to remain under pressure given muted response of government towards the rebates under the textile package and government's resilience to support Pakistani rupee through foreign exchange reserves. With widening trade deficit and little help from remittances, we expect next year current account deficit to reach near USD 15 billion (~4% of GDP) still far from what we have seen in our last balance of payment crisis, which dragged CAD to ~USD 14 billion (8% of GDP) back in 2008. However widening CAD coupled with interest repayment may create a financing need of USD 18-19bn in FY18, which points towards strong possibility of PKR depreciation.

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2017**

---

---

The Consumer Price Index (CPI) is expected to remain well anchored in FY18. We expect inflation to average around 4.5% in FY18. Currency devaluation and commodity prices though pose risk to estimates, low CPI reading next year is expected to prevent need for near term significant monetary tightening.

Low interest rate environment coupled with support from CPEC related projects, government's GDP target of 6% does not look too lofty, if external account shock and political destabilization does not derail the growth.

The equity market is set to take its cue from the outcome of Panama issue. With almost 13% fall from its peak, the market appears to have incorporated the risk of change in the PM house, however disintegration of PML(N) in aftermath of court judgment and disqualification of Finance Minister could further dent the short term market sentiments, as it would hint a hung parliament in the next election.

Themes of currency depreciation, interest rate rise and economic growth are expected to set the investment tone in the coming fiscal year. Sectors positively linked with currency weakness are expected to garner lime light namely, Commercial Banks, Exploration & Production and Power sector. Select growth plays in Power, Steel, Construction and Consumer space are also expected to add positive contributions to market performance.

We expect fundamentals to reign in over the political noise in the coming months given our market is trading at PER of 9x (a ~30% discount to the Emerging Markets), creating room for re-rating. In addition, low interest rates scenario is also keeping fixed income returns subdued, which is further attracting the liquidity in the equity market. The KSE-100 Index currently trades at an equity risk premium of ~3% and provides a dividend yield of ~5.5%.

### **Corporate Governance**

The Fund is committed to implement the highest standards of corporate governance. With three (3) independent Directors on the Board, as governing body of the Management Company the Board is accountable to the unit holders for good corporate governance. Management is continuing to comply with the provisions of best practices set out in the code of corporate governance particularly with regard to independence of non-executive directors. The fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

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

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan , provisions of the Non Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2017**

- h. Key financial data as required by the Code of Corporate Governance has been summarized in the financial statements.
- i. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- j. 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.
- k. All the directors have completed the Directors Training Programme course or are exempt from attending training course due to sufficient working experience.
- l. The detailed pattern of unit holding, as required by NBFC Regulations and the Code of Corporate Governance are enclosed.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2017:

**1. Meeting of the Audit Committee.**

During the year, six (6) meetings of the Audit Committee were held. The attendance of each participant is as follows:

| S No. | Name of Persons    | Number of meetings held | Number of meetings  |          |               |
|-------|--------------------|-------------------------|---------------------|----------|---------------|
|       |                    |                         | Attendance required | Attended | Leave granted |
| 1     | Mr. Haroun Rashid  | 6                       | 6                   | 3        | 3             |
| 2     | Mr. Samad A. Habib | 6                       | 4                   | 3        | 1             |
| 3     | Mr. Ahmed Jahangir | 6                       | 6                   | 6        | -             |
| 4     | Mr. Nasim Beg      | 6                       | 6                   | 6        | -             |
| 5     | Mirza Qamar Beg    | 6                       | 2                   | 2        | -             |

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

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

| S No. | Name of Persons           | Number of meetings | Number of meetings  |          |               |
|-------|---------------------------|--------------------|---------------------|----------|---------------|
|       |                           |                    | Attendance required | Attended | Leave granted |
| 1     | Dr. Syed Salman Shah      | 4                  | 4                   | 4        | -             |
| 2     | Mr. Nasim Beg             | 4                  | 4                   | 4        | -             |
| 3     | Mr. Ahmed Jahangir        | 4                  | 4                   | 4        | -             |
| 4     | Mr. Haroun Rashid         | 4                  | 4                   | 3        | 1             |
| 5     | Mr. Muhammad Saqib Saleem | 4                  | 4                   | 4        | -             |

**REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2017**

- n. 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 Saqib Saleem     | Chief Executive Officer                       | -                 | -          | -                     |
| 2      | Muhammad Asif Mehdi Rizvi | Chief Operating Officer                       | 49,664            | 43,536     | 614                   |
| 3      | Abdul Basit               | Chief Financial Officer and Company Secretary | -                 | -          | -                     |
| 4      | Fahad Sultan              | Chief Internal Auditor                        | -                 | -          | -                     |

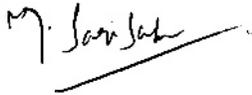
**External Auditors**

The fund's external auditors **EY Ford Rhodes Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2018. The audit committee of the Board has recommended reappointment of **EY Ford Rhodes Chartered Accountants** as auditors of the fund for the year ending June 30, 2018.

**ACKNOWLEDGMENT**

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

On behalf of Directors,



**Muhammad Saqib Saleem**  
Chief Executive Officer  
Karachi: August 4, 2017



**Nasim Beg**  
Director / Vice Chairman

## ڈائریکٹرز رپورٹ

دوران سال منجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کے شوہر/کی بیوی اور نابالغ بچوں نے فنڈ کے یٹس کی خرید و فروخت کی۔

| نمبر شمار | نام                | عہدہ                               | سرمایہ کاری | رڈیمپشن | ڈیویڈنڈ کی تقسیم |
|-----------|--------------------|------------------------------------|-------------|---------|------------------|
| 1.        | محمد ثاقب سلیم     | چیف ایگزیکٹو آفیسر                 | -           | -       | -                |
| 2.        | محمد آصف مہدی رضوی | چیف آپریٹنگ آفیسر                  | 49,664      | 43,536  | 614              |
| 3.        | عبدالباسط          | چیف فنانشل آفیسر اور کمپنی سیکرٹری | -           | -       | -                |
| 4.        | فہد سلطان          | چیف انٹرنل آڈیٹر                   | -           | -       | -                |

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز 'EY فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس' نے 30 جون 2018ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے کے لئے رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2018ء کو ختم ہونے والے سال کے لئے 'EY فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس' کی فنڈ کے آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ  
ڈائریکٹر / وائس چیئرمین



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
04 اگست 2017ء

## ڈائریکٹرز رپورٹ

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

مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، Non- بینکنگ فنانس کمپنیز (اسٹا بلشمنٹ اور ریگولیشنز) کے ضوابط، 2003ء، Non- بینکنگ فنانس اینڈ نوٹیفائیڈ انٹرنیشنل ریگولیشنز، 2008ء، متعلقہ ٹرسٹ Deeds کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور نافذ ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔

کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔

لسٹنگ قوانین میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔

کارپوریٹ گورننس کے ضابطہء اخلاق کے مطابق مطلوبہ کلیدی مالیاتی اعداد و شمار کا خلاصہ مالیاتی گوشواروں کے ساتھ ملحق ہے۔

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

پراویڈنٹ فنڈ میں سرمایہ کاروں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن میٹجمنٹ کمپنی پر ہوتا ہے، چنانچہ میٹجمنٹ کمپنی کی ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔

تمام ڈائریکٹرز ڈائریکٹرز بینک پروگرام، کورس مکمل کر چکے ہیں یا خاطر خواہ تجربے کی بنیاد پر اس سے مستثنیٰ ہیں۔

این بی ایف سی کے قواعد و ضوابط اور کارپوریٹ گورننس کے ضابطہء اخلاق کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ مالیاتی گوشواروں کے ساتھ ملحق ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2017ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی چھ (06) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

| میٹنگز کی تعداد |       |              |                        | نام                  |
|-----------------|-------|--------------|------------------------|----------------------|
| منظور شدہ رخصت  | حاضری | مطلوبہ حاضری | منعقدہ میٹنگز کی تعداد |                      |
| 3               | 3     | 6            | 6                      | 1. جناب ہارون رشید   |
| 1               | 3     | 4            | 6                      | 2. جناب صداعے حبیب   |
| -               | 6     | 6            | 6                      | 3. جناب احمد جہانگیر |
| -               | 6     | 6            | 6                      | 4. جناب نسیم بیگ     |
| -               | 2     | 2            | 6                      | 5. مرزا قمر بیگ      |

ہیومن ریورس اینڈ ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریورس اینڈ ریویژن کمیٹی کی چار (04) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

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

## ڈائریکٹرز رپورٹ

### مستقبل کا منظر

گزشتہ چند برسوں میں حاصل ہونے والے خطیر منافع جات تیل کی قیمتوں میں کمی کے ثمرات ہیں جس کی بدولت خارجی اکاؤنٹ، CPI، ڈسکاؤنٹ کی شرح اور سٹی کہ مالیاتی اکاؤنٹ کی بھی صورتحال سبسڈیز کے بوجھ میں کمی کے اعتبار سے بہتر ہوئی۔ بین الاقوامی اشیاء کا مستقبل ابھی تک نامہوار نظر آتا ہے اور کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کے باعث مستقبل کی راہیں مشکلات سے پر نظر آ رہی ہیں۔

مالی سال 2017ء میں 27 بلین ڈالر کا تجارتی خسارہ CPEC کے تحت مشینری کی درآمدات کے باعث مزید بڑھ سکتا ہے اور متعدد مقامی کمپنیوں کے منصوبے درآمدات کے بل پر غالب ہوں گے۔ دوسری جانب ٹیکسٹائل پیکج کے تحت ری بیس کے حوالے سے حکومت کی خاموشی اور زر مبادلہ کے ذخائر کے ذریعے پاکستانی روپے کی معاونت کرنے کے لئے حکومتی چیک کے باعث برآمدات متوقع طور پر دباؤ میں رہیں گی۔ بڑھتے ہوئے تجارتی خسارے اور ترسیلات زر کی کمزور صورتحال کی بنیاد پر ہم اگلے سال کرنٹ اکاؤنٹ کے خسارے کو 15 بلین ڈالر (مجموعی ملکی پیداوار کا 4 فیصد) تک پہنچتا دیکھ رہے ہیں، جو 2008ء میں ادائیگیوں کے توازن کے بحران میں پیدا ہونے والے حالات سے اب بھی بہت دور ہے، جب کرنٹ اکاؤنٹ کا خسارہ 14 بلین ڈالر (مجموعی ملکی پیداوار کا 8 فیصد) تک پہنچ گیا تھا۔ تاہم بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے کے ساتھ ساتھ انٹریسٹ کی ادائیگی کے باعث مالی سال 2018ء میں 18-19 بلین ڈالر کی مالیت کی فراہمی کی ضرورت پیدا ہو سکتی ہے، جس کے باعث پاکستانی روپے کی قدر میں کمی کا واضح امکان ہے۔

کنزیومر پرائس انڈیکس (CPI) مالی سال 2018ء میں مناسب حد تک قابو میں رہے گا۔ ہمارے اندازے کے مطابق مالی سال 2018ء میں افراط زر کا اوسط 4.5 فیصد ہوگا۔ اگرچہ روپے کی قدر میں کمی اور اشیاء کی قیمتوں کے باعث تخمینوں کو خطرات لاحق ہیں، لیکن توقع ہے کہ اگلے سال CPI کی پست سطح کے سبب مدت قریب میں مالیاتی تنگی کی ضرورت نہیں پڑے گی۔

انٹریسٹ کی پست شرح کے ماحول کے ساتھ ساتھ CPEC سے منسلک منصوبوں کی بنیاد پر حکومت کا مجموعی ملکی پیداوار کا 6 فیصد ہدف زیادہ بلند نہیں معلوم ہوتا، اگر خارجی اکاؤنٹ کا جھٹکا اور سیاسی عدم استحکام ترقی کی گاڑی کو پٹری سے اتار نہ دے۔

ایکویٹی مارکیٹ پانا نامہ مسئلے کے نتیجے کی بنیاد پر اپنا اگلا قدم طے کرنے کے لئے تیار ہے۔ مارکیٹ اپنے عروج سے تقریباً 13 فیصد زوال کے بعد بظاہر وزیر اعظم ہاؤس میں تبدیلی کے خطرے کے حوالے سے احتیاطی تدابیر اختیار کر چکی ہے، تاہم عدالتی فیصلے کے نتیجے میں پی ایم ایل (این) کا شیرازہ بکھرنے اور وزیر خزانہ کی نااہلیت سے مختصر المیعاد مارکیٹ کے حالات مزید بگڑ سکتے ہیں کیونکہ یہ اگلے انتخابات میں معلق پارلیمنٹ کے امکانات کا اشارہ ہوگا۔

روپے کی قدر میں کمی، انٹریسٹ کی شرح میں اضافہ اور معاشی ترقی آئندہ مالی سال میں سرمایہ کاری کا رجحان طے کرنے والے عوامل ہوں گے۔ روپے کے ضعف سے مثبت طور پر منسلک شعبے مثلاً کمرشل بینک، ایکسپلوریشن اینڈ پروڈکشن اور بجلی متوقع طور پر شہ سرخیوں میں آجائیں گے۔ علاوہ ازیں، بجلی، اسٹیل، تعمیرات اور صافنی شعبوں میں ترقیاتی عمل متوقع طور پر مارکیٹ کی کارکردگی میں مثبت کردار ادا کرے گا۔

ہم اُمید کرتے ہیں کہ آنے والے مہینوں میں اصول سیاسی شور پر غالب ہوں گے، کیونکہ ہماری مارکیٹ 9x کے PER پر تجارت کر رہی ہے (جو ابھرتی ہوئی مارکیٹس کو 30 فیصد ڈسکاؤنٹ ہے) جس سے شرحوں کے دوبارہ تعین کے لئے حالات سازگار ہوں گے۔ علاوہ ازیں، انٹریسٹ کی پست شرحیں مقررہ آمدنی کے منافعوں کو پست رکھے ہوئے ہیں، جس سے ایکویٹی مارکیٹ کی طرف مزید لیکویڈٹی مائل ہو رہی ہے۔ KSE-100 انڈیکس میں فی الوقت ایکویٹی کے خطرات کے 3 فیصد پر پینٹ پر تجارت ہو رہی ہے اور 5.5 فیصد ڈیویڈنڈ فراہم ہوتا ہے۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے کوشاں ہے۔ بورڈ میں تین (3) خود مختار ڈائریکٹرز ہیں، اور مینجمنٹ کمپنی کی گورننگ باڈی کے طور پر بورڈ عہدہ کارپوریٹ گورننس کے لئے پونٹ ہولڈرز کو جو ابہدہ ہے۔ انتظامیہ کارپوریٹ گورننس کے ضابطہء اخلاق میں متعین کردہ بہترین طریقوں سے متعلق شفتوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے شق، کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ ضوابط کے مطابق کاروبار چلانے پر بدستور کاربند ہے جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کو با التفصیل واضح کیا گیا ہے۔

ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی نکات واضح کیے جا رہے ہیں:

مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔ فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

## ڈائریکٹرز رپورٹ

آف پاکستان پر انحصار کرتے ہوئے 908 بلین روپے قرض حاصل کیا جس کے نتیجے میں مقامی بینکوں کو خاطر خواہ لیکویڈٹی فراہم ہوئی۔ مالی سال 2017ء کی دوسری ششماہی میں پیداواری خم سیدھا رہا، جبکہ اسٹیٹ بینک آف پاکستان نے لیکویڈٹی کا انتظام خاطر خواہ حد تک چلایا۔

مارکیٹ میں شریعہ انسٹرومنٹس کی رسد کمزور رہی کیونکہ اسٹیٹ بینک آف پاکستان نے مالی سال 2017ء میں مقررہ شرح پر ریٹیل کی ترتیب پر مبنی صرف ایک اجارہ سلگ نیلامی کا انعقاد کیا جس نے 5.24 فیصد منافع جات پیش کیے اور مچور ہونے والے 50 بلین روپے کے اجارہ سلگ کے بالمقابل 71 بلین روپے قرض حاصل کیے۔ چنانچہ اسلامی سرمایہ کاری کے مواقع کی قلت کی نشاندہی ہوئی۔

### ایکویٹیز مارکیٹ کا جائزہ

مالی سال 2017ء کے آخری ڈیڑھ ماہ میں قابل ذکر کمی کے باوجود انڈیکس 23.24 فیصد ترقی کرنے میں کامیاب ہوا۔ انڈیکس مئی 2017ء میں اپنے عروج کی سطح 52,876 پوائنٹس سے جون 2017ء کے اختتام پر 11.94 فیصد کم ہو گیا۔ بے آئی ٹی کے معاملات کے حوالے سے بڑھتی ہوئی تشویش اور MSCI اپ گریڈیشن کے بعد net غیر ملکی آمدات کی مایوس گن صورتحال کے نتیجے میں منافع کی سطح گر گئی۔ Net فروخت کار بدستور غیر ملکی افراد رہے جنہوں نے 652 ملین ڈالر کی خلیہ مالیت کی ایکویٹیز کو نقد میں تبدیل کیا اور فروخت کا اکثر حصہ میوچل فنڈز نے جذب کیا (575 ملین ڈالر)۔ اوسط حجم 64 فیصد زیادہ ہو کر 340 ملین حصص ہو گئے اور تجارت کردہ قدر 58 فیصد بڑھ کر 15 بلین روپے ہو گئی۔

بہترین کارکردگی کا مظاہرہ کرنے والوں میں اسٹیل کا شعبہ مقررہ معیار سے 198 فیصد زیادہ ترقی کر کے سب سے آگے رہا کیونکہ CPEC پروگرام کے تحت انفراسٹرکچر کے ضمن میں متحرک سرگرمیوں اور اسٹیل کی متعدد مصنوعات پر ریگولیٹری اور فضلات کے انتظام کی محصولات عائد کرنے کے حوالے سے حکومت کی موافق پالیسیوں کی بدولت اس شعبے میں سرمایہ کاروں کی بھرپور دلچسپی پیدا ہوئی۔ علاوہ ازیں، حصص کی قیمتوں میں استعداد میں اضافے کے منصوبوں کی عکاسی ہونے لگی۔ آٹو سیکٹر 98 فیصد ترقی کر کے مارکیٹ میں دوسرے نمبر پر بہترین کارکردگی کا حامل شعبہ رہا۔ اس شاندار کامیابی کے اسباب نئے ماڈل، فروخت کے بڑے حجم اور بجٹ میں ٹیکسی اسکیم کا اعلان ہیں۔ تیل اور گیس کے شعبے میں دو عوامل کیے باعث زبردست ترقی ہوئی: OMCs کے حجم میں 10 فیصد اضافہ اور SNGP کی جانب سے 110 بلین روپے مالیت کے کپٹل منصوبوں کا اعلان، جو 2018ء میں مکمل ہوں گے۔

اس کے برعکس کھاد کے شعبے نے 11 فیصد کم ترقی کر کے کمزور کارکردگی کا مظاہرہ کیا کیونکہ انویسٹریز میں اضافے اور یوریا کی قیمتوں میں ڈسکاؤنٹس نے اس شعبے پر منفی اثرات مرتب کئے۔ علاوہ ازیں، کھاد کی بین الاقوامی قیمتوں میں کمی کے باعث مقامی مینوفیکچررز کی قیمت متعین کرنے کی طاقت اور متوقع برآمداتی آمدنی متاثر ہوئی۔ سیمنٹ کے شعبے نے بھی زیر جائزہ مدت کے دوران مقررہ معیار سے 7 فیصد کم ترقی کی کیونکہ کونکریٹ کی بین الاقوامی قیمتیں 30 فیصد YoY اضافے کا شکار ہو کر نومبر 2016ء میں 100 ڈالر کی بلند ترین سطح تک پہنچ گئیں۔ علاوہ ازیں، چرائٹ سیمنٹ کی شمالی خطے میں توسیع کے باعث قیمتوں کے تعین کے نظام کے لئے مشکلات پیدا ہوئیں جس کے نتیجے میں خطے میں سیمنٹ کی قیمتیں 4 سے 5 فیصد کم ہو گئیں اور اسٹاک کی قیمتیں دباؤ میں آگئیں۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا منافع 27.74 فیصد تھا جبکہ مقررہ معیار 18.07 فیصد تھا۔ ایکویٹیز کے میدان میں زیر جائزہ مدت کے اختتام پر مجموعی ایلوکیشن 43.2 فیصد تھی۔ دوران مدت فنڈ نے بجلی کی پیداوار اور تقسیم، کھاد، آئل اینڈ گیس ایکسپلوریشن کمپنیوں اور سیمنٹ میں اپنی سرمایہ کاری کو کم کیا۔

مقررہ آمدنی کے گوشے میں زیر جائزہ مدت کے اختتام پر سلگ میں سرمایہ کاری پورٹ فولیو کا 0.1 فیصد تھی۔

30 جون 2017ء کو فنڈ کے net اثاثہ جات 1,485 ملین روپے تھے، جو 30 جون 2016ء کو 821 ملین روپے کے مقابلے میں 80.88 فیصد اضافہ ہے۔

30 جون 2017ء کو net اثاثہ جاتی قدر (NAV) نی یونٹ 73.0135 روپے تھی، جو آغاز مدت یعنی 30 جون 2016ء کو 63.5232 روپے نی یونٹ کے مقابلے میں 9.4903 روپے نی یونٹ اضافہ ہے۔

## ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی طرف سے الحراء اسلامک ایلیکشن فنڈ (سابقہ: پاکستان انٹرنیشنل ایلیمنٹ اسلامک Asset ایلیکشن فنڈ) کے 30 جون 2017ء کو اختتام پذیر ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا مجموعی جائزہ

مالی سال 2017ء میں پاکستان کی معیشت نے 5.28 فیصد ترقی کی جو گزشتہ دس سالوں میں سب سے زیادہ ترقی ہے۔ اگرچہ 5.7 فیصد کا ہدف حاصل نہ ہو سکا لیکن اس کے باوجود استحکام کے مرحلے سے ترقی کی بلند شرح کی طرف سفر خوش آئند ہے۔ زرعی شعبہ سب سے آگے رہا جس نے ایک سال قبل 0.26 فیصد ترقی کی تھی جبکہ اس سال 3.5 فیصد ترقی کی۔ اس کی معاونت سروسز نے 6 فیصد YoY ترقی کے ساتھ کی۔ صنعتی رُخ پر بڑے پیمانے کے مینوفیکچرنگ شعبے نے 11MFY17 میں 5.7 فیصد ترقی کی، اور اس میں اہم ترین کردار صارفی، تعمیری اور توانائی کے شعبوں نے ادا کیا۔ گاڑیوں کے شعبے نے دو عدد پر مشتمل ترقی کی؛ اس شعبے میں مانگ بڑھتی رہی اور مقامی OEMs نے نئے ماڈل متعارف کرائے۔ CPEC سے منسلک اور دیگر انفراسٹرکچر کی سرمایہ کاری کی بدولت تعمیرات سے منسلک صنعتوں مثلاً اسٹیل اور سینٹ کو قوت فراہم ہونے کا عمل جاری رہا۔

خارجی رُخ پر درآمدات میں 17.7 فیصد اضافے اور برآمدات میں 1.4 فیصد کمی کے باعث تجارتی خسارہ وسیع ہو کر مالی سال 2017ء میں 26.9 بلین ڈالر ہو گیا جبکہ ایک سال قبل 19.3 بلین ڈالر تھا۔ درآمدات میں اہم ترین کردار پٹرولیم مصنوعات نے 10.6 بلین ڈالر یعنی 21 فیصد زیادہ ترقی کی صورت میں ادا کیا۔ دوسرے نمبر پر خوراک (15 فیصد YoY اضافہ) اور مشینری (10 فیصد YoY اضافہ) کے شعبے رہے۔ تیل کی قیمتوں میں اضافے، گیس کی کمی کو پورا کرنے کے لئے ایل این جی کی درآمدات، صارفی مصنوعات کی مانگ میں تیزی سے بڑھتے ہوئے اضافے، اور مختلف منصوبوں کے لئے کپٹیل اشیاء کی درآمد کے باعث مالی سال 2017ء میں درآمدات کا بل 48.5 بلین ڈالر تک پہنچ گیا۔

مالی سال 2017ء میں ترسیل زر گزشتہ سال کے مقابلے میں 3.08 فیصد کمی کا شکار ہو کر 19.3 بلین ڈالر ہو گئیں، اور اس کے اہم ترین اسباب مشرق وسطیٰ میں روزگار کی صورتحال اور عالمی سطح پر متوقع سے کم حصولیات ہیں۔

مندرجہ بالا دو اسباب (ترسیل زر میں کمی اور CA خسارے میں اضافے) کے نتیجے میں غیر زرمبادلہ کے ذخائر پر دباؤ بڑھ رہا ہے، جو زیر جائزہ سال کے اختتام پر 21.368 بلین ڈالر تھے، اور یہ یکم جولائی 2016ء سے تاحال 1.72 بلین ڈالر کمی ہے۔

عرب لائٹ کی اوسط قیمتوں میں 19 فیصد YoY اضافے کے باوجود CPI کی سطح پست رہی اور اس میں مالی سال 2017ء کے دوران 4.15 فیصد اضافہ ہوا، جس کی سب سے بڑی وجہ خوراک، نقل و حمل اور رہائشی کرائے کے شعبوں میں قابل ذکر ترقی ہے۔

حکومت مالیاتی خسارے کو 4.2 فیصد پر برقرار رکھ سکی جو متعین شدہ ہدف 3.8 فیصد سے تھوڑا زیادہ ہے۔ مجموعی اخراجات اور مجموعی آمدنی، دونوں میں 12 فیصد YoY اضافہ ہوا جبکہ مالیاتی توازن میں 11 فیصد YoY اضافہ ہوا۔ حکومت نے مالی سال 2018ء کے لئے مالیاتی خسارے کا ہدف 4.1 فیصد متعین کیا ہے۔ CA خسارے کے علاوہ ایک اور تشویشناک امر تجارتی خسارے میں اضافہ، اور اس بڑھتے ہوئے فرق کو پُر کرنے کے لئے مالیات فراہم کرنے کے لئے پبلک اور پرائیویٹ قرضہ جات میں اضافہ ہے۔ مارچ 2017ء تک پاکستان مجموعی طور پر 23.95 ٹریلین روپے کا قرض دار تھا، جو ایک سال کے دوران 2.33 ٹریلین روپے کا اضافہ ہے۔

اسٹیٹ بینک آف پاکستان نے اپنے تازہ ترین مالیاتی پالیسی کے جائزے برائے اگلے دو ماہ میں پالیسی کی شرح کو متواتر ساتویں مرتبہ 5.75 فیصد برقرار رکھا ہے۔ پالیسی کمیٹی کی بدستور مثبت خیالی کی بنیاد CPEC اور دیگر منصوبے ہیں جن کی بدولت دوران سال روپیہ نسبتاً مستحکم رہا اور ان کے ذریعے مستقبل میں آمدات متوقع ہیں۔ بازار زر میں موجودہ غیر یقینی سیاسی صورتحال کی بھی عکاسی ہوئی، جہاں اسٹیٹ بینک آف پاکستان کی فراہم کردہ ایک عارضی چھوٹ کے نتیجے میں ایک دن میں تقریباً 4 فیصد کمی ہوئی۔ تاہم بعد ازاں وزیر خزانہ کی پیش کردہ صفائی اور قیاسی کارروائیوں سے جنگ کے بھرپور عزم کے اظہار کے نتیجے میں صورتحال بحال ہو گئی۔

ادائیگیوں کے توازن کے خسارہ جات کے باعث بینکاری کے نظام کے Net غیر ملکی اثاثہ جات سکر گئے۔ مالی سال 2016ء کے اختتام پر 1.0 ٹریلین روپے تھے جبکہ مالی سال 2017ء کے اختتام پر صرف 601 بلین روپے رہ گئے۔ حکومت کے خطیر بجٹ خساروں سے نمٹنے کے باعث M2 ترقی بلند سطح پر قائم رہی (13.7% + YoY) اور بینکاری کے نظام کے Net مقامی اثاثہ جات میں 18.3 فیصد YoY ترقی ہوئی۔ حکومت نے مالیات کے لئے اسٹیٹ بینک

# REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

## 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.

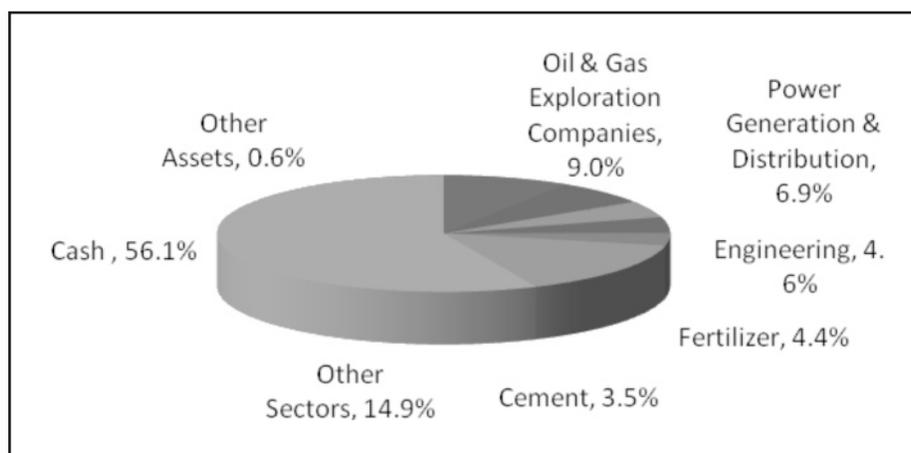
## Investment Strategy

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 27.74% as against its benchmark return of 18.07%. On the equities front, the overall allocation was 43.2% at the end of the period under review. The fund decreased its exposure in Power Generation & Distribution, Fertilizer, Oil & Gas Exploration Companies and Cement during the period. On the fixed income side, there was exposure towards Sukuk at 0.1% of the portfolio at the end of the period under review. The Net Assets of the Fund as at June 30, 2017 stood at Rs. 1,485 million as compared to Rs. 821 million as at June 30, 2016 registering an increase of 80.88%. The Net Asset Value (NAV) per unit as at June 30, 2017 was Rs. 73.0135 as compared to opening NAV of Rs. 63.5232 per unit as at June 30, 2016 registering an increase of Rs. 9.4935 per unit.

Asset Allocation as on June 30, 2015 (% of total assets)



Awais Abdul Sattar, CFA  
Fund Manager

Karachi: August 04, 2017

# TRUSTEE REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2017

## 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) 34326020 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



## TRUSTEE REPORT TO THE UNIT HOLDERS

### ALHAMRA ISLAMIC ASSET ALLOCATION FUND (FORMERLY PAKISTAN INTERNATIONAL ELEMENT 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, 2017 in accordance with the provisions of the following:

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

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

Karachi: September 08, 2017



## REPORT OF THE SHARIAH ADVISOR BOARD FOR THE YEAR ENDED JUNE 30, 2017

### 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.

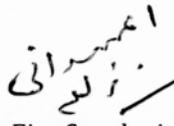
A review is limited primarily to inquire to the Management Company's personnel and review of various documents prepared by the management company to comply with prescribed criteria. In the light of the above, we hereby certify that:

- 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, 2016 to June 30, 2017 have been in compliance with Shariah principles.

During the year an amount of Rupees 625,930.20 was transferred to charity account. The total amount of charity payable as at 30 June 2017 amounts to Rs. 625,930.20.

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.

Karachi: August 04, 2017

  
Dr. Ejaz Samdani

For and on behalf of Shariah Advisory Board

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented by the Board of Directors of MCB Arif Habib Savings and Investments Limited, the Management Company of Alhamra Islamic Asset Allocation Fund (Formerly: Pakistan International Element Islamic Asset Allocation Fund) to comply with the Code of Corporate Governance (the code) contained in regulation # 5.19 of chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes

| Category                  | Names   |
|---------------------------|---|
| Independent Directors     | 1. Dr. Syed Salman Ali Shah<br>2. Mr. Haroun Rashid<br>3. Mr. Mirza Qamar Beg                                       |
| Executive Directors       | 1. Mr. Muhammad Saqib Saleem—Chief Executive Officer  |
| Non – Executive Directors | 1. Mian Mohammad Mansha-Chairman<br>2. Mr. Ahmed Jehangir<br>3. Mr. Samad Habib<br>4. Mr. Nasim Beg – Vice Chairman |

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the Code.

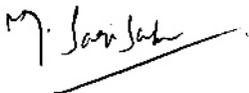
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the period no casual vacancy occurred on the board of the Company.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. Out of the total eight meetings only one meeting of the Board was presided over by the chairman which was held on August 5, 2016. Five meetings were presided over by Mr. Nasim Beg and two meetings were presided by Dr. Syed Salman Ali Shah duly elected by the board for the purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year, one director Mr. Mirza Qamar Beg was included on the Board of Directors and is complied with the Director's Training Programme. All remaining directors on the board already possess the required training or are exempt on the basis of specified qualification and experience as required by the Code.
10. Company Secretary and Head of Internal Audit continued their services and there was no change in these positions during the year. The Chief Financial Officer was appointed during the year on February 02, 2017 and the board has approved the remuneration and terms and conditions of the employment of the CFO.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

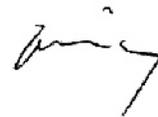
---

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee who is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of five members, of whom four are non-executive directors and one is executive Director and the chairman of the committee is also a non-executive director.
18. The Board has set up an effective internal audit function, the members of which are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The Board has formulated a mechanism for an annual evaluation of its own performance. The evaluation has been done in the board meeting held on August 04, 2017.
24. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of the Board



**Muhammad Saqib Saleem**  
Chief Executive Officer  
Karachi: August 04, 2017



**Nasim Beg**  
Director / Vice Chairman

# REVIEW REPORT TO UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of MCB-Arif Habib Savings and Investments Limited, the Management Company of **Alhamra Islamic Asset Allocation Fund (formerly: Pakistan International Element Islamic Asset Allocation Fund)** (the Fund), for the year ended **30 June 2017** to comply with the requirements of Regulation No. 5.19.24 of Rule Book of Pakistan Stock Exchange Limited where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2017.

Chartered Accountants

Karachi

Date: 04 August 2017

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS FOR THE YEAR ENDED JUNE 30, 2017



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### *REPORT ON THE FINANCIAL STATEMENTS*

We have audited the accompanying financial statements of **Alhamra Islamic Asset Allocation Fund (formerly: Pakistan International Element Islamic Asset Allocation Fund)** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2017**, and the related statements of income, comprehensive income, cash flows, distribution and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's responsibility for the financial statements*

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of approved accounting 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.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS  
FOR THE YEAR ENDED JUNE 30, 2017**

---

---



-: 2 :-

***Opinion***

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at **30 June 2017** and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

***REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS***

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

**Chartered Accountants**

**Audit Engagement Partner: Shabbir Yunus**

**Date: 04 August 2017**

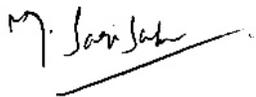
**Karachi**

**STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2017**

|   | Note | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016  |
|---|------|--|-------------------|
| <b>ASSETS</b>   |      |  |                   |
| Balances with banks   | 6    | 846,966  | 133,896           |
| Receivable against sale of investments  |      | -  | 7,540             |
| Investments   | 7    | 652,922  | 696,680           |
| Profit and other receivables  | 8    | 6,214  | 2,320             |
| Advances, prepayments and deposits  | 9    | 4,302  | 3,205             |
| <b>Total assets</b>   |      | <b>1,510,404</b>                                 | <b>843,641</b>    |
| <br><b>LIABILITIES</b>  |      |  |                   |
| Payable to the Management Company   | 10   | 5,443  | 2,347             |
| Payable to the Trustee  | 11   | 233  | 160               |
| Annual fee payable to the Securities and Exchange Commission of Pakistan (SECP) | 12   | 1,122  | 781               |
| Accrued and other liabilities   | 13   | 18,348   | 19,844            |
| <b>Total liabilities</b>  |      | <b>25,146</b>                                    | <b>23,132</b>     |
| <br><b>NET ASSETS</b>   |      | <b>1,485,258</b>                                 | <b>820,509</b>    |
| <br><b>Unit holders' fund (as per statement attached)</b>                       |      | <b>1,485,258</b>                                 | <b>820,509</b>    |
| <br><b>Contingencies and commitments</b>  | 14   |  |                   |
|   |      | ----- (Number of units) -----                    |                   |
| <br><b>NUMBER OF UNITS IN ISSUE</b>   |      | <b>20,342,240</b>                                | <b>12,916,673</b> |
|   |      | ----- (Rupees) -----                             |                   |
| <br><b>NET ASSETS VALUE PER UNIT</b>  |      | <b>73.0135</b>                                   | <b>63.5232</b>    |

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

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



Chief Executive Officer



Chief Financial Officer



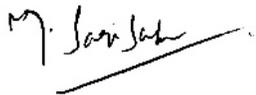
Director

**INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | Note | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016 |
|---|------|--|------------------|
| <b>Income</b>   |      |  |                  |
| Profit on bank deposits   |      | 15,021   | 11,428           |
| Net gain on sale of investments   |      | 221,411  | 9,132            |
| Net unrealised appreciation in the value of investment  |      | 9,694  | 109              |
| Dividend income from equity securities  |      | 39,924   | 27,735           |
| Income on debt securities   |      | 32   | -                |
| Income from investment in sukuk certificates  |      | -  | 6,967            |
| Income from government securities   |      | -  | 366              |
| Other income  |      | -  | 31               |
| <b>Total income</b>   |      | <b>286,082</b>                                   | <b>55,768</b>    |
| Impairment on equity investment   |      | -  | (14,887)         |
| <b>Expenses</b>   |      |  |                  |
| Remuneration of the Management Company  |      | 23,220   | 16,111           |
| Sales tax and federal excise duty on management fee   | 15   | 3,015  | 5,201            |
| Remuneration of the Trustee   |      | 2,171  | 1,644            |
| Sales tax on trustee fee  |      | 264  | 230              |
| Annual fee to SECP  |      | 1,122  | 781              |
| Expenses allocated by Management  |      |  |                  |
| Company and related taxes   | 5    | 1,337  | 533              |
| Brokerage, settlement and bank charges  |      | 5,707  | 1,829            |
| Fees and subscription   |      | 191  | 353              |
| Auditors' remuneration  | 16   | 702  | 610              |
| Printing and related costs  |      | 143  | 226              |
| Donation  |      | 626  | 310              |
| Legal and professional  |      | 72   | 123              |
| Shariah advisory fee  |      | 900  | 525              |
| Marketing and selling expense   | 10.2 | 1,593  | -                |
| Reversal of Provision for Workers' Welfare Fund   |      | (2,019)  | -                |
| <b>Total expenses</b>   |      | <b>39,044</b>                                    | <b>28,476</b>    |
| <b>Net income from operating activities</b>   |      | <b>247,038</b>                                   | <b>12,405</b>    |
| Element of income / (loss) and capital gains / (losses) included in the prices of units sold less those in units redeemed - net |      |  |                  |
| - from realised / unrealised capital gain / (loss)  |      | 86,549   | (1,581)          |
| - from other loss   |      | (14,688)   | (362)            |
|   |      | 71,861   | (1,943)          |
| <b>Net income for the year before taxation</b>  |      | <b>318,899</b>                                   | <b>10,462</b>    |
| Taxation  | 17   | -  | -                |
| <b>Net income for the year after taxation</b>   |      | <b>318,899</b>                                   | <b>10,462</b>    |

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

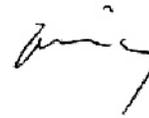
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



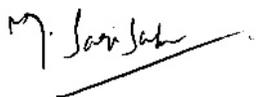
Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2017**

|  | June 30,<br>2017             | June 30,<br>2016     |
|--|------------------------------|----------------------|
|  | ----- (Rupees in '000) ----- |                      |
| Note   |                              |                      |
| Net income for the year after taxation   | 318,899                      | 10,462               |
| <b>Other comprehensive income:</b>   |                              |                      |
| <b>To be reclassified to income statement<br/>in subsequent periods</b>                            |                              |                      |
| Net unrealised appreciation on re-measurement of<br>investments classified as 'available-for-sale' | (11,780)                     | 23,650               |
| <b>Total comprehensive income for the year</b>   | <u><u>307,119</u></u>        | <u><u>34,112</u></u> |

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

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



Chief Executive Officer



Chief Financial Officer



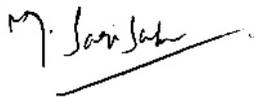
Director

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | <b>June 30,<br/>2017</b>     | <b>June 30,<br/>2016</b> |
|---|------------------------------|--------------------------|
|   | ----- (Rupees in '000) ----- |                          |
| <b>Undistributed income brought forward comprises of:</b>   |                              |                          |
| - Realised income   | 121,075                      | 97,141                   |
| - Unrealised income   | 109                          | 17,168                   |
| Undistributed income brought forward - net  | 121,184                      | 114,309                  |
| <b>Final distribution:</b>  |                              |                          |
| - Cash distribution: for the year ended June 30, 2017 declared on June 22, 2017 of Re.8 per unit  | (139,357)                    | -                        |
| - Cash distribution for the year ended June 30, 2016 distributed at Rs.0.5 per unit (Declared on June 27, 2016)   | -                            | (6,296)                  |
| Element of (loss) / income and capital (losses) / gains included in the prices of units sold less those in units redeemed - amount representing unrealised income | (125,706)                    | 2,709                    |
| Net income for the year   | 318,899                      | 10,462                   |
|   | 53,836                       | 6,875                    |
| <b>Undistributed income carried forward</b>   | 175,020                      | 121,184                  |
| <b>Undistributed income carried forward comprises of:</b>   |                              |                          |
| - Realised income   | 165,326                      | 121,075                  |
| - Unrealised income   | 9,694                        | 109                      |
|   | 175,020                      | 121,184                  |

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

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



Chief Executive Officer



Chief Financial Officer



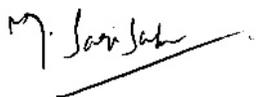
Director

**STATEMENT OF MOVEMENT IN UNIT HOLDER'S FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | June 30,<br>2017             | June 30,<br>2016  |
|---|------------------------------|-------------------|
|   | ----- (Rupees in '000) ----- |                   |
| Net assets at beginning of the year   | 820,509                      | 803,601           |
| Issue of 19,133,229 units (2016: 9,921,520 units)   | 1,436,268                    | 577,740           |
| Redemption of 11,707,660 units (2016: 10,193,856 units)   | (867,420)                    | (590,591)         |
|   | 568,848                      | (12,851)          |
|   | 1,389,357                    | 790,750           |
| Element of loss / (income) and capital losses / (gains) included<br>in prices of units sold less those in units redeemed - net  |                              |                   |
| - amount representing loss / (income) and capital losses / (gains) -<br>transferred to Income Statement   |                              |                   |
| - from realised / unrealised capital (gain) / loss  | (86,549)                     | 1,581             |
| - from other loss   | 14,688                       | 362               |
| - amount representing unrealised loss / (income) and<br>capital losses / (gains) that forms part of the unit holders'<br>fund transferred to Distribution Statement     | 125,706                      | (2,709)           |
|   | 53,845                       | (766)             |
| Net income for the year transferred from the distribution statement   |                              |                   |
| Net gain on sale of investments   | 221,411                      | 9,132             |
| Net unrealised appreciation on re-measurement of investments<br>classified 'at fair value through profit or loss' - held-for-trading                                    | 9,694                        | 109               |
| Other income for the year   | 87,794                       | 1,221             |
| Element of (income) / loss and capital (gains) / losses included<br>in the prices of units sold less those in units<br>redeemed - amount representing unrealised income | (125,706)                    | 2,709             |
| Distributions made during the year (refer to distribution statement)  | (139,357)                    | (6,296)           |
|   | 53,836                       | 6,875             |
| Net unrealised (diminution) / appreciation on re-measurement<br>of investment - classified as 'available-for-sale'  | (11,780)                     | 23,650            |
| <b>Net assets at end of the year</b>  | <b>1,485,258</b>             | <b>820,509</b>    |
|   | ----- (Number of units) ---- |                   |
| <b>NUMBER OF UNITS IN ISSUE</b>   | <b>20,342,240</b>            | <b>12,916,673</b> |
|   | ----- (Rupees) -----         |                   |
| <b>NET ASSETS VALUE PER UNIT</b>  | <b>73.0135</b>               | <b>63.5232</b>    |

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

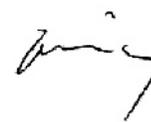
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2017**

|   | June 30,<br>2017             | June 30,<br>2016 |
|---|------------------------------|------------------|
|   | ----- (Rupees in '000) ----- |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                              |                  |
| Net income for the year before taxation   | 318,899                      | 10,462           |
| <b>Adjustments for:</b>   |                              |                  |
| Net unrealised appreciation in the fair value of investments  | (9,694)                      | (109)            |
| Impairment on equity investment   | -                            | 14,887           |
| Element of (income) / loss and capital (gains) / losses included in the prices of units sold less those in units redeemed - net |                              |                  |
| - from realised / unrealised capital (gain) / loss  | (86,549)                     | 1,581            |
| - from other loss   | 14,688                       | 362              |
|   | 237,344                      | 27,183           |
| <b>Decrease / (increase) in assets</b>  |                              |                  |
| Receivable against sale of investments  | 7,540                        | 11,000           |
| Investments   | 41,676                       | (123,222)        |
| Profit and other receivables  | (3,894)                      | (60)             |
| Advances, prepayments and deposits  | (1,097)                      | 30               |
|   | 44,225                       | (112,252)        |
| <b>Increase / (decrease) in liabilities</b>   |                              |                  |
| Payable to the Management Company   | 3,096                        | 139              |
| Payable to the Trustee  | 73                           | 25               |
| Annual fee payable to SECP  | 341                          | 297              |
| Accrued and other liabilities   | (1,496)                      | (4,776)          |
|   | 2,014                        | (4,315)          |
| <b>Net cash generated from / (used in) operating activities</b>   | 283,583                      | (89,384)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                              |                  |
| Net receipts against issue of units   | 1,436,264                    | 577,740          |
| Net payments on redemption of units   | (867,420)                    | (590,591)        |
| Dividend paid   | (139,357)                    | (6,296)          |
| <b>Net cash generated / (used in) from financing activities</b>   | 429,487                      | (19,147)         |
| Net increase / (decrease) in cash and cash equivalents during the year  | 713,070                      | (108,531)        |
| Cash and cash equivalents at beginning of the year  | 133,896                      | 242,427          |
| <b>Cash and cash equivalents at end of the year</b>   | 846,966                      | 133,896          |

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

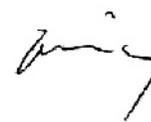
For MCB-Arif Habib Savings and Investments Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

---

---

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Alhamra Islamic Asset Allocation Fund (formerly: Pakistan International Element Islamic Asset Allocation Fund) (the Fund) was established under a Trust Deed executed between ArifHabib Investments Limited (the Management Company, "AHIL") as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on December 14, 2005 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC rules).

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 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.

Pursuant to the merger of MCB-Asset Management Company and ArifHabib Investments Limited, the name of the Management Company (ArifHabib Investments Limited being the surviving entity) has been changed from ArifHabib Investments Limited to MCB-ArifHabib Savings and Investments Limited.

The Fund is an open-ended mutual fund 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 Asset Allocation" scheme by the Board of Directors of the Asset Management Company in pursuant to Circular 7 of 2009 dated March 06, 2009 issued by the SECP.

The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ dated June 23, 2017 to the Management Company.

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

## 2. STATEMENT OF COMPLIANCE

**2.1** These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of Trust Deed, the NBFC rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

### **2.2 New Standards, Interpretations and Amendments**

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

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

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

| Standard or Interpretation   | Effective date (annual periods beginning on or after) |
|--|---|
| IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)   | January 01, 2018                                      |
| IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized                                     |
| IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)  | January 01, 2017                                      |
| IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)  | January 01, 2017                                      |
| IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)   | January 01, 2018                                      |
| IAS 40 Investment Property: Transfers of Investment Property (Amendments)  | January 01, 2018                                      |
| IFRIC 22 Foreign Currency Transactions and Advance Consideration   | January 01, 2018                                      |
| IFRIC 23 Uncertainty over Income Tax Treatments  | January 01, 2019                                      |

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

| <b>Standards</b>   | <b>IASB Effective date<br/>(annual periods<br/>beginning on or after)</b> |
|--|---|
| IFRS 9 – Financial Instruments: Classification and Measurement | January 01, 2018  |
| IFRS 14 – Regulatory Deferral Accounts                         | January 01, 2016  |
| IFRS 15 – Revenue from Contracts with Customers                | January 01, 2018  |
| IFRS 16 – Leases   | January 01, 2019  |
| IFRS 17 - Insurance Contracts                                  | January 01, 2021  |

**3. BASIS OF PREPARATION**

**3.1 Accounting convention**

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

**3.2 Critical accounting estimates and judgments**

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.1 and 4.5 respectively.

**3.3 Functional and presentation currency**

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

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Financial assets**

The fund classifies its financial assets in following categories:

- financial assets 'at fair value through profit or loss' - held-for-trading;
- available-for-sale investments; and
- loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification on regular basis.

**a) Financial assets 'at fair value through profit or loss' - held-for-trading**

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

---

---

### **b) Available-for-sale**

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

### **c) Loans and receivables**

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

## **4.2 Regular way contracts**

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

## **4.3 Initial recognition and measurement**

### **a) Financial assets 'at fair value through profit or loss' - held-for-trading**

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

### **b) Available-for-sale and loans and receivables**

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

## **4.4 Subsequent measurement**

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

### **a) Equity Securities**

The investment of the Fund in equity securities is valued on the basis of quoted market prices available at the stock exchange.

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

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

### **b) Government Securities**

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Market Association of Pakistan.

### **c) Loans and receivables**

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

---

### 4.5 Impairment

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

### 4.6 Derecognition

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

### 4.7 Reclassification

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

### 4.8 Financial liabilities

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

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

### 4.9 Offsetting of financial assets and liabilities

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

### 4.10 Issue and redemption of units

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

---

---

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

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

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

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

#### **4.12 Proposed distributions**

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

#### **4.13 Provisions**

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

#### **4.14 Earnings per unit**

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

#### **4.15 Taxation**

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of 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 in cash amongst the unit holders.

#### **4.16 Revenue recognition**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**4.17 Expenses**

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

**4.18 Cash and cash equivalents**

Cash and cash equivalents comprise of balances with banks.

**4.19 Other assets**

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

**4.20 Foreign currency translation**

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

**4.21 Net asset value per unit**

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

**5. REIMBURSEMENT OF EXPENSES TO THE MANAGEMENT COMPANY**

SECP has introduced "expense ratio" vide amendments in the NBFC Regulations dated November 25, 2015, whereby, the total expense ratio of a equity scheme shall be capped at 4% of average daily net assets value of the scheme. The regulation further states that for the purpose of expense ratio, expenses incurred in relation to any government levy on funds such as sales tax, federal excise duty, SECP fee, etc. shall be excluded while calculating expense ratio. Furthermore, under the NBFC Regulation 60(3)(s), the Management Company is allowed to charge their cost to Collective Investment Schemes (CIS) in respect of fees and expenses related to registrar services, accounting, operations and valuation services related to that CIS, the maximum cost that can be charged in this regard is up to 0.1% of the average annual net assets of that CIS or actual, whichever is less. Accordingly, this represents the amount payable to the Management Company to maintain the expense ratio of the Fund within the prescribed limits. The total expense ratio of the Fund is 4.03% which includes 0.98% representing government levies and SECP fee.

|                               | Note | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016      |
|-------------------------------|------|--|-----------------------|
| <b>6. BALANCES WITH BANKS</b> |      |  |                       |
| In current accounts           |      | 54,537   | 31,526                |
| In deposit accounts           | 6.1  | <u>792,429</u>                                   | <u>102,370</u>        |
|                               |      | <u><u>846,966</u></u>                            | <u><u>133,896</u></u> |

**6.1** These carry profit at the rate ranging from 5.25% to 5.65% (2016: 3.75% to 6%) per annum and include balance of Rs.50.442 million (2016: Rs.24.112 million) with MCB Bank Limited.

**7. INVESTMENTS**

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

|                           |     |                       |                       |
|---------------------------|-----|-----------------------|-----------------------|
| Listed equity securities  | 7.1 | <u>456,501</u>        | <u>999</u>            |
|                           |     | <u>456,501</u>        | <u>999</u>            |
| <b>Available-for-sale</b> |     |                       |                       |
| Listed equity securities  | 7.5 | <u>196,421</u>        | <u>695,681</u>        |
|                           |     | <u><u>652,922</u></u> | <u><u>696,680</u></u> |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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

| Name of the investee company   | Number of shares    |                           |                                     |                       | Balance as at June 30, 2017 |                |              | Market value                |                                      | Par value as percentage of issued share capital |
|--|---------------------|---------------------------|-------------------------------------|-----------------------|-----------------------------|----------------|--------------|-----------------------------|--------------------------------------|---|
|  | As at July 01, 2016 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2017         | Carrying value | Market value | Appreciation / (Diminution) | As a percentage of total investments |   |
|  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| <b>Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise</b> |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| <b>Automobile Assembler</b>  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Pak Suzuki Motor Company Limited   | -                   | 31,000                    | -                                   | 31,000                | -                           | -              | -            | -                           | -                                    | -   |
| Ghandhara Industries Limited   | -                   | 15,000                    | -                                   | -                     | 15,000                      | 12,963         | 9,752        | (3,212)                     | 1.49%                                | 0.66%   |
| Honda Atlas Cars ( Pakistan) Limited   | -                   | 26,000                    | -                                   | -                     | 26,000                      | 20,057         | 22,560       | 2,503                       | 3.46%                                | 1.52%   |
|  |                     |                           |                                     |                       |                             | 33,020         | 32,312       | (709)                       | 4.95%                                | 2.18%   |
| <b>Cable and electrical goods</b>  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Pak Elektron Limited   | -                   | 804,500                   | -                                   | 404,500               | 400,000                     | 33,056         | 44,128       | 11,072                      | 6.76%                                | 2.97%   |
|  |                     |                           |                                     |                       |                             | 33,056         | 44,128       | 11,072                      | 6.76%                                | 2.97%   |
| <b>Cement</b>  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Lucky Cement Limited   | -                   | 130,750                   | -                                   | 93,800                | 36,950                      | 28,385         | 30,900       | 2,515                       | 4.73%                                | 2.08%   |
| Kohat Cement Company Limited   | -                   | 100,000                   | -                                   | 6,000                 | 94,000                      | 26,321         | 21,550       | (4,771)                     | 3.30%                                | 1.45%   |
| Fauji Cement Company Limited   | -                   | 520,000                   | -                                   | 494,500               | 25,500                      | 1,173          | 1,046        | (127)                       | 0.16%                                | 0.07%   |
| Maple Leaf Cement Factory Limited  | -                   | 843,800                   | -                                   | 843,800               | -                           | -              | -            | -                           | -                                    | -   |
| Cherat Cement Company Limited  | -                   | 170,000                   | -                                   | 170,000               | -                           | -              | -            | -                           | -                                    | -   |
| D.G. Khan Cement Company Limited - a related party   | -                   | 305,000                   | -                                   | 305,000               | -                           | -              | -            | -                           | -                                    | -   |
| Pioneer Cement Limited   | -                   | 185,000                   | -                                   | 185,000               | -                           | -              | -            | -                           | -                                    | -   |
| Dewan Cement Limited   | -                   | 380,000                   | -                                   | 380,000               | -                           | -              | -            | -                           | -                                    | -   |
|  |                     |                           |                                     |                       |                             | 55,879         | 53,497       | (2,382)                     | 8.19%                                | 3.60%   |
| <b>Chemical</b>  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Engro Polymer & Chemicals Limited  | -                   | 752,500                   | -                                   | -                     | 752,500                     | 28,176         | 27,466       | (710)                       | 4.21%                                | 1.85%   |
| Ghani Gases Limited  | -                   | 25,500                    | -                                   | 25,500                | -                           | 28,176         | 27,466       | (710)                       | 4.21%                                | 1.85%   |
|  |                     |                           |                                     |                       |                             | 1,269          | 1,857        | 588                         | 0.28%                                | 0.13%   |
| <b>Commercial Banks</b>  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Meezan Bank Limited  | -                   | 150,000                   | -                                   | 126,500               | 23,500                      | 1,269          | 1,857        | 588                         | 0.28%                                | 0.13%   |
|  |                     |                           |                                     |                       |                             | 1,269          | 1,857        | 588                         | 0.28%                                | 0.13%   |
| <b>Engineering</b>   |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Crescent Steel & Allied Products Limited   | -                   | 88,500                    | -                                   | 39,800                | 48,700                      | 11,329         | 11,618       | 289                         | 1.78%                                | 0.78%   |
| International Industries Limited   | -                   | 120,000                   | -                                   | -                     | 120,000                     | 25,795         | 44,228       | 18,433                      | 6.77%                                | 2.98%   |
| International Steels Limited   | -                   | 361,000                   | -                                   | 257,000               | 104,000                     | 16,185         | 13,301       | (2,884)                     | 2.04%                                | 0.90%   |
| Aisha Steel Mills Limited - a related party  | -                   | 1,000,000                 | -                                   | 1,000,000             | -                           | -              | -            | -                           | -                                    | -   |
| Amreli Steels Limited  | -                   | 125,000                   | -                                   | 125,000               | -                           | -              | -            | -                           | -                                    | -   |
|  |                     |                           |                                     |                       |                             | 53,309         | 69,147       | 15,838                      | 10.59%                               | 4.66%   |
| <b>Glass and Ceramics</b>  |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Shabbir Tiles & Ceramics Limited   | -                   | 850,000                   | -                                   | 172,500               | 677,500                     | 10,488         | 12,988       | 2,500                       | 1.99%                                | 0.87%   |
| Tariq Glass Industries Limited   | -                   | 141,500                   | -                                   | -                     | 141,500                     | 16,269         | 15,673       | (596)                       | 2.40%                                | 1.06%   |
|  |                     |                           |                                     |                       |                             | 26,757         | 28,661       | 1,904                       | 4.39%                                | 1.93%   |
| <b>Leather and Tanneries</b>   |                     |                           |                                     |                       |                             |                |              |                             |                                      |   |
| Service Industries Limited   | -                   | 10,000                    | -                                   | -                     | 10,000                      | 12,686         | 13,790       | 1,104                       | 2.11%                                | 0.93%   |
|  |                     |                           |                                     |                       |                             | 12,686         | 13,790       | 1,104                       | 2.11%                                | 0.93%   |



**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

|                              |                              |
|------------------------------|------------------------------|
| June 30, 2017                | June 30, 2016                |
| ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| 6,119                        | 6,119                        |
| (6,119)                      | (6,119)                      |

**7.2 Sukuk Certificates (unlisted) - 'at fair value through profit or loss' - held-for-trading**

Carrying value as on June 30  
Provision for impairment in value as at the beginning of the year

**7.3 'At fair value through profit or loss' - held-for-trading Government Ijarah Sukuk (3 years)**

| Name of instrument | Issue Date | Maturity Date | Rate % | As at July 01, 2016      | Purchased during the year | Sold / matured during the year | As at June 30, 2017 | Carrying value as at June 30, 2017 | Market value as at June 30, 2017 | Appreciation / (diminution) | Market value as a % of net assets of the sub-fund |
|--------------------|------------|---------------|--------|--------------------------|---------------------------|--------------------------------|---------------------|------------------------------------|----------------------------------|-----------------------------|---|
|                    |            |               |        | (Number of certificates) |                           |                                | (Rupees in '000)    | (Rupees in '000)                   | (Rupees in '000)                 |                             | %   |
| GoP Ijarah Sukuk   | 18-Dec-15  | 18-Dec-18     | -      | -                        | 150,000,000               | 150,000,000                    | -                   | -                                  | -                                | -                           | -   |
| GoP Ijarah Sukuk   | 15-Feb-16  | 15-Feb-19     | -      | -                        | 50,000,000                | 50,000,000                     | -                   | -                                  | -                                | -                           | -   |

**7.4 Details of non-compliant investment**

In accordance with clause (v) of the investment criteria laid down for 'Shariah Compliant Islamic Scheme' in Circular no. 7 of 2009 issued by SECP the Fund is required to invest in any security having rating not lower than the investment grade credit rating of A- and above. However, as at June 30, 2017, the Fund is non-compliant with the above-mentioned requirement in respect of the following investment:

**Nature of non-compliant investment**

Unlisted Sukuk Certificates

| Name of company              | Instrument / issuer rating | Value of investment before provision | Provision held   | Value of investment after provision | Percentage of net assets | Percentage of gross assets |
|------------------------------|----------------------------|--------------------------------------|------------------|-------------------------------------|--------------------------|----------------------------|
|                              |                            | (Rupees in '000)                     | (Rupees in '000) | (Rupees in '000)                    | %                        | %                          |
| Pak Elektron Limited - Sukuk | Un-rated                   | 6,119                                | -                | 6,119                               | -                        | -                          |

**7.4.1** At the time of purchase, the above security was in compliance of the Circular (i.e. investment grade) and was subsequently downgraded to non-investment grade by Mutual Funds Association of Pakistan (MUFAP) on default by respective issuer in repayment of coupons due on respective dates.

**7.5 Listed equity securities 'available-for-sale'**

| Name of the investee company  | Number of shares    |                           |                                     | Balance as at June 30, 2017 |                  |                             | Market value                         |                               |   |
|---|---------------------|---------------------------|-------------------------------------|-----------------------------|------------------|-----------------------------|--------------------------------------|-------------------------------|---|
|   | As at July 01, 2016 | Purchases during the year | Bonus / Right issue during the year | As at June 30, 2017         | Carrying value   | Appreciation / (Diminution) | As a percentage of total investments | As a percentage of net assets | Par value as percentage of issued share capital |
|   |                     |                           |                                     |                             | (Rupees in '000) | (Rupees in '000)            | %                                    | %                             | %   |
| Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise |                     |                           |                                     |                             |                  |                             |                                      |                               |   |
| Automobile Assembler  | -                   | 35,000                    | -                                   | 35,000                      | -                | -                           | -                                    | -                             | -   |
| Pak Suzuki Motor Company Limited  | -                   | 31,300                    | -                                   | 29,700                      | 954              | 434                         | 0.21%                                | 0.09%                         | 0.00%   |
| Honda Atlas Cars (Pakistan) Limited   | -                   | -                         | -                                   | 1,600                       | 954              | 434                         | 0.21%                                | 0.09%                         | 0.00%   |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

| Name of the investee company                       | Number of shares    |                           |                                     |                       | Balance as at June 30, 2017 |                |              |                             | Market value                         |                               | Par value as percentage of issued share capital |   |
|--|---------------------|---------------------------|-------------------------------------|-----------------------|-----------------------------|----------------|--------------|-----------------------------|--------------------------------------|-------------------------------|---|---|
|  | As at July 01, 2016 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2017         | Carrying value | Market value | Appreciation / (Diminution) | As a percentage of total investments | As a percentage of net assets |   |   |
|  |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
|  |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| <b>Automobile Part and Accessories</b>             |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| Agnauto Industries Limited **                      | 52,800              | 37,000                    | -                                   | 52,800                | 37,000                      | 10,001         | 15,980       | 5,979                       | 2.45%                                | 1.08%                         | 0.13%   |   |
|  | 343,750             | 340,000                   | -                                   | 683,750               | -                           | 10,001         | 15,980       | 5,979                       | 2.45%                                | 1.08%                         | 0.13%   |   |
| <b>Cable and electrical goods</b>                  |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| Pak Elektron Limited                               |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| <b>Cement</b>                                      |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| Lucky Cement Limited                               | 85,000              | -                         | -                                   | 85,000                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Kohat Cement Company Limited                       | 50,000              | -                         | -                                   | 50,000                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Maple Leaf Cement Factory Limited                  | 180,000             | 160,000                   | -                                   | 340,000               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Cherat Cement Company Limited                      | 238,000             | 161,800                   | -                                   | 399,800               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| D.G. Khan Cement Company Limited - a related party | -                   | 210,000                   | -                                   | 210,000               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Pioneer Cement Limited                             | 238,500             | 32,000                    | -                                   | 270,500               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| <b>Chemical</b>                                    |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| I.C.I Pakistan Limited                             | 61,600              | -                         | -                                   | 49,600                | 12,000                      | 5,071          | 13,135       | 8,064                       | 2.01%                                | 0.88%                         | 0.01%   |   |
| Linde Pakistan Limited                             | 34,000              | -                         | -                                   | 34,000                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Archroma Pakistan Limited                          | 16,000              | -                         | -                                   | 16,000                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Sitara Chemical Industries Limited                 | -                   | 20,500                    | -                                   | 20,500                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
|  |                     |                           |                                     |                       |                             | 5,071          | 13,135       | 8,064                       | 2.01%                                | 0.88%                         | 0.01%   |   |
| <b>Commercial Banks</b>                            |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| Meezan Bank Limited                                | -                   | 250,000                   | -                                   | 250,000               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| <b>Engineering</b>                                 |                     |                           |                                     |                       |                             |                |              |                             |                                      |                               |   |   |
| International Steels Limited                       | -                   | 60,000                    | -                                   | 60,000                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Crescent Steel & Allied Products Limited           | -                   | 57,000                    | -                                   | 57,000                | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Amreli Steels Limited                              | 335,000             | -                         | -                                   | 335,000               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |
| Mughal Iron & Steel Industries Limited             | -                   | 215,000                   | -                                   | 215,000               | -                           | -              | -            | -                           | -                                    | -                             | -   | - |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

| Name of the investee company                        | Number of shares    |                           |                                     |                       | Balance as at June 30, 2017 |                |              | Market value                         |                               | Par value as percentage of issued share capital |
|---|---------------------|---------------------------|-------------------------------------|-----------------------|-----------------------------|----------------|--------------|--------------------------------------|-------------------------------|---|
|   | As at July 01, 2016 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2017         | Carrying value | Market value | As a percentage of total investments | As a percentage of net assets |   |
|   |                     |                           |                                     |                       |                             |                |              |                                      |                               | %   |
| <b>Fertilizers</b>                                  |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Engro Corporation Limited                           | 232,000             | 45,000                    | -                                   | 277,000               | -                           | -              | -            | -                                    | -                             | -   |
| Dawood Hercules Corporation Limited                 | 179,000             | 75,000                    | -                                   | 104,800               | 149,200                     | 19,461         | 20,345       | 884                                  | 3.12%                         | 1.37%   |
| Fatima Fertilizer Company Limited - a related party | -                   | 65,000                    | -                                   | 19,000                | 46,000                      | 1,546          | 1,550        | 4                                    | 0.24%                         | 0.10%   |
| Engro Fertilizers Limited                           | 291,000             | 509,000                   | -                                   | 800,000               | -                           | -              | -            | -                                    | -                             | -   |
|   |                     |                           |                                     |                       |                             | 21,007         | 21,895       | 888                                  | 3.36%                         | 1.47%   |
| <b>Food and Personal Care Products</b>              |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Engro Foods Limited                                 | 700                 | -                         | -                                   | -                     | 700                         | 114            | 85           | (29)                                 | 0.01%                         | 0.01%   |
|   |                     |                           |                                     |                       |                             | 114            | 85           | (29)                                 | 0.01%                         | 0.01%   |
| <b>Glass and Ceramics</b>                           |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Tariq Glass Industries Limited                      | 343,500             | -                         | -                                   | 343,500               | -                           | -              | -            | -                                    | -                             | -   |
| <b>Leather and Tanneries</b>                        |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Service Industries Limited                          | -                   | 3,050                     | -                                   | -                     | 3,050                       | 3,966          | 4,206        | 240                                  | 0.64%                         | 0.28%   |
|   |                     |                           |                                     |                       |                             | 3,966          | 4,206        | 240                                  | 0.64%                         | 0.28%   |
| <b>Oil And Gas Exploration Companies</b>            |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Pakistan Petroleum Limited ***                      | -                   | 246,500                   | -                                   | 163,400               | 83,100                      | 13,335         | 12,310       | (1,025)                              | 1.89%                         | 0.83%   |
| Oil & Gas Development Company Limited***            | 213,900             | 472,000                   | -                                   | 443,500               | 242,400                     | 34,530         | 34,103       | (427)                                | 5.22%                         | 2.30%   |
| Pakistan Oilfields Limited                          | 97,000              | 25,000                    | -                                   | 78,500                | 43,500                      | 14,471         | 19,930       | 5,459                                | 3.05%                         | 1.34%   |
| Mari Petroleum Company Limited                      | 30,800              | 16,500                    | -                                   | 25,500                | 21,800                      | 17,378         | 34,349       | 16,971                               | 5.26%                         | 2.31%   |
|   |                     |                           |                                     |                       |                             | 79,714         | 100,692      | 20,978                               | 15.42%                        | 6.78%   |
| <b>Oil And Gas Marketing Companies</b>              |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Attock Petroleum Limited                            | -                   | 200                       | -                                   | -                     | 200                         | 107            | 125          | 18                                   | 0.02%                         | 0.01%   |
| Hasco Petroleum Limited                             | -                   | 87,800                    | -                                   | 87,800                | -                           | -              | -            | -                                    | -                             | -   |
| Sui Northern Gas Pipeline Limited - a related party | -                   | 360,000                   | -                                   | 360,000               | -                           | -              | -            | -                                    | -                             | -   |
| Hi-Tech Lubricants Limited                          | 357,500             | -                         | -                                   | 357,500               | -                           | -              | -            | -                                    | -                             | -   |
| Shell (Pakistan) Limited                            | 14,200              | -                         | -                                   | 14,200                | -                           | -              | -            | -                                    | -                             | -   |
|   |                     |                           |                                     |                       |                             | 107            | 125          | 18                                   | 0.02%                         | 0.01%   |
| <b>Paper And Board</b>                              |                     |                           |                                     |                       |                             |                |              |                                      |                               |   |
| Packages Limited                                    | 19,000              | 37,350                    | -                                   | 56,000                | 350                         | 245            | 243          | (2)                                  | 0.04%                         | 0.02%   |
|   |                     |                           |                                     |                       |                             | 245            | 243          | (2)                                  | 0.04%                         | 0.02%   |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

| Name of the investee company                   | Number of shares    |                           |                                     |                       |                     |                  | Balance as at June 30, 2017 |                             |                                      | Market value                  |   |
|--|---------------------|---------------------------|-------------------------------------|-----------------------|---------------------|------------------|-----------------------------|-----------------------------|--------------------------------------|-------------------------------|---|
|  | As at July 01, 2016 | Purchases during the year | Bonus / Right issue during the year | Sales during the year | As at June 30, 2017 | Carrying value   | Market value                | Appreciation / (Diminution) | As a percentage of total investments | As a percentage of net assets | Par value as percentage of issued share capital |
|  |                     |                           |                                     |                       |                     | (Rupees in '000) |                             |                             |                                      | %                             | %   |
| <b>Pharmaceuticals</b>                         |                     |                           |                                     |                       |                     |                  |                             |                             |                                      |                               |   |
| The Searle Company Limited                     | 2,010               | -                         | 295                                 | 2,150                 | 155                 | 49               | 79                          | -                           | 0.01%                                | 0.01%                         | 0.00%   |
| IBL HealthCare Limited                         | 39,600              | -                         | 585                                 | 35,700                | 4,485               | 432              | 547                         | 115                         | 0.08%                                | 0.04%                         | 0.01%   |
| Abbott Laboratories (Pakistan) Limited         | 32,250              | -                         | -                                   | 32,250                | -                   | -                | -                           | -                           | -                                    | -                             | -   |
|  |                     |                           |                                     |                       |                     | 481              | 626                         | 145                         | 0.09%                                | 0.04%                         | 0.01%   |
| <b>Power Generation and Distribution</b>       |                     |                           |                                     |                       |                     |                  |                             |                             |                                      |                               |   |
| Hub Power Company Limited ***                  | 233,744             | 416,000                   | -                                   | 379,000               | 270,744             | 31,421           | 31,793                      | 372                         | 4.87%                                | 2.14%                         | 0.02%   |
| K Electric Limited *                           | 4,490,892           | -                         | -                                   | 4,490,892             | -                   | -                | -                           | -                           | -                                    | -                             | -   |
| Pakgen Power Limited - a related party         | 722,500             | -                         | -                                   | 722,500               | -                   | -                | -                           | -                           | -                                    | -                             | -   |
| Lalpir Power Limited - a related party         | 865,000             | -                         | -                                   | 865,000               | -                   | -                | -                           | -                           | -                                    | -                             | -   |
|  |                     |                           |                                     |                       |                     | 31,421           | 31,793                      | 372                         | 0.00%                                | 2.14%                         | 0.02%   |
| <b>Refinery</b>                                |                     |                           |                                     |                       |                     |                  |                             |                             |                                      |                               |   |
| Attock Refinery Limited                        | -                   | 30,000                    | -                                   | 30,000                | -                   | -                | -                           | -                           | -                                    | -                             | -   |
| <b>Technology and Communication</b>            |                     |                           |                                     |                       |                     |                  |                             |                             |                                      |                               |   |
| NetSol Technologies Limited                    | -                   | 330,500                   | -                                   | 273,000               | 57,500              | 3,460            | 3,325                       | (135)                       | 0.51%                                | 0.22%                         | 0.06%   |
| Pakistan Telecommunication Company Limited 'A' | -                   | 725,000                   | -                                   | 725,000               | -                   | -                | -                           | (135)                       | 0.51%                                | 0.22%                         | 0.06%   |
| <b>Textile Composite</b>                       |                     |                           |                                     |                       |                     |                  |                             |                             |                                      |                               |   |
| Kohinoor Textile Mills Limited                 | 81,000              | 168,500                   | -                                   | 222,000               | 27,500              | 2,185            | 2,891                       | 706                         | 0.44%                                | 0.20%                         | 0.01%   |
| Nishat Mills Limited - a related party         | 285,000             | 219,000                   | -                                   | 504,000               | -                   | -                | -                           | 706                         | 0.44%                                | 0.20%                         | 0.01%   |
|  |                     |                           |                                     |                       |                     | 2,185            | 2,891                       | 706                         | 0.44%                                | 0.20%                         | 0.01%   |
| <b>Miscellaneous:</b>                          |                     |                           |                                     |                       |                     |                  |                             |                             |                                      |                               |   |
| Shifa International Hospitals Limited          | 70,911              | -                         | -                                   | 70,800                | 111                 | 31               | 37                          | 6                           | 0.01%                                | 0.00%                         | 0.00%   |
|  |                     |                           |                                     |                       |                     | 31               | 37                          | 6                           | 0.01%                                | 0.00%                         | 0.00%   |
| <b>Total as at June 30, 2017</b>               |                     |                           |                                     |                       |                     | <b>158,757</b>   | <b>196,421</b>              | <b>37,664</b>               |                                      |                               |   |
| Total as at June 30, 2016                      |                     |                           |                                     |                       |                     | 646,235          | 695,681                     | 49,446                      |                                      |                               |   |

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

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

\*\*\* The above include shares with a market value aggregating to Rs.158,513 million (2016: Rs.61,360 million) which have been pledged with National Clearing Company of Pakistan Limited as security against settlement of the Fund in terms of Circular no. 11 dated October 23, 2007 issued by the Securities and Exchange Commission of Pakistan.

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

|  | Note | June 30,<br>2017             | June 30,<br>2016 |
|--|------|------------------------------|------------------|
|  |      | ----- (Rupees in '000) ----- |                  |
| <b>8. PROFIT AND OTHER RECEIVABLES</b>           |      |                              |                  |
| Dividend receivable                              |      | 3,157                        | 1,845            |
| Profit receivable on deposit accounts with banks |      | 3,057                        | 475              |
|  |      | <u>6,214</u>                 | <u>2,320</u>     |

**9. ADVANCES, PREPAYMENTS AND DEPOSITS**

|  |     |              |              |
|--|-----|--------------|--------------|
| Security deposits with                           |     |              |              |
| - National Clearing Company of Pakistan Limited  | 9.1 | 2,500        | 2,500        |
| - Central Depository Company of Pakistan Limited | 9.2 | 200          | 200          |
| Advance Against IPO Subscription - Debt Security | 9.3 | 1,000        | -            |
| Advance tax                                      |     | 545          | 505          |
| Prepaid stability rating fee - PACRA             |     | 57           | -            |
|  |     | <u>4,302</u> | <u>3,205</u> |

**9.1** This represents deposit with National Clearing Company of Pakistan Limited in respect of trading of listed securities.

**9.2** This represents deposit with Central Depository Company of Pakistan Limited on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.

**9.3** The Fund has paid Rs.1 million as advance against pre IPO of sukuku of Byco Oil Pakistan Limited, having tenor of five years. Once issued, these sukuku will carry mark-up at the rate of 1.05% plus 3 months KIBOR. The units as per the Musharaka agreement are yet to be allocated to the CDC account of the Fund.

**10. PAYABLE TO THE MANAGEMENT COMPANY**

|  |      |              |              |
|--|------|--------------|--------------|
| Remuneration payable                   | 10.1 | 2,478        | 1,375        |
| Sales tax on management fee            |      | 322          | 192          |
| Expenses payable to Management Company |      | 123          | 83           |
| Marketing and selling expenses         | 10.2 | 1,593        | -            |
| Sales load payable                     |      | 852          | 401          |
| Shariah advisory fee                   |      | 75           | 296          |
|  |      | <u>5,443</u> | <u>2,347</u> |

**10.1** Under the provisions of the NBFC Regulations, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. Management Company has charged fee as per the following structure till 09 May, 2017:

| Class of units  | Management fee as a percentage<br>of average annual net assets |
|-----------------|--|
| Classes A and B | 2%   |
| Classes C and D | 1.33%  |
| Class E         | 1%   |

From May 10, 2017 onwards, the rate of management fee has been changed to a uniform rate of 2% for all classes of units via an amended offering document dated May 03, 2017.

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**10.2** The Securities and Exchange Commission of Pakistan “the Commission”, in exercise of its power through Circular No. 40 of 2016 amended through Circular No. 05 of 2017 prescribed the conditions for assets management companies for permissibility of charging selling and marketing expenses to open end equity, asset allocation and index funds subject to a maximum of 0.4% per annum of net assets of the Fund or actual, whichever is lower, from January 1, 2017 to December 31, 2019, an initially allowed period of three years. Management after approval of their Board of Directors and fulfillment of the criteria prescribed by the Commission has accordingly made an accrual of Rs.1.59 million since March 24, 2017 at the maximum rate of 0.4% per annum of net assets of the Fund being less than the actual expenses allocable to the Fund.

**11. PAYABLE TO THE TRUSTEE**

|             |      |            |     |
|-------------|------|------------|-----|
| Trustee fee | 11.1 | <b>233</b> | 160 |
|-------------|------|------------|-----|

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

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

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

This represents annual fee payable to SECP in accordance with Regulation 62 of the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.095% (2016: 0.095%) of the average daily net assets of the Fund.

|   | Note | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016 |
|---|------|--|------------------|
| <b>13. ACCRUED AND OTHER LIABILITIES</b>      |      |  |                  |
| Provision for Workers' Welfare Fund           | 13.1 | 7,622  | 9,641            |
| Federal Excise Duty payable on management fee | 15   | 5,910  | 5,910            |
| Federal Excise Duty payable on sales load     |      | 1,136  | 1,136            |
| Sale load Payable MCB                         |      | 1  | -                |
| Charity / donation payable                    |      | 626  | 310              |
| Auditors' remuneration                        |      | 470  | 423              |
| Zakat payable                                 |      | 12   | 291              |
| Withholding tax payable                       |      | 546  | 101              |
| Brokerage payable                             |      | 1,600  | 1,591            |
| Other payables                                |      | 425  | 441              |
|   |      | <b>18,348</b>                                    | 19,844           |

**13.1 Provision for Workers' Welfare Fund**

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs.0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan (SCP).

## NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

---

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from July 01, 2015.

On November 10, 2016 SCP has passed a judgment declaring the amendments made in the Finance Acts, 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, MUFAP (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on January 12, 2017:

- i. based on legal opinion, the entire provision against WWF held by the CISs till June 30, 2015, to be reversed on January 12, 2017; and
- ii. the 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) on January 12, 2017.

The above decisions were communicated to SECP and the Pakistan Stock Exchange Limited on January 12, 2017 and the SECP vide its letter dated February 01, 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs / mutual funds. Accordingly, the Fund has recorded these adjustments in its books on January 12, 2017.

The provision for SWWF is now being made on a daily basis. Had the provision for SWWF not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re.0.37 per unit.

#### 14. CONTINGENCIES AND COMMITMENTS

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

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**15. FEDERAL EXCISE DUTY ON MANAGEMENT FEE**

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

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

On June 30, 2016 the SHC had passed a Judgment that after 18th amendment in the Constitution of Pakistan, the Provinces alone have the legislative power to levy a tax on rendering or providing services, therefore, chargeability and collection of FED after July 01, 2011 is ultra vires to the Constitution of Pakistan. On September 23, 2016, the Federal Board of Revenue (FBR) filed an appeal in the Supreme Court of Pakistan (SCP) against above judgement, which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs.5.910 million (2016: Rs.5.910 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at June 30, 2017 would have been higher by Re.0.29 per unit (2016: Re.0.46).

**16. AUDITORS' REMUNERATION**

Annual audit fee  
Half yearly review fee  
Other certification and services

Sales tax  
Out of pocket expenses

**June 30,**                      **June 30,**  
**2017**                              **2016**  
----- (Rupees in '000) -----

|  |            |     |
|--|------------|-----|
|  | <b>250</b> | 250 |
|  | <b>125</b> | 125 |
|  | <b>175</b> | 100 |
|  | <b>550</b> | 475 |
|  | <b>44</b>  | 29  |
|  | <b>108</b> | 106 |
|  | <b>702</b> | 610 |

**17. TAXATION**

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

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

Connected persons of the Fund include the Management Company, other collective investment schemes being managed by the Management Company, the Trustee, directors and key management personnel, other associated

The transactions with connected persons are in the normal course of business.

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

**18.1 Details of transactions with connected persons are as follows:**

|  | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016 |
|--|--|------------------|
| <b>MCB Arif Habib Savings and Investments Limited - Management Company</b> |  |                  |
| Remuneration to the Management Company (including related taxes)           | 26,235   | 21,312           |
| Marketing and selling expense  | 1,593  | -                |
| Expense allocated by Management Company and related taxes                  | 1,337  | 533              |
| Shariah advisory fee   | 900  | 525              |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>            |  |                  |
| Remuneration ( including sales tax)  | 2,435  | 1,874            |
| CDS settlement charges   | 76   | 32               |
| <b>MCB Bank Limited</b>  |  |                  |
| Bank charges   | 24   | 20               |
| <b>Arif Habib Limited - Brokerage House</b>                                |  |                  |
| Brokerage expense *  | 288  | 253              |
| <b>Next Capital Limited</b>  |  |                  |
| Brokerage expense *  | 371  | 214              |
| <b>D.G. Khan Cement Company Limited</b>                                    |  |                  |
| Purchase of Shares 515,000 (2016: Nil Shares)                              | 112,148  | -                |
| Sale of Shares 515,000 (2016: Nil Shares)                                  | 106,883  | -                |
| Dividend income  | 450  | -                |
| <b>Fatima Fertilizer Company Limited</b>                                   |  |                  |
| Purchase of Shares 519,000 (2016: Nil Shares)                              | 17,055   | -                |
| Sale of Shares 219,000 (2016: Nil Shares)                                  | 7,743  | -                |
| Dividend income  | 681  | -                |
| <b>Pakgen Power Limited</b>  |  |                  |
| Sale of shares: 722,500 (2016: Nil shares)                                 | 17,541   | -                |
| Dividend income  | 904  | 723              |
| <b>Nishat Mills Limited</b>  |  |                  |
| Purchase of shares: 386,000 (2016: 335,000)                                | 54,748   | 35,944           |
| Sale of shares: 567,100 (2016: 50,000)                                     | 84,025   | 6,204            |
| Dividend income  | 1,580  | -                |
| <b>Key management personnel</b>  |  |                  |
| Issue of 58,689 units (2016: 38,645 units)                                 | 4,719  | 2,375            |
| Redemption of 68,639 units (2016: 38,220 units)                            | 5,396  | 2,332            |
| Dividend paid  | 295  | 16               |
| <b>D.G. Khan Cement Company Limited - Employees Provident Fund Trust</b>   |  |                  |
| Issue of 11,127 units (2016: 801 units)                                    | 799  | 50               |
| Dividend paid  | 799  | 50               |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

|  | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016 |
|--|--|------------------|
| <b>Aisha Steel Mills Limited</b>   |  |                  |
| Purchase of Shares 1,000,000 ( 2016: Nil Shares)                               | 22,291   | -                |
| Sale of Shares 1,000,000 ( 2016: Nil Shares)                                   | 26,042   | -                |
| <b>Adamjee Life Assurance Company Limited - ( IMF)</b>                         |  |                  |
| Issue of 3,006,774 units (2016: Nil units)                                     | 226,468  | -                |
| Redemption of 935,860 units (2016: Nil Units)                                  | 76,000   | -                |
| Dividend Paid  | 11,468   | -                |
| <b>Nishat Power Limited Employees<br/>Provident Fund Trust</b>                 |  |                  |
| Issue of 147,214 units ( 2016: Nil Units)                                      | 12,521   | -                |
| Redemption of 144,296 units (2016: Nil Units)                                  | 12,030   | -                |
| Dividend Paid  | 21   | -                |
| <b>Mandate under Discretionary Portfolio Services</b>                          |  |                  |
| Issue of 1,343,606 units (2016: Nil units)                                     | 98,151   | -                |
| Redemption of 615,763 units (2016: Nil units)                                  | 44,504   | -                |
| Dividend paid  | 4,212  | 145              |
| <b>Lalpir Power Limited</b>  |  |                  |
| Sale of Shares 865,000 ( 2016: Nil Shares)                                     | 19,285   | -                |
| Dividend income  | 303  | 1,730            |
| <b>18.2 Amounts outstanding as at the year end are as follows:</b>             |  |                  |
| <b>MCB Arif Habib Savings and Investments<br/>Limited - Management Company</b> |  |                  |
| Management fee payable   | 2,478  | 1,375            |
| Sales tax payable on management fee  | 322  | 192              |
| Marketing and selling expenses   | 1,593  | -                |
| Sales Load Payable   | 762  | 352              |
| Sales tax payable on sales load  | 90   | 49               |
| Shariah advisory fee payable   | 75   | 296              |
| Expenses allocated by Management Company                                       | 123  | 70               |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>                |  |                  |
| Remuneration payable (including related taxes)                                 | 233  | 160              |
| Security deposit   | 200  | 200              |
| <b>Arif Habib Limited - Brokerage House</b>                                    |  |                  |
| Brokerage payable *  | 95   | 173              |
| <b>Next Capital Limited</b>  |  |                  |
| Brokerage payable *  | 182  | 71               |
| <b>MCB Bank Limited</b>  |  |                  |
| Balance with bank  | 50,442   | 24,112           |
| Sales load payable   | 1  | -                |
| <b>Pakgen Power Limited</b>  |  |                  |
| Shares held: Nil shares (2016: 722,500 shares)                                 | -  | 17,376           |
| <b>Nishat Mills Limited</b>  |  |                  |
| Shares held: 103,900 shares (2016: 285,000 shares)                             | 16,487   | 30,752           |
| <b>Lalpir Power Limited</b>  |  |                  |
| Shares held: Nil shares (2016: 865,000 shares)                                 | -  | 18,771           |
| <b>Key management personnel</b>  |  |                  |
| Units held: 42,559 units (2016: 52,507 units)                                  | 3,107  | 3,335            |
| <b>D.G Khan Cement Company Limited -<br/>Employees Provident Fund Trust</b>    |  |                  |
| Units held: 111,065 units (2016: 99,937 units)                                 | 8,109  | 6,348            |
| <b>Adamjee Life Assurance Company Limited - ( IMF)</b>                         |  |                  |
| Units held: 2,070,914 units (2016: Nil units)                                  | 151,205  | -                |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

|  | June 30,<br>2017<br>----- (Rupees in '000) ----- | June 30,<br>2016<br>----- |
|--|--|---------------------------|
| <b>Nishat Power Limited Employees Provident Fund Trust</b> |  |                           |
| Units held: 2,919 units (2016: Nil units)                  | 213  | -                         |
| <b>Fatima Fertilizer Company Limited</b>                   |  |                           |
| Shares Held 300,000 (2016: Nil Shares)                     | 10,107   | -                         |
| <b>Mandate under Discretionary Portfolio Services</b>      |  |                           |
| Units held: 1,186,526 ( 2016 : 458,682 Units)              | 86,632   | 29,137                    |

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

## 19. FINANCIAL RISK MANAGEMENT

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

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

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

### 19.1 Market risk

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

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

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

#### 19.1.1 Currency risk

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

#### 19.1.2 Profit rate risk

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

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

Presently, the Fund does not hold any variable profit based investment except balances with bank in deposit account exposing the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease as on June 30, 2017, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.7.93 million (2016: Rs.1.023 million).

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

As at June 30, 2017 the Fund does not hold any fixed rate instruments, therefore the Fund is not exposed to fair value profit rate risk.

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

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

| June 30, 2017                                 |                 |                    |   |                    |                                 |                  |
|---|-----------------|--------------------|---|--------------------|---------------------------------|------------------|
| Exposed to profit rate risk                   |                 |                    |   |                    |                                 |                  |
|   | Profit rate (%) | Up to three months | More than three months and up to one year | More than one year | Not exposed to profit rate risk | Total            |
| <b>On-balance sheet financial instruments</b> |                 |                    |   |                    |                                 |                  |
| <b>Financial assets</b>                       |                 |                    |   |                    |                                 |                  |
| Balances with banks                           | 3.75 - 6        | 792,429            | -   | -                  | 54,537                          | 846,966          |
| Investments classified:                       |                 |                    |   |                    |                                 |                  |
| At fair value through profit or loss'         |                 |                    |   |                    |                                 |                  |
| - held-for-trading                            |                 | -                  | -   | -                  | 456,501                         | 456,501          |
| Available-for-sale                            |                 | -                  | -   | -                  | 196,421                         | 196,421          |
| Profit and other receivables                  |                 | -                  | -   | -                  | 6,214                           | 6,214            |
| Deposits                                      |                 | -                  | -   | -                  | 2,700                           | 2,700            |
|   |                 | <u>792,429</u>     | <u>-</u>                                  | <u>-</u>           | <u>716,374</u>                  | <u>1,508,802</u> |
| <b>Financial liabilities</b>                  |                 |                    |   |                    |                                 |                  |
| Payable to the Management Company             |                 | -                  | -   | -                  | 5,121                           | 5,121            |
| Payable to the Trustee                        |                 | -                  | -   | -                  | 206                             | 206              |
| Accrued and other liabilities                 |                 | -                  | -   | -                  | 2,944                           | 2,944            |
|   |                 | <u>-</u>           | <u>-</u>                                  | <u>-</u>           | <u>8,271</u>                    | <u>8,271</u>     |
| <b>On-balance sheet gap</b>                   |                 | <u>792,429</u>     | <u>-</u>                                  | <u>-</u>           | <u>708,103</u>                  | <u>1,500,532</u> |
| June 30, 2016                                 |                 |                    |   |                    |                                 |                  |
| Exposed to profit rate risk                   |                 |                    |   |                    |                                 |                  |
|   | Profit rate (%) | Up to three months | More than three months and up to one year | More than one year | Not exposed to profit rate risk | Total            |
| <b>On-balance sheet financial instruments</b> |                 |                    |   |                    |                                 |                  |
| <b>Financial assets</b>                       |                 |                    |   |                    |                                 |                  |
| Balances with banks                           | 3.75 - 6        | 102,370            | -   | -                  | 31,526                          | 133,896          |
| Investments classified:                       |                 |                    |   |                    |                                 |                  |
| At fair value through profit or loss'         |                 |                    |   |                    |                                 |                  |
| - held-for-trading                            |                 | -                  | -   | -                  | 999                             | 999              |
| Available-for-sale                            |                 | -                  | -   | -                  | 695,681                         | 695,681          |
| Receivable against sale of investments        |                 | -                  | -   | -                  | 7,540                           | 7,540            |
| Profit and other receivables                  |                 | -                  | -   | -                  | 2,320                           | 2,320            |
| Deposits                                      |                 | -                  | -   | -                  | 2,700                           | 2,700            |
|   |                 | <u>102,370</u>     | <u>-</u>                                  | <u>-</u>           | <u>740,766</u>                  | <u>843,136</u>   |
| <b>Financial liabilities</b>                  |                 |                    |   |                    |                                 |                  |
| Payable to the Management Company             |                 | -                  | -   | -                  | 2,155                           | 2,155            |
| Payable to the Trustee                        |                 | -                  | -   | -                  | 138                             | 138              |
| Accrued and other liabilities                 |                 | -                  | -   | -                  | 3,027                           | 3,027            |
|   |                 | <u>-</u>           | <u>-</u>                                  | <u>-</u>           | <u>5,320</u>                    | <u>5,320</u>     |
| <b>On-balance sheet gap</b>                   |                 | <u>102,370</u>     | <u>-</u>                                  | <u>-</u>           | <u>735,446</u>                  | <u>837,816</u>   |

## NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 19.1.3 Other price risk

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

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments are concentrated in the sectors given in notes 7.1 and 7.5.

At June 30, 2017, the fair value of equity securities exposed to price risk is disclosed in note 7.1 and 7.5.

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.

|  | <b>June 30,<br/>2017</b> | <b>June 30,<br/>2016</b> |
|--|--------------------------|--------------------------|
|  | ----- (Rupees) -----     |                          |
| <i>E ffect due to increase / decrease in KSE 100 index</i> |                          |                          |
| Investment and net assets                                  | <u>32,646</u>            | <u>34,834</u>            |
| Income statement   | <u>32,646</u>            | <u>34,834</u>            |

### 19.2 Credit risk

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2017 and June 30, 2016 is the carrying amounts of following financial assets.

|  | <b>June 30,<br/>2017</b>     | <b>June 30,<br/>2016</b> |
|--|------------------------------|--------------------------|
|  | ----- (Rupees in '000) ----- |                          |
| Balances with banks                    | <b>846,966</b>               | 133,896                  |
| Receivable against sale of investments | -                            | 7,540                    |
| Profit and other receivables           | <u>6,214</u>                 | <u>2,320</u>             |
|  | <u><b>853,180</b></u>        | <u>143,756</u>           |

All deposits with National Clearing Company of Pakistan Limited and Central Depository Company of Pakistan Limited - CDC are highly rated and risk of default is considered minimal.

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2017 and June 30, 2016:

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

| Bank balances by rating category    | Rating | Long-term /<br>short-term | June 30,<br>2017<br>--- (Rupees in '000) --- | June 30,<br>2016 |
|-------------------------------------|--------|---------------------------|--|------------------|
| <b>Deposit accounts</b>             |        |                           |  |                  |
| Habib Metropolitan Bank Limited     |        | AA+/A1+                   | 301  | 10,208           |
| Meezan Bank Limited                 |        | AA/A1+                    | 1,728  | 27               |
| Habib Bank Limited                  |        | AAA/A1+                   | 50,211                                       | 5,079            |
| United Bank Limited                 |        | AAA/A1+                   | 6,292  | 860              |
| Dubai Islamic Bank Pakistan Limited |        | AA-/A1                    | 580,954                                      | 67,690           |
| Allied Bank Limited                 |        | AA+/A1+                   | 6  | -                |
| Bank Al-Habib Limited               |        | AA+/A1+                   | 529  | -                |
| AlBaraka Bank (Pakistan) Limited    |        | A/A1                      | 5  | -                |
| Bankislami Pakistan Limited         |        | A+/A1                     | 152,451                                      | -                |
| Askari Bank Limited                 |        | AA+/A1+                   | 479  | 18,506           |
|                                     |        |                           | <b>792,956</b>                               | <b>102,370</b>   |
| <b>Current accounts</b>             |        |                           |  |                  |
| Habib Metropolitan Bank Limited     |        | AA+/A1+                   | 1,352  | 5,368            |
| MCB Bank Limited                    |        | AAA/A1+                   | 50,442                                       | 24,130           |
| United Bank Limited                 |        | AAA/A1+                   | 2,216  | 2,016            |
| Dubai Islamic Bank Pakistan Limited |        | AA-/A1                    | -  | 5                |
| Bank Al-Habib Limited               |        | AA+/A1+                   | -  | 7                |
|                                     |        |                           | <b>54,010</b>                                | <b>31,526</b>    |
|                                     |        |                           | <b>846,966</b>                               | <b>133,896</b>   |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2017 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

**Receivables against sale of units**

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

**Advances and deposits**

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

**Concentration of credit risk**

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

**Settlement risk**

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

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**19.3 Liquidity risk**

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

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

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

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

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.

| <b>As at June 30, 2017</b>        |                       |                       |  |   |
|-----------------------------------|-----------------------|-----------------------|--|---|
|                                   | <b>Carrying value</b> | <b>Upto one month</b> | <b>More than one month upto three months</b> | <b>More than three months and upto one year</b> |
| ----- (Rupees in '000) -----      |                       |                       |  |   |
| Payable to the Management Company | 5,121                 | 5,121                 | -  | -   |
| Payable to the Trustee            | 206                   | 206                   | -  | -   |
| Accrued and other liabilities     | 2,944                 | 1,600                 | 1,344  | -   |
|                                   | <u>8,271</u>          | <u>6,927</u>          | <u>1,344</u>                                 | <u>-</u>  |
| <b>As at June 30, 2016</b>        |                       |                       |  |   |
|                                   | <b>Carrying value</b> | <b>Upto one month</b> | <b>More than one month upto three months</b> | <b>More than three months and upto one year</b> |
| ----- (Rupees in '000) -----      |                       |                       |  |   |
| Payable to the Management Company | 2,155                 | -                     | -  | -   |
| Payable to the Trustee            | 138                   | -                     | -  | -   |
| Accrued and other liabilities     | 3,027                 | 1,591                 | 1,436  | -   |
|                                   | <u>5,320</u>          | <u>1,591</u>          | <u>1,436</u>                                 | <u>-</u>  |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**19.4 Financial instruments by category**

| As at June 30, 2017          |  |                                       |           |
|------------------------------|--|---------------------------------------|-----------|
| Loans and<br>receivables     | At fair value<br>through profit<br>or loss' - held-<br>for-trading | Available-for-<br>sale<br>investments | Total     |
| ----- (Rupees in '000) ----- |  |                                       |           |
| <b>Assets</b>                |  |                                       |           |
| Balances with banks          | 846,966  | -                                     | 846,966   |
| Investments                  | -  | 456,501                               | 652,922   |
| Profit and other receivables | 6,214  | -                                     | 6,214     |
| Deposits                     | 2,700  | -                                     | 2,700     |
|                              | 855,880  | 456,501                               | 1,508,802 |

| As at June 30, 2017               |  |                                   |       |
|-----------------------------------|--|-----------------------------------|-------|
| Liabilities                       | At fair value<br>through profit<br>or loss' - held-<br>for-trading | Other<br>financial<br>liabilities | Total |
| ----- (Rupees in '000) -----      |  |                                   |       |
| Payable to the Management Company | -  | 5,121                             | 5,121 |
| Payable to the Trustee            | -  | 206                               | 206   |
| Accrued and other liabilities     | -  | 2,944                             | 2,944 |
|                                   | -  | 8,271                             | 8,271 |

| As at June 30, 2016                    |  |                                       |         |
|--|--|---------------------------------------|---------|
| Loans and<br>receivables               | At fair value<br>through profit<br>or loss' - held-<br>for-trading | Available-for-<br>sale<br>investments | Total   |
| ----- (Rupees in '000) -----           |  |                                       |         |
| <b>Assets</b>                          |  |                                       |         |
| Balances with banks                    | 133,896  | -                                     | 133,896 |
| Receivable against sale of investments | 7,540  | -                                     | 7,540   |
| Investments                            | -  | 999                                   | 696,680 |
| Profit and other receivables           | 2,320  | -                                     | 2,320   |
| Deposits                               | 2,700  | -                                     | 2,700   |
|  | 146,456  | 999                                   | 843,136 |

| As at June 30, 2016               |  |                                   |       |
|-----------------------------------|--|-----------------------------------|-------|
| Liabilities                       | At fair value<br>through profit<br>or loss' - held-<br>for-trading | Other<br>financial<br>liabilities | Total |
| ----- (Rupees in '000) -----      |  |                                   |       |
| Payable to the Management Company | -  | 2,155                             | 2,155 |
| Payable to the Trustee            | -  | 138                               | 138   |
| Accrued and other liabilities     | -  | 3,027                             | 3,027 |
|                                   | -  | 5,320                             | 5,320 |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**19.5 Fair value hierarchy**

Fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

|   | <b>June 30, 2017</b>         |         |         |         |
|---|------------------------------|---------|---------|---------|
|   | Level 1                      | Level 2 | Level 3 | Total   |
|   | ----- (Rupees in '000) ----- |         |         |         |
| <b>Financial assets 'at fair value through profit or loss' - held-for-trading</b> |                              |         |         |         |
| Listed equity securities  | 456,501                      | -       | -       | 456,501 |
|   | 456,501                      | -       | -       | 456,501 |
| <b>Financial assets classified as 'available-for-sale'</b>                        |                              |         |         |         |
| Listed equity securities  | 196,421                      | -       | -       | 196,421 |
|   | 652,922                      | -       | -       | 652,922 |
|   |                              |         |         |         |
|   | <b>June 30, 2016</b>         |         |         |         |
|   | Level 1                      | Level 2 | Level 3 | Total   |
|   | ----- (Rupees in '000) ----- |         |         |         |
| <b>Financial assets 'at fair value through profit or loss' - held-for-trading</b> |                              |         |         |         |
| Listed equity securities  | 999                          | -       | -       | 999     |
|   | 999                          | -       | -       | 999     |
| <b>Financial assets classified as 'available-for-sale'</b>                        |                              |         |         |         |
| Listed equity securities  | 695,681                      | -       | -       | 695,681 |
|   | 696,680                      | -       | -       | 696,680 |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**20. UNIT HOLDERS' FUND RISK MANAGEMENT**

The Unit Holders' Fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per share on the redemption date. The relevant movements are shown on the statement of movement in unit holders' fund.

The Fund has no restrictions on the subscription and redemption of units. There is no specific capital requirement which is applicable to the fund.

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

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

Under the NBFC Regulations, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme.

**21. SUPPLEMENTARY NON FINANCIAL INFORMATION**

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

**21.1 Pattern of unit holding**

Details of pattern of unit holding as at June 30, 2017

|                          | As at June 30, 2017       |   |                      |                               |
|--------------------------|---------------------------|---|----------------------|-------------------------------|
|                          | Number of<br>unit holders | Number of<br>Units held<br>(Rupees in '000) | Investment<br>amount | Percentage<br>investment<br>% |
| Individuals              | 2,041                     | 13,020,901                                  | 950,701              | 64.01%                        |
| Retirement funds         | 37                        | 4,101,200                                   | 299,443              | 20.16%                        |
| Public limited companies | 2                         | 30,362                                      | 2,217                | 0.15%                         |
| Associated Companies     | 2                         | 2,181,978                                   | 159,314              | 10.73%                        |
| Others                   | 18                        | 1,007,799                                   | 73,583               | 4.95%                         |
|                          | <b>2,100</b>              | <b>20,342,240</b>                           | <b>1,485,258</b>     | <b>100%</b>                   |

|                          | As at June 30, 2016       |   |                      |                               |
|--------------------------|---------------------------|---|----------------------|-------------------------------|
|                          | Number of<br>unit holders | Number of<br>Units held<br>(Rupees in '000) | Investment<br>amount | Percentage<br>investment<br>% |
| Individuals              | 1,643                     | 10,540,011                                  | 669,536              | 81.60%                        |
| Insurance companies      | 1                         | 160,379                                     | 10,188               | 1.24%                         |
| Retirement funds         | 1                         | 81,745                                      | 5,193                | 0.63%                         |
| Public limited companies | 2                         | 1,777                                       | 113                  | 0.01%                         |
| Others                   | 37                        | 2,132,761                                   | 135,479              | 16.51%                        |
|                          | <b>1,684</b>              | <b>12,916,673</b>                           | <b>820,509</b>       | <b>100%</b>                   |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**21.2 Top ten brokers / dealers by percentage of commission paid**

|  | <b>June 30,<br/>2017<br/>(Percentage)</b> |
|--|---|
| EFG Hermes Pakistan Limited                  | 8.78                                      |
| Next Capital Limited                         | 7.12                                      |
| Arif Habib Limited                           | 5.52                                      |
| Intermarket Securities Limited               | 5.25                                      |
| Top Line Securities (Private) Limited        | 4.71                                      |
| Taurus Securities Limited                    | 4.67                                      |
| JS Global Capital Limited                    | 4.35                                      |
| BIPL Securities Limited                      | 4.19                                      |
| Elixir Securities Pakistan (Private) Limited | 4.18                                      |
| Foundation Securities Limited                | 4.00                                      |

|  | <b>June 30,<br/>2016<br/>(Percentage)</b> |
|--|---|
| Arif Habib Limited                           | 9.18                                      |
| Next Capital Limited                         | 7.00                                      |
| DJM Securities (Private) Limited             | 6.48                                      |
| Alfalah Securities (Private) Limited         | 6.06                                      |
| Nael Capital (Private) Limited               | 5.92                                      |
| Invest and Finance Securities Limited        | 5.87                                      |
| JS Global Capital Limited                    | 5.64                                      |
| Optimas Capital Management (Private) Limited | 5.44                                      |
| Intermarket Securities Limited               | 4.30                                      |
| KASB Securities Limited                      | 4.29                                      |

**21.3 Attendance at meetings of the Board of Directors**

During the year, 126th, 127th, 128th, 129th, 130th, 131st, 132nd, and 133rd Board meetings were held on July 12, 2016, August 05, 2016, August 15, 2016, October 21, 2016, February 02, 2017, March 20, 2017, April 21, 2017 and May 12, 2017 respectively. Information in respect of attendance by Directors in the meetings is given below:

| Name of persons attending the meetings | Number of meetings |          |       | Meeting not attended                            |
|--|--------------------|----------|-------|---|
|  | Held               | Attended | Leave |   |
| Mian Muhammad Mansha                   | 8                  | 1        | 7     | 126th, 128th, 129th, 130th, 131st, 132nd, 133rd |
| Nasim Beg                              | 8                  | 6        | 2     | 127th, 130th                                    |
| Muhammad Saqib Saleem                  | 8                  | 8        | -     | -   |
| Salman Shah                            | 8                  | 7        | 1     | 126th   |
| Haroon Rashid                          | 8                  | 2        | 6     | 126th, 127th, 128th, 130th, 131st, 132nd        |
| Ahmed Jahangir                         | 8                  | 8        | -     | -   |
| Samad A. Habib                         | 8                  | 5        | 3     | 128th, 129th, 131st                             |
| Mirza Mehmood                          | 8                  | 1        | 4     | 130th, 131st, 132nd, 133rd                      |
| Mirza Qamar Beg                        | 8                  | 3        | -     | -   |

**NOTES TO FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**21.4 Particulars of Investment Committee and Fund Manager**

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

| <b>Names</b>              | <b>Designation</b>               | <b>Qualification</b> | <b>Experience<br/>in years</b> |
|---------------------------|----------------------------------|----------------------|--------------------------------|
| Mr. Muhammad Saqib Saleem | Chief Executive Officer          | FCA & FCCA           | 20                             |
| Mr. Muhammad Asim         | Chief Investment Officer         | MBA & CFA            | 14                             |
| Mr. Saad Ahmed            | Portfolio Manager – Fixed Income | MBA                  | 12                             |
| Mr. Awais Abdul Sattar    | Senior Research Analyst          | MBA & CFA            | 6                              |
| Mr. Aitazaz Farooqi       | Research Analyst                 | MBA & CFA Level III  | 3                              |
| Mr. Syed Abid Ali         | Head of Equity                   | MBA                  | 9                              |

**21.5** Mr. Awais Abdul Sattar is the Fund Manager. He is also the Fund Manager of MCB Pakistan Islamic Stock Fund, MCB Pakistan Frequent Payout Fund and Pakistan Islamic Pension Fund.

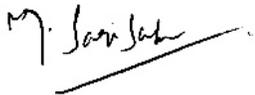
**22. GENERAL**

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

**23. DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorised for issue on August 04, 2017 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF HOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

| Category   | No.of Unit Holders | Units             |
|--|--------------------|-------------------|
| <b>Associated Companies, undertakings and related Parties</b>  |                    |                   |
| ADAMJEE LIFE ASSURANCE CO. LTD. (IMF)  | 1                  | 2,070,914         |
| D.G KHAN CEMENT COMPANY LTD. EMPLOYEES PROVIDENT FUND TRUST  | 1                  | 111,065           |
| Nishat Power Limited Employees Provident Fund Trust  | 1                  | 2,919             |
| <b>Mutual Funds</b>  | -                  | -                 |
| <b>Directors and their spouse (s) and minor children</b>   |                    |                   |
| <b>Executives</b>  | 8                  | 42,558            |
| <b>Public sector companies and corporations</b>  | -                  | -                 |
| <b>Banks, Development Finance Institutios, Non-Banking Finance Companies,<br/>Insurance Companies, Takaful, Modarbas and Pension Funds</b> | 4                  | 67,535            |
| <b>Unitholders holding 5 percent or more Voting interest in the listed company</b>   | -                  | -                 |
| <b>Others</b>  | 2,085              | 18,047,248.43     |
|  | <b>2,100</b>       | <b>20,342,240</b> |

**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2017**

---

---

| <b>No. of Unit Holder</b> | <b>Unit holdings</b> | <b>Total Units Held</b> |
|---------------------------|----------------------|-------------------------|
| 1782                      | 1-10000              | 3,070,613               |
| 285                       | 10001-100000         | 7,880,766               |
| 32                        | 100001-1000000       | 7,319,947               |
| 1                         | 1000001 onwards      | 2,070,914               |
| <b>2,100</b>              |                      | <b>20,342,240</b>       |

**PERFORMANCE TABLE  
FOR THE YEAR ENDED JUNE 30, 2017**

| Performance Information                            | 2017    | 2016  | 2015   | 2014  | 2013  |
|--|---------|-------|--------|-------|-------|
| Total Net Assets Value – Rs. in million            | 1,485   | 821   | 804    | 411   | 204   |
| Net Assets value per unit – Rupees                 | 73.0135 | 63.52 | 60.93  | 49.30 | 51.04 |
| Closing Offer Price                                | 75.4887 | 66.14 | 62.60  | 50.66 | 52.45 |
| Closing Repurchase Price                           | 73.01   | 63.52 | 60.93  | 49.30 | 51.04 |
| Highest offer price per unit                       | 90.63   | 81.14 | 69.84  | 55.91 | 54.58 |
| Lowest offer price per unit                        | 66.32   | 57.86 | 48.53  | 48.07 | 40.95 |
| Highest Redemption price per unit                  | 87.66   | 77.92 | 67.98  | 54.41 | 53.31 |
| Lowest Redemption price per unit                   | 64.07   | 55.56 | 47.24  | 46.78 | 40.13 |
| Distribution per unit – Rs. *                      | 8.00    | 0.50  | 6.00   | 5.00  | 5.14  |
| <b>Average Annual Return - %</b>                   |         |       |        |       |       |
| One year   | 27.74   | 5.09  | 35.59  | 18.89 | 28.38 |
| Two year   | 16.42   | 20.34 | 27.24  | 23.64 | 22.04 |
| Three year   | 22.81   | 19.86 | 27.62  | 20.99 | 19.72 |
| Net Income for the year – Rs. in million           | 318.90  | 10.46 | 188.63 | 67.81 | 45.01 |
| Distribution made during the year – Rs. in million | 139.36  | 6.30  | 70.41  | 37.83 | 21.20 |
| Accumulated Capital Growth – Rs. in million        | 179.54  | 4.17  | 118.22 | 29.97 | 23.80 |

**\* Date of Distribution**

| 2017          |      |
|---------------|------|
| Date          | Rate |
| June 22, 2017 | 8.00 |

| 2016          |      |
|---------------|------|
| Date          | Rate |
| June 27, 2016 | 0.5  |

| 2015          |      |
|---------------|------|
| Date          | Rate |
| June 22, 2015 | 6.00 |

| 2014          |      |
|---------------|------|
| Date          | Rate |
| June 27, 2014 | 5.00 |

| 2013          |      |
|---------------|------|
| Date          | Rate |
| July 05, 2014 | 5.14 |

**Disclaimer**

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

**PROXY ISSUED BY FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

---

---

The Board of Directors of MCB - Arif Habib Savings and Investment Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website ([www.mcbah.com](http://www.mcbah.com)). During the financial year, the Management Company on behalf of the fund did not participate in 23 shareholders' meeting. Moreover, details of summarized proxies voted are as follows:

|         | <b>Resolutions</b> | <b>For</b> | <b>Against</b> | <b>Abstain</b> | <b>Reason for Abstaining</b> |
|---------|--------------------|------------|----------------|----------------|------------------------------|
| Number  | 28                 | 28         | 0              | 0              | -                            |
| (%ages) | 100                | 100        | 0              | 0              | -                            |

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

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

**Head Office:** 24th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near K.P.T. Interchange, Karachi-74900  
**UAN:** (+92-21) 11-11-62224 (11-11-MCB-AH), 111-468-378 (111-INVEST), Fax: (+92-21) 35316080, 35316081,  
**URL:** [www.mcbah.com](http://www.mcbah.com), Email: [info@mcbah.com](mailto:info@mcbah.com)