



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2019

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



Savings Asaan. Life Asaan.

ALHAMRA ISLAMIC ASSET ALLOCATION FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem Syed Savail Meekal Hussain Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Samad A. Habib Mr. Mirza Qamar Beg	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Mirza Qamar Beg Mr. Nasim Beg	Chairman Member Member Member
Risk Management Committee	Mr. Mirza Qamar Beg Mr. Ahmed Jahangir Mr. Nasim Beg	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Mirza Qamar Beg Mr. Nasim Beg Mr. Haroun Rashid Mr. Ahmed Jahangir Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Amir Qadir	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited United Bank Limited Bank Al Habib Limited Habib Bank Limited National Bank of Pakistan Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Bank Islami Pakistan Limited MCB Islamic Bank Limited Habib Metropolitan Bank Limited Allied Bank Limited	
Auditors	A.F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, Center point, off Shaheed-e-Millat Express Way Near K.P.T. Interchange, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Asset Allocation Fund** accounts review for the year ended June 30, 2019.

ECONOMY AND MONEY MARKET OVERVIEW

Pakistan's economy inherited myriad of challenges entering into fiscal year 2019, particularly a weak balance of payment and fiscal situation. The macroeconomic imbalances were coped with vigilant policy actions from central bank which resultantly took its toll on the economic growth. Gross Domestic Product (GDP) growth as per the preliminary estimates slowed down to 3.3% compared to 5.2% witnessed during the preceding year. All the three major sectors namely Agriculture, Industrial, and Services witnessed a slowdown posting growth of 0.9%, 1.4% and 4.7% respectively. Agricultural growth faltered as growth in major crops receded, evident from the decline in production of Sugarcane, Cotton & Rice which fell by 19.4%, 17.5% and 3.3% respectively. Industrial growth also weakened as large scale manufacturing (LSM) could not bear the brunt of contractionary policies pursued by central bank to achieve macroeconomic stabilization. LSM posted a decline of 3.7% as industries dependent on government spending and imports faced reduced demand. Among the major LSM sectors, Automobiles and Iron & Steel witnessed a demand contraction of 11.7% and 11.2% respectively. Nevertheless, Services sector provided some rescue to the economic growth, thanks to Finance and Insurance (up 5.4% YoY) and Government Services (up 8.0% YoY). Dollar denominated size of GDP stood at USD ~280 billion compared to USD ~315 billion in the last year, witnessing a contraction of 11%.

At the onset of year, Pakistan was plagued by one of the biggest balance of Payment crisis in its history. While it was facing a Current Account Deficit (CAD) north of USD 19 billion and external repayments worth USD 9 billion, the crisis was compounded by the fact that foreign exchange reserves of mere USD ~10 billion were at hand. Timely policy action by the central bank particularly adjusting the currency by 32% during the year helped in arresting the CAD. Real Effective Exchange Rate (REER) dropped from the overvalued territory in June 18 to become undervalued by 10%. Resultantly, the CAD contracted by 32.1% to USD 13.5 billion during the year. While exports growth did not materialize, improvement in CAD was driven from declining imports of Non-oil goods and services (down 11.8% YoY) and improved remittances (up 9.7% YoY). Default on loan obligations was also averted after Pakistan was successful in getting material inflows (USD ~10 billion) from its friendly allies. Although, narrowing current account deficit along with bilateral flows did provide some breathing space to the balance of payment, State Bank of Pakistan's (SBP) foreign reserves still declined by USD 2.5 billion to USD 7.5 billion due to the gravity of external crisis. At last, Pakistan also signed up for an IMF program during the month of May'19, putting all uncertainty to an end on the external front. The staff level agreement of USD 6.2 billion was reached for a period of three years.

The headline inflation as represented by Consumer Price Index (CPI) accelerated to an average of 7.3% in FY19 compared to 3.9% in the last year. Higher utility tariffs particularly a hike in gas prices (up ~64% YoY) and increased petroleum prices (up ~23% YoY) contributed to the rise in inflation. The regulator allowed for adjustments in utility tariffs as government eliminated the subsidies, while petroleum prices were adjusted after PKR depreciated by more than 30% against USD during the year. Similarly, the lagged impact of PKR depreciation resulted in more pronounced inflation in the second half which increased to an average of 8.6%, compared to 6.0% witnessed in the first half of the fiscal year. In order to control inflation and bring stability to the macroeconomic imbalances, the central bank continued its monetary tightening and increased the interest rates by 575 bps during the course of the year.

Fiscal books of the government continued to deteriorate, with the fiscal deficit reaching an unprecedented 8.9% of the GDP. Total revenue declined by 6% during the year, marred by a sharp drop in non-tax revenue of 44% during the period. Surplus profitability from SBP collapsed to nearly zero, after central bank recorded massive exchange losses due to currency devaluation. Tax collection also remained dismal as YoY collection remained flat, owing to tax exemptions announced in the last budget and a weak economy. On the other hand, total expenditures increased by 11%, despite a 25% cut in development spending. The increase in expenditures was propelled by a surge in current expenditures, particularly as

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

the debt servicing costs escalated by 40% YoY due to increase in interest rates. Government relied on domestic sources to fund its deficit, as financing from external sources (Multilateral agencies) dried up since IMF program was not available during the most part of the year. Within the domestic channel, the government relied heavily on central bank borrowing as nearly 70% of the borrowing out of PKR 3 trillion was funded through SBP.

On the money market side, the yield curve shifted on upward trajectory after record monetary tightening by the central bank during the fiscal year. SBP cited rising inflation, twin deficits and declining forex reserves as the prime reasons behind the policy decisions. In the first half of fiscal year, concerns over external front along with unadjusted policy decisions kept market participants at bay from longer tenor instruments. However, by the end of the fiscal year as the policy adjustments were fully in place, market participants drew much comfort which resulted in a massive demand for longer tenor bonds. In fact, the yield curve turned inverted as 10 Year PIB's traded at much lower level compare to short term security papers.

During the year, SBP persistently tried to develop the market for floating rate bonds by conducting regular auctions. The central bank accepted a cumulative amount of PKR 714 billion at a credit spread of 70-75 bps over base rate (6M T-bill yield). On the other hand, the government matured PKR 314 billion of Ijara Sukuks causing a dearth of Shariah Compliant avenues. However, to fund the circular debt, SBP introduced Pakistan Energy SUKUK amounting to PKR 200 billion exclusively for Islamic Banks at 80 bps premium over base rate. Nevertheless, liquidity position throughout the period remained comfortable owing to regular OMOs conducted by SBP.

EQUITIES MARKET OVERVIEW

The KSE-100 index continued its descent and lost ~19.1% during the year. Economic slowdown and a delay in policy actions vitiated the investment atmosphere and resulted in crisis of confidence. Foreign participants reduced their equity exposure for most part of the year amidst uncertainty on external front. Alongside, a weak economic environment and a rise in interest rates resulted in outflow from local equity based mutual funds. Foreigners dumped USD 362 million of equities followed by USD 146 million from mutual funds. The selling was primarily absorbed by Individuals (~USD 166 Mn), Insurance Companies (~USD 150 Mn) and Companies (~USD 111 Mn). Trading volumes remained low during the year averaging around 154 Mn shares representing a decline of ~11.5% YoY.

Amongst the major sectors; Refineries, Oil Marketing Companies, Automobiles and Cements were among the laggards losing ~57%, ~42%, ~33%, and ~32% respectively. While these sectors bore the brunt of economic slowdown, exchange losses and margin compression added fuel to the fire causing a huge slump in their earnings. On the flip side, Commercial banks outperformed the index as they lost only ~12% against market fall of ~19%. Midsized quality banks lead the pack as NIMS expansion brought in a massive growth in earnings.

KSE-100 stood at a forward Price/Earnings (P/E) ratio of 6.4 x at the end of FY19. It started with a P/E of 9.5 x at the start of year. While the earnings growth of index remained robust at 10% during the last year as the index heavy weights benefitted from the macroeconomic theme (higher interest rates and PKR depreciation); the fall in the index is explained by the massive de-rating owing to the weak appetite for risk assets during the year.

FUND PERFORMANCE

During the period under review, the fund delivered a return of -8.89% as against its benchmark return of -19.93%.

On the equities front, the overall allocation was 66.7% at the end of the period under review. The fund increased its exposure in Oil & Gas Exploration Companies, Fertilizer and Power Generation & Distribution significantly during the period.

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

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The Net Assets of the Fund as at June 30, 2019 stood at Rs. 2,973 million as compared to Rs. 3,634 million as at June 30, 2018 registering a decrease of 18.18%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 63.8246 as compared to opening NAV of Rs. 70.0492 per unit as at June 30, 2018 registering a decrease of Rs. 6.2246 per unit.

FUTURE OUTLOOK

Policy adjustments by the central bank will result in macroeconomic consolidation thus restricting the economic growth in low single digits. IMF forecasts Pakistan GDP growth to slow down to 2.5% in FY20, in the wake of tightening policies pursued by the government. Industrial growth will remain muted particularly for the import-driven consumption based sectors. However, export driven industrial companies can provide some respite as the government has incentivized the above, while increased power supply also eliminates bottleneck for them.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The beginning for the year has been very promising as CAD for July'19 shrank to USD ~600 million, compared to USD ~2,000 million seen during the same period of last year. Our forecast at very conservative assumptions is that CAD will settle at 2.7% of GDP. We have assumed crude oil prices at USD 70/BBL, which are currently hovering near USD 60/BBL. After signing up for an IMF program, Pakistan will be able to finance its gross finance requirements by tapping into international avenues. Saudi deferred oil facility will also provide a short term buffer to foreign exchange reserves. We expect foreign exchange reserves to increase to USD ~13 billion (up 1.8x) by the end of the current fiscal year. With PKR aligned to its equilibrium levels (Jun'19 REER at 91) and current account deficit in a sustainable range, PKR should now depreciate nominally based on its historical average.

Inflation is expected to pick up to an average of 11.7% in FY20 compared to 7.3% witnessed during the last year. Multiple reasons are attributed for the surge in inflation. Firstly, the government is aiming to recover the full cost of utilities resulting in the price adjustment of utilities. Secondly, tax exemptions provided to multiple industries have been withdrawn causing a hike in prices. Finally, we have assumed PKR to be north of 170 against USD by the end of fiscal year, while crude oil is assumed at USD 70/BBL which will keep the overall CPI high. Nevertheless, we expect core inflation as represented by Non Food Non Energy (NFNE) to average below 10.0% for the year. We deem that current real interest rate is sufficient to cater for the expected inflation, therefore, in general we do not expect any further increase in interest rates. However, more than expected inflation and any deterioration in fiscal accounts can result in modest tightening in the monetary policy.

On the fiscal side, the government is aiming to limit fiscal deficit at 7.4% of GDP for the year. While the final target for fiscal deficit can evolve, nevertheless, it has to meet the primary condition of IMF for limiting the primary deficit at 0.6% of GDP. For this purpose, FBR is targeting an ambitious tax collection of PKR 5.5 trillion (up 35% YoY). The budget presented in the parliament proposed PKR 600 -700 billion of tax measures, while the remaining amount was kept contingent on FBR efforts and economic growth. On the expenditure side, the government is aiming for austerity measures on the current expenditure side, however, it is aiming for an expansionary Public Sector Development Program (PSDP) of PKR 1.7 trillion (up 40% YoY). We believe the tax collection target to be highly optimistic and expect a shortfall of PKR ~300-400 billion. As a result, the axe can fall on the development spending.

In broader terms, we believe, the last two years market performance (down approx. 45% from peak levels) has reflected the concerns on political and economic direction & also reflected in performance of cyclical stocks where correction in stock prices is even sharper. We continue to reiterate our stance that current levels offer very attractive levels for long term investors with very little downside potential. We believe upside in stocks shall unveil only gradually as confidence reigns back and economic policies shape the outlook in the expected manner. Therefore, going forward, stocks offer long term investment opportunity with rewards for patient investors. We continue to track trends in the economic indicators of the country and adjust our portfolio accordingly.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

Our overall strategy is still tilted towards defensive sectors (E&P's, Power, Fertilizers) while sector which will benefit from changing dynamics on macro front such as rising interest rates (Commercial Banks) are also overweight. In addition to that, government's strong focus on reviving exports should provide a boost to the outlook of export oriented sectors such as Textiles & IT. Despite being negative on cyclical, we believe there are distressed assets and quality companies which should be looked into as they have a tendency to provide abnormal returns.

Corporate Governance

The Fund is committed to implement the highest standards of corporate governance. With six (6) non-executive directors including two (2) 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 whatsoever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2019, the Fund is in compliance with the requirement of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2019:

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1. Meeting of the Audit Committee.

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

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid (Chairman)	9	9	7	2
2. Mr. Ahmed Jahangir	9	9	9	-
3. Mr. Nasim Beg	9	9	9	-
4. Mr. Mirza Qamar Beg	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, one (1) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

*Dr. Syed Salman Ali Shah resigned from the Board effective June 10, 2019 and Mirza Qamar Beg was included as a member and also appointed as Chairman of the Committee.

3. Meeting of Risk Management Committee.

During the year, one (1) meetings of the Risk Management Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Mirza Qamar Beg (Chairman)	1	1	1	-
2. Mr. Nasim Beg	1	1	1	-
3. Mr. Ahmed Jahangir	1	1	1	-

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2019

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Asif Mehdi Rizvi	Chief Operating Officer & Chief Financial Officer	2,067.23	1,365.47	-

External Auditors

The fund's external auditors, **A.F.Ferguson & Co. Chartered Accountants**, have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2020. The audit committee of the Board has recommended reappointment of **A.F.Ferguson & Co. Chartered Accountants** as auditors of the fund for the year ending June 30, 2020.

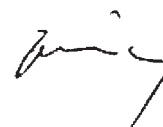
ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
September 13, 2019



Nasim Beg
Director / Vice Chairman

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے الحراء اسلامک Asset ایکلیکشن فنڈ کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا مجموعی جائزہ

پاکستان کی معیشت کو مالی سال 2019ء میں داخل ہوتے ہوئے بے شمار چیلنجز ورٹے میں ملے، خاص طور پر ادائیگی کے توازن اور مالیات کی کمزور صورتحال۔ گلاں معاشیات کے غیر متوازن عناصر سے نمٹنے کے لیے مرکزی بینک نے چوکتے پالیسی اقدامات کیے جن کے نتیجے میں معاشی ترقی متاثر ہوئی۔ مجموعی ملکی پیداوار (GDP) کی ترقی ابتدائی تخمینوں کے مطابق سال گزشتہ (5.2 فیصد) کے مقابلے میں کم ہو کر 3.3 فیصد رہ گئی۔ تینوں بڑے شعبہ جات یعنی زراعت، صنعت اور سروسز سٹ روی کا شکار ہوئے اور ان کی ترقی کی شرح بالترتیب 0.9 فیصد، 1.4 فیصد اور 4.7 فیصد رہی۔ اہم فصلوں کی نمو میں گراوٹ کے سبب زرعی ترقی بھی پسماندگی کا شکار ہوئی جس کا اظہار گئے، کپاس اور چاول کی پیداوار میں بالترتیب 19.4 فیصد، 17.5 فیصد اور 3.3 فیصد کمی سے ہوتا ہے۔ صنعتی ترقی بھی کمزوری کا شکار ہوئی کیونکہ بڑے پیمانے کی پیداوار (LSM) مرکزی بینک کی گلاں معاشیاتی استحکام کے حصول کے لیے اختیار کردہ کانٹریکشنری (حکومتی خرچ یا مالیاتی توسیع کی شرح میں کمی پر مبنی) پالیسیوں کا خمیازہ برداشت نہیں کر سکی۔ LSM میں 3.7 فیصد کمی ہوئی کیونکہ حکومتی خرچ اور درآمدات پر انحصار کرنے والی صنعتوں کو مانگ میں کمی کا سامنا ہوا۔ LSM کے اہم شعبہ جات میں گاڑیوں کے شعبے میں 11.7 فیصد اور لوہے اور اسٹیل کے شعبے میں 11.2 فیصد مانگ کا تضاد ہوا۔ تاہم سروسز کے شعبے نے معاشی ترقی کو کچھ حد تک ڈھال فراہم کی جس کا سہرہ فائننس اینڈ انشورنس (5.4 فیصد YoY ترقی) اور حکومتی سروسز (8.0 فیصد YoY ترقی) کے سر جاتا ہے۔ GDP کا ڈالر کے اعتبار سے حجم 280 بلین ڈالر تھا جو سال گزشتہ (315 بلین ڈالر) کے مقابلے میں 11 فیصد تضاد ہے۔

سال کے آغاز پر ہی پاکستان اپنی تاریخ کے سب سے بڑے ادائیگی کے توازن کے بحران کا شکار ہوا۔ اگرچہ اسے 19 بلین ڈالر کرنٹ اکاؤنٹ خسارے (CAD) اور 9 بلین ڈالر خارجی ادائیگی نو کا سامنا تھا لیکن یہ بحران شدت اختیار کر گیا کیونکہ غیر ملکی زرمبادلہ کے ذخائر صرف 10 بلین ڈالر رہ گئے تھے۔ مرکزی بینک کے بروقت پالیسی اقدام، خاص طور پر دوران سال روپے میں 32 فیصد ترمیم سے CAD پر قابو پانے میں مدد ملی۔ حقیقی مؤثر شرح مبادلہ (REER) جون 2018ء کے اصل سے زائد قدر کی سطح سے نیچے آئی اور اصل سے 10 فیصد کم قدر کی حامل ہو گئی۔ نتیجتاً CAD دوران سال 32.1 فیصد سکڑ کر 13.5 بلین ڈالر ہو گیا۔ اگرچہ برآمدات میں ترقی نہیں ہو سکی لیکن CAD میں بہتری کے اسباب تیل کے علاوہ والی اشیاء اور سروسز کی درآمدات میں 11.8 فیصد YoY (یور اور یور) کمی اور ترسیلات زر میں 9.7 فیصد YoY اضافہ ہے۔ پاکستان کے دوستانہ حلیفوں سے مادی درآمدات زر (10 بلین ڈالر) حاصل کرنے میں کامیابی کے بعد ادائیگی قرض میں کوتاہی بھی مل گئی۔ اگرچہ CAD میں کمی کے ساتھ ساتھ رقوم کی دوطرفہ آمدورفت سے ادائیگی کے توازن کا کچھ سانس بحال ہوا لیکن خارجی بحران کی شدت کے باعث اسٹیٹ بینک آف پاکستان (SBP) کے غیر ملکی زرمبادلہ کے ذخائر 2.5 بلین ڈالر کم ہو کر 7.5 بلین ڈالر رہ گئے۔ علاوہ ازیں، ماہ مئی 2019ء کے دوران پاکستان نے بالآخر آئی ایم ایف پروگرام پر دستخط کر دیئے جس سے خارجی میدان میں تمام غیر یقینیوں کا خاتمہ ہو گیا۔ 6.2 بلین ڈالر کا اسٹاف لیول معاہدہ تین برسوں کی مدت کے لیے عمل میں آیا۔

مالی سال 2019ء میں صارفی قیمت کے انڈیکس (CPI) کے مطابق افراط زر مزید تیز رفتار ہو کر 7.3 فیصد کے اوسط تک پہنچ گئی جبکہ گزشتہ سال یہ اوسط 3.9 فیصد تھا۔ افراط زر میں اضافے میں یوٹیلٹی کے بلند ترین، خاص طور پر گیس کی قیمتوں میں (64 فیصد YoY) اضافہ اور پٹرول کی قیمتوں میں

(23 فیصد YoY) اضافہ سرگرم عمل ہیں۔ سبسڈیز کے خاتمے کے حکومتی اقدام سے یوٹیلیٹی کے نرخ میں ترمیم کا موقع ملا، جبکہ پٹرول کی قیمتوں میں ترمیم دوران سال روپے کی قدر ڈالر کے مقابلے میں 30 سے زائد فیصد گر جانے کے بعد کی گئی۔ اسی طرح، روپے کی قدر میں کمی کے سبب رفتار اثر کے نتیجے میں افراط زر مالی سال کے نصف ثانی میں شدید تر ہو کر 8.6 فیصد اوسط تک پہنچ گئی جبکہ نصف اول میں 0.6 فیصد تھی۔ افراط زر پر قابو پانے اور گلاں معاشیاتی غیر متوازن عناصر میں استحکام پیدا کرنے کے لیے مرکزی بینک نے مالیاتی سختی کا عمل جاری رکھتے ہوئے انٹریسٹ کی شرحوں میں دوران سال 575 بیسیس پوائنٹس (bps) کا اضافہ کیا۔

حکومت کے مالیاتی اعداد میں پسماندگی کا سلسلہ جاری رہا اور مالیاتی خسارہ GDP کے 8.9 فیصد تک پہنچ گیا جس کی نظیر نہیں ملتی۔ کل آمدنی میں دوران سال 6 فیصد کمی ہوئی جس کا سبب غیر ٹیکس آمدنی میں دوران مدت 44 فیصد سنگین گراؤ ہے۔ روپے کی قدر میں کمی کے باعث مرکزی بینک کو زرمبادلہ کے خطیر خسارہ جات کا سامنا ہوا اور SBP سے اضافی منافع کے گنجائش تقریباً صفر ہو گئی۔ ٹیکس وصولی بھی مایوس کن رہی کیونکہ گزشتہ بجٹ میں اعلان کردہ ٹیکس استثنائات اور مجموعی طور پر کمزور معیشت کے باعث YoY وصولی میں کوئی اضافہ نہیں ہوا۔ دوسری جانب ترقیاتی خرچ میں 25 فیصد کمی کرنے کے باوجود کل اخراجات میں 11 فیصد اضافہ ہوا۔ اخراجات کے اضافے کو کرنٹ اخراجات میں اضافے نے مزید ہوا دی جس کا اہم سبب انٹریسٹ کی شرحوں میں اضافے کے سبب ادائیگی قرض میں 40 فیصد YoY اضافہ ہے۔ حکومت نے اپنے خسارے کی تلافی کے لیے مقامی ذرائع پر انحصار کیا کیونکہ سال کے اکثر حصے کے دوران آئی ایم ایف پروگرام کی عدم دستیابی کے باعث خارجی ذرائع (کثیر الجہتی ایجنسیاں) غیر مفید ہو گئے تھے۔ مقامی ذرائع میں حکومت نے سب سے زیادہ انحصار سینٹرل بینک پر کیا کیونکہ 3 ٹریلین روپے قرض میں سے تقریباً 70 فیصد کا انتظام SBP کے ذریعے کیا گیا۔

دوران مالی سال مرکزی بینک کی طرف سے تاحال سب سے زیادہ مالیاتی سختی کے باعث بازار زر کا پیداواری خم بلندی کی طرف مائل ہوا۔ SBP نے بڑھتی ہوئی افراط زر، جڑواں خساروں اور زرمبادلہ کے گھٹتے ہوئے ذخائر کو پالیسی سے متعلق فیصلوں کے عوامل قرار دیا۔ مالی سال کے نصف اول میں خارجی میدان کے ساتھ ساتھ پالیسی کے غیر ترمیم شدہ فیصلوں سے متعلق خدشات نے مارکیٹ کے شرکاء کو طویل تر ميعاد کے انسٹرومنٹس سے دور رکھا۔ تاہم مالی سال کے اختتام کے قریب جب پالیسی کی ترمیمات پوری طرح نافذ ہو گئیں تب مارکیٹ کے شرکاء نے سکون کا سانس لیا جس کے نتیجے میں طویل تر ميعاد کے بانڈز کی خطیر مانگ پیدا ہو گئی۔ حتیٰ کہ دس سالہ پاکستان انویسٹمنٹ بانڈز کی تجارت مختصر مدت کے سیکیورٹی پیپرز کے مقابلے میں کافی پست سطح پر ہونے کے سبب پیداواری خم اوندھا ہو گیا۔

دوران سال SBP نے باقاعدہ نیلامیوں کا انعقاد کر کے فلوئنگ ریٹ بانڈز کے لیے مارکیٹ کی ترقی کی مسلسل کوشش کی۔ مرکزی بینک نے base ریٹ (6M ٹریژری بلز پیداوار) کے اوپر 70 سے 75 bps کریڈٹ اسپریڈ پر 714 بلین روپے کی مجموعی رقم قبول کی۔ دوسری جانب حکومت نے 314 بلین روپے کے اجارہ سکک میچور کیے جس کے سبب شریعت کی تعمیل پر مبنی مواقع کی کمی ہو گئی۔ تاہم گردش قرضے کے لیے رقم کی فراہمی کے لیے SBP نے خاص طور پر اسلامک بینکوں کے لیے base ریٹ کے اوپر 80 bps پر 200 بلین روپے کے پاکستان انرجی سکک متعارف کرائے۔ علاوہ ازیں، SBP کی طرف سے باقاعدہ OMOs کے انعقاد کی بدولت پوری مدت کے دوران نقدیت کی صورتحال تسلی بخش رہی۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

کراچی اسٹاک ایکسچینج (KSE) -100 انڈیکس میں تنزلی کا سلسلہ جاری رہا اور یہ 19.1 فیصد کم ہو گیا۔ معاشی سُست روی اور پالیسی اقدامات میں تاخیر سے سرمایہ کاری کا ماحول متاثر ہوا جس کے نتیجے میں اعتماد کا بحران پیدا ہو گیا۔ خارجی میدان میں غیر یقینی صورتحال کے باعث غیر ملکی فریقوں نے سال کے اکثر حصے کے دوران ایکویٹی میں سرمایہ کاری کو کم کر دیا۔ ساتھ ساتھ کمزور معاشی ماحول اور انٹریسٹ کی شرحوں میں اضافے کے نتیجے میں ایکویٹی پر مبنی مقامی فنڈز سے بھی رقم نکالی گئی۔ غیر ملکیوں نے 362 ملین ڈالر کی ایکویٹی فروخت کر دیں جس کے بعد 146 ملین ڈالر کے میوچل فنڈز کا بھی یہی حال ہوا۔ اس فروخت کو جذب کرنے والے بنیادی طور پر افراد (166 ملین ڈالر)، انشورنس کمپنیاں (150 ملین ڈالر) اور کمپنیاں (111 ملین ڈالر) تھے۔ تجارتی حجم دوران سال پست رہے جن کا اوسط تقریباً 154 ملین شیئرز تھا جو 11.5 فیصد YoY کمی ہے۔

اہم شعبوں میں ریفرنڈم، آئل مارکیٹنگ کمپنیاں، آٹوموبیل اور سیمنٹ کے شعبے سُست روی کا شکار رہے اور ان میں پالترتیب 57 فیصد، 42 فیصد، 33 فیصد اور 32 فیصد تنزلی ہوئی۔ یہ شعبے پہلے ہی معاشی سُست روی کا خمیازہ بھگت رہے تھے، اور زرمبادلہ کے خساروں اور مارجن کمپریشن نے آگ میں ایندھن شامل کرتے ہوئے ان شعبوں کی آمدنیوں کو بُری طرح گرا دیا۔ دوسری جانب کمرشل بینکوں کی کارکردگی انڈیکس پر سبقت لے گئی اور ان کا خسارہ صرف 12 فیصد تھا جبکہ مارکیٹ کا خسارہ 19 فیصد تھا۔ درمیانے حجم کے بینک صفِ اوّل میں تھے کیونکہ NIMS کی توسیع سے آمدنیوں میں خطیر ترقی ہوئی۔

مالی سال 2019ء کے اختتام پر KSE-100 کا فارورڈ پرائس / ارننگز (P/E) ریشو (یعنی قیمتوں اور آمدنیوں کا تناسب) $6.4 \times$ تھا، جبکہ سال کے آغاز میں یہ $9.5 \times$ تھا۔ اگرچہ آمدنیوں کے اعتبار سے انڈیکس کی ترقی سال گزشتہ کے دوران 10 فیصد کی بھرپور سطح پر رہی کیونکہ انڈیکس کے بڑے ادروں کو گلاں معاشیاتی عوامل (انٹریسٹ کی بلند شرحوں اور روپے کی قدر میں کمی) سے فائدہ ہوا۔ انڈیکس میں گراوٹ کی وضاحت دوران سال خطروں کے حامل اثاثہ جات میں دلچسپی کی کمی کے باعث خطیر ڈی-ریٹنگ سے ہوتی ہے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا منافع - 8.89 فیصد تھا جبکہ مقررہ معیار - 19.93 فیصد تھا۔ ایکویٹی کی جہت میں دوران جائزہ مدت کے اختتام پر مجموعی اختصاص 66.7 فیصد تھا۔ دوران مدت تیل اور گیس دریافت کرنے کی کمپنیوں، کھاد، اور بجلی کی پیداوار اور تقسیم کے شعبے میں فنڈ کی شمولیت میں قابل ذکر اضافہ کیا گیا۔

فلسفہ انکم کی جہت میں زیر جائزہ مدت کے دوران سسٹم میں کوئی شمولیت نہیں تھی۔

30 جون 2019ء کو فنڈ کے net اثاثہ جات 2,973 ملین روپے تھے جو 30 جون 2018ء (3,634 ملین روپے) کے مقابلے میں 18.18 فیصد کمی ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 63.8246 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (70.0492) روپے فی یونٹ کے مقابلے میں 6.2246 روپے فی یونٹ کمی ہے۔

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں گلاں معاشیاتی یکجائی عمل میں آئے گی، چنانچہ معاشی ترقی چھوٹے اعداد تک محدود رہے گی۔ حکومت کی اختیار کردہ سختی پر مبنی پالیسیوں کے پیش نظر آئی ایم ایف نے مالی سال 2020ء میں پاکستان کی GDP کی ترقی میں 2.5 فیصد سُست روی کی پیش گوئی کی ہے۔ صنعتی ترقی، خاص طور پر درآمدات سے چلنے والے صرف پر مبنی شعبہ جات میں ترقی جمود کا شکار رہے گی۔ تاہم برآمدات سے چلنے والی صنعتی کمپنیوں سے کچھ مہلت ملے گی کیونکہ حکومت نے ان میں ترغیبات متعارف کرائی ہیں، اور توانائی کی فراہمی میں اضافے کی بدولت ان کی رکاوٹیں بھی دور ہوتی ہیں۔

ادائیگی کی توازن کی پریشانیوں فی الوقت ختم ہو گئی ہیں کیونکہ مرکزی حکومت کی طرف سے پالیسی اقدامات کے بعد CAD ترمیم سے گزر کر معقول سطح تک آ گیا ہے۔ سال کا آغاز بہت حوصلہ افزا رہا کیونکہ جولائی 2019ء کا CAD سال گزشتہ کی مماثل مدت کے CAD (2,000 ملین ڈالر) کے مقابلے میں سکو کر 600 ملین ڈالر رہ گیا تھا۔ ہمارے بہت مختصر مفروضوں پر مبنی پیشن گوئی ہے کہ CAD کی سطح GDP کے 2.7 فیصد تک پہنچ کر رک جائے گی۔ ہم نے خام تیل کی قیمتیں 70 ڈالر فی BBL کی سطح پر فرض کی ہیں جو موجودہ طور پر 60 ڈالر فی BBL کے آس پاس ہے۔ ایک آئی ایم ایف پروگرام پر دستخط کرنے کے بعد پاکستان بین الاقوامی مواقع کو استعمال کر کے اپنی مجموعی مالیات کے لیے رقم فراہم کر سکے گا۔ سعودی عرب کی طرف سے تیل کی ملتی شدہ سہولت بھی غیر ملکی زرمبادلہ کے ذخائر کو مختصر المیعاد مطلوبہ توقف فراہم کرے گی۔ ہمیں توقع ہے کہ موجودہ مالی سال کے اختتام تک غیر ملکی زرمبادلہ کے ذخائر بڑھ کر 13 بلین ڈالر تک پہنچ جائیں گے (1.8 ضربے زیادہ)۔ روپے کے توازن کی سطحوں (جون 2019ء REER: 91) تک ہم آہنگ ہونے اور CAD کے پائیدار حد میں ہونے کی وجہ سے روپے کی قدر میں اس کے ماضی کے اوسط کی بنیاد پر اب معمولی کمی ہونی چاہیے۔

مالی سال 2020ء میں افراط زر کا اوسط متوقع طور پر 11.7 فیصد بڑھے گا جو سال گزشتہ کے دوران 7.3 فیصد تھا۔ افراط زر میں اس اضافے کے متعدد عوامل ہیں۔ اول، حکومت یوٹیلٹیز کی پوری لاگت وصول کرنے کا ارادہ کر رہی ہے جس کے نتیجے میں یوٹیلٹیز کی قیمت میں ترمیمات ہوں گی۔ دوم، متعدد صنعتوں کو فراہم کردہ ٹیکس استثنائات واپس لے لی گئی ہیں جس کے نتیجے میں قیمتوں میں اضافہ ہوا ہے۔ آخری یہ کہ ہم نے مالی سال کے اختتام تک 1 ڈالر کو 170 روپے کے برابر فرض کیا ہے جبکہ خام تیل کو 70 ڈالر فی BBL فرض کیا ہے جس سے مجموعی صارفین کی قیمت کا انڈیکس (CPI) بلند سطح پر رہے گا۔ علاوہ ازیں، ہمیں اُمید ہے کہ اشیائے خورد و نوش اور توانائی کے علاوہ والے شعبوں (NFNE) سے ظاہر ہونے والی بنیادی افراط زر کا اوسط زیر بحث سال کے لیے 10.0 فیصد ہوگا۔ ہم سمجھتے ہیں کہ انٹریسٹ کی موجودہ حقیقی شرح متوقع افراط زر کی ضرورت پوری کرنے کے لیے کافی ہوگی، چنانچہ، عمومی طور پر انٹریسٹ کی شرحوں میں مزید اضافہ متوقع نہیں ہے۔ تاہم توقع سے زیادہ افراط زر یا مالیاتی گوشواروں میں کسی تنزلی کے نتیجے میں مانیٹری پالیسی میں معمولی سختی عمل میں آ سکتی ہے۔

مالیاتی جہت میں حکومت مالیاتی خسارے کو GDP کے 7.4 فیصد تک محدود کرنے کا ارادہ کر رہی ہے۔ اگرچہ مالیاتی خسارے کے حتمی ہدف میں ارتقاء ہو سکتا ہے لیکن حکومت کو بنیادی خسارے کو GDP کے 0.6 فیصد پر محدود کرنے کی آئی ایم ایف کی بنیادی شرط کو پورا کرنا ہے۔ اس مقصد کے لیے فیڈرل بورڈ آف ریونیو (FBR) 5.5 ٹریلین روپے (35 فیصد YoY زیادہ) ٹیکس وصولی کا عزم بلند کیے ہوئے ہے۔ پارلیمنٹ میں پیش کردی بجٹ میں 600 سے 700 بلین روپے کے ٹیکس اقدامات کی تجویز دی گئی ہے جبکہ باقی رقم FBR کی کوششوں اور معاشی ترقی پر منحصر رکھی گئی ہے۔ اخراجات کی جہت میں حکومت کرنٹ اخراجات میں سادگی کے اقدامات کا عزم کر رہی ہے تاہم 7.1 ٹریلین روپے (40 فیصد YoY زیادہ) کے ایکسپینڈیچر (یعنی معاشی توسیع پر مبنی) پبلک سیکٹر ڈیولپمنٹ پروگرام (PSDP) کا منصوبہ بنا رہی ہے۔ ہم ٹیکس وصولی کی ہدف کو بے حد مثبت خیالی پر مبنی سمجھتے ہوئے 300 سے 400 بلین روپے کی کمی کی توقع کر رہے ہیں جس کے نتیجے میں ترقیاتی خرچ پر ضرب پڑے گی۔

وسیع تر تناظر میں ہم سمجھتے ہیں کہ گزشتہ دو سال مارکیٹ کی کارکردگی سے (بلند ترین سطحوں سے تقریباً 45 فیصد تنزلی) اور سائیکلیکل اسٹاکس کی کارکردگی سے، جہاں اسٹاک کی قیمتوں میں اصلاح تیز تر ہوتی ہے، سیاسی اور معاشی سمت پر خدشات کی عکاسی ہوتی ہے۔ ہم اپنے موقف میں اعادہ جاری رکھتے ہیں کہ موجودہ سطحیں ایسے طویل المیعاد سرمایہ کاروں کے لیے بہت پُرکشش سطحیں پیش کرتے ہیں جن کے ناکام ہونے کا امکان بہت کم ہوتا ہے۔ ہم سمجھتے ہیں کہ اسٹاکس میں ترقی بدرجہ ہی منظر عام پر آئے گی جب اعتماد بحال ہوگا اور معاشی پالیسیاں مستقبل کی متوقع تصویر کشی کریں گی۔ چنانچہ آگے بڑھتے ہوئے ہم دیکھتے ہیں کہ اسٹاکس ایسے سرمایہ کاروں کے لیے جن کو جلدی نہیں ہے، طویل المیعاد سرمایہ کاری کا موقع بمع منافع جات پیش کرتے ہیں۔ ہم نے ملک کے معاشی اشاروں کے رجحانات پتہ کر کے اس حساب سے اپنے پورٹ فولیو میں ترمیم کا سلسلہ جاری رکھا ہوا ہے۔

مجموعی حکمت عملی اب بھی دفاعی شعبوں (ایکسپلوریشن اینڈ پروڈکشن، پاور، فریڈلائزر) کی طرف جھکی ہوئی ہے جبکہ گلاں معاشیاتی میدان میں تبدیل ہوتے ہوئے عوامل مثلاً انٹریسٹ کی بڑھتی ہوئی شرحوں سے مستفید ہونے والا سیکٹر (کمرشل بینک) بھی overweight ہے۔ علاوہ ازیں، برآمدات کو بحال کرنے پر حکومت کی بھرپور توجہ کی بدولت برآمدات پر مبنی شعبوں مثلاً ٹیکسٹائلز اور انفارمیشن ٹیکنالوجی کے مستقبل کے امکانات روشن تر ہو جائیں گے۔ سائیکلیکل اسٹاکس میں منفی کارکردگی کے باوجود ہم سمجھتے ہیں کہ ایسے distressed اثاثہ جات اور کوآلٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ چھ (6) غیر ایگزیکٹو ڈائریکٹرز بشمول دو (2) خود مختار ڈائریکٹرز پر مشتمل بورڈ، مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے، عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ انتظامیہ بہترین طریقوں، خاص طور پر غیر ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے کارپوریٹ گورننس کے ضابطہء اخلاق کی شقوں کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔

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

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

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

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

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار (پاکستان میں اطلاق کی حد تک)، نان بینکنگ فنانس کمپنیز (ایسٹبلشمنٹ اینڈ ریگولیشنز) کی دفعات 2003ء، نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنٹ ریگولیشنز 2008ء، متعلقہ ٹرسٹ ڈیڈ کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

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

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کوئی شبہات نہیں ہیں۔

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- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔
- h. واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز (اگر کوئی ہیں تو) کو مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ / گریجویٹ فنڈ اور پینشن فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن منجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔
- j. 30 جون 2019 کے اختتام پر، ڈائریکٹرز ٹریننگ پروگرام کے حوالے سے جو مطالبات کوڈ کے regulation نمبر بیس میں درج ہیں، فنڈ اس سے compliant ہے۔
- k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔
- l. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2019ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

۱۔ آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
2	7	9	9	۱۔ جناب ہارون رشید (چیئر مین)
-	9	9	9	۲۔ جناب احمد جہانگیر
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ مرزا محمد قمر بیگ

۲۔ ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریویژن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	1	1	1	۱۔ ڈاکٹر سید سلمان شاہ (چیئر مین)*
-	1	1	1	۲۔ جناب نسیم بیگ
-	1	1	1	۳۔ جناب احمد جہانگیر
-	1	1	1	۴۔ جناب ہارون رشید
-	1	1	1	۵۔ جناب محمد ثاقب سلیم (سی ای او)

* ڈاکٹر سید سلمان علی شاہ نے 10 جون 2019ء کو بورڈ سے استعفیٰ دیا اور مرزا قمر بیگ ممبر کے طور پر شامل کیا گیا اور کمیٹی کے چیئر مین کے طور پر بھی ان کی تقرری کی گئی۔

ڈائریکٹرز رپورٹ

۳۔ رسک مینجمنٹ کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریونیویشن کمیٹی کی ایک (1) میٹنگ منعقد ہوئی۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منعقدہ میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت	
1	1	1	-	۱۔ جناب مرزا قمر بیگ (چیرمین)
1	1	1	-	۲۔ جناب نسیم بیگ
1	1	1	-	۳۔ جناب احمد جہانگیر

m. دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس انشیل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر اور ان کے شریک حیات اور چھوٹے بچوں نے فنڈ کے یونٹس کی خرید و فروخت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	محمد آصف مہدی رضوی	چیف آپریٹنگ آفیسر / چیف فنانس انشیل آفیسر	2,067.23	1,365.47	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2020ء کو ختم ہونے والے اگلے سال کے لئے فنڈ کے آڈیٹرز کے طور پر کام جاری رکھنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2020ء کو ختم ہونے والے سال کے لئے فنڈ کے آڈیٹرز کے طور پر اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



نسیم بیگ
ڈائریکٹر /وائس چیرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
13 ستمبر 2019ء

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

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 -8.89% as against its benchmark return of -19.93%.

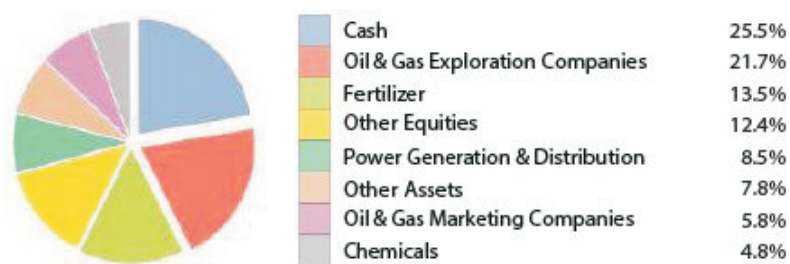
On the equities front, the overall allocation was 66.7% at the end of the period under review. The fund increased its exposure in Oil & Gas Exploration Companies, Fertilizer and Power Generation & Distribution significantly during the period.

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

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 2,973 million as compared to Rs. 3,634 million as at June 30, 2018 registering a decrease of 18.18%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 63.8246 as compared to opening NAV of Rs. 70.0492 per unit as at June 30, 2018 registering a decrease of Rs. 6.2246 per unit.

Asset Allocation as on June 30, 2019 (% of total assets)



Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

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



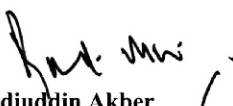
TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Asset Allocation Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 18, 2019



REPORT OF THE SHARIAH ADVISORY BOARD

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, 2018 to June 30, 2019 have been in compliance with Shariah principles.

During the year an amount of Rupees 2,104,133.20 was transferred to charity account. The total amount of charity payable as at 30 June 2019 amounts to Rs. 2,104,133.20.

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: September 18, 2019



Dr Muhammad Zubair Usmani

For and on behalf of Shariah Advisory Board

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alhamra Islamic Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alhamra Islamic Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to and forming part of the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2019, and of its financial performance, its cash flows and transactions for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 5 and 6 to the annexed financial statements) Balances with banks and Investments constitute the most significant component of the NAV. Balances with banks of the Fund as at June 30, 2019 aggregated to Rs 763.340 million and Investments amounted to Rs 2,179.968 million. The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures included the following: <ul style="list-style-type: none">tested the design and operating effectiveness of the key controls for valuation of investments;obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2019 and reconciled them with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F.FERGUSON&Co.

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

Other Matter

The financial statements of the Fund for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 14, 2018.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A·F·FERGUSON&CO.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Afferguson & Co
Chartered Accountants
Karachi

Date: September 26, 2019

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018
ASSETS			
Balances with banks	5	763,340	1,892,537
Investments	6	2,179,968	1,819,611
Dividend, profit and other receivables	7	21,918	10,681
Advances, deposits and prepayments	8	3,403	3,245
Receivable against sale of investments		36,127	-
Total assets		<u>3,004,756</u>	<u>3,726,074</u>
LIABILITIES			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	9	9,875	14,056
Payable to the Central Depository Company of Pakistan Limited - Trustee	10	377	420
Payable to the Securities and Exchange Commission of Pakistan	11	3,422	2,369
Payable against purchase of investments		-	57,694
Accrued and other liabilities	12	17,995	17,998
Total liabilities		<u>31,669</u>	<u>92,537</u>
NET ASSETS		<u>2,973,087</u>	<u>3,633,537</u>
Unit holders' fund (as per statement attached)		<u>2,973,087</u>	<u>3,633,537</u>
Contingencies and commitments	13		
----- (Number of units) -----			
NUMBER OF UNITS IN ISSUE		<u>46,582,144</u>	<u>51,871,228</u>
----- (Rupees) -----			
NET ASSET VALUE PER UNIT	4.7	<u>63.8246</u>	<u>70.0492</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

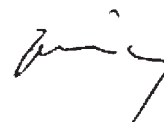
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

		For the year ended June 30, 2019	June 30, 2018
	Note	----- (Rupees in '000) -----	
INCOME			
Net (loss) / gain on sale of investments		(72,682)	3,566
Dividend income on investments classified as:			
- at fair value through profit or loss		114,682	48,662
- 'available-for-sale'		-	8,177
Income on term deposit musharika		3,953	2,427
Interest income from sukuk certificates		-	34
Profit on bank deposits		136,904	79,140
Net unrealised loss on revaluation of investments at fair value through profit or loss		(381,918)	(124,351)
Impairment loss on investment in equity securities classified as 'available-for-sale'		-	(9,275)
Other income		545	-
Total (loss) / income		(198,516)	8,380
EXPENSES			
Remuneration of MCB-Arif Habib Savings & Investments Limited - Management Company	9.1	(72,035)	(49,881)
Sindh Sales Tax on remuneration of the Management Company	9.2	(9,365)	(6,485)
Allocated expenses including indirect taxes	9.3	(3,601)	(2,818)
Selling and marketing expenses	9.4	(14,407)	(9,976)
Remuneration of the Central Depository of Pakistan Limited - Trustee	10.1	(4,602)	(3,494)
Sindh Sales Tax on remuneration of the Trustee	10.2	(598)	(454)
Annual fee to the Securities and Exchange Commission of Pakistan	11	(3,422)	(2,369)
Auditors' remuneration	14	(441)	(511)
Brokerage, settlement and bank charges		(5,175)	(6,852)
Fees and subscription		(51)	(639)
Legal and professional charges		(180)	(143)
Shariah advisory fee		(900)	(900)
Printing and related costs		(52)	(112)
Donation / charity		(2,104)	(939)
Total expenses		(116,933)	(85,573)
Net loss for the year before taxation		(315,449)	(77,193)
Taxation	15	-	-
Net loss for the year after taxation		(315,449)	(77,193)
Loss per unit	4.13	-	-
<i>Allocation of net income:</i>			
Net income after taxation		-	-
Income already paid on units redeemed		-	-
<i>Accounting income available for distribution:</i>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-

The annexed notes from 1 to 29 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, 2019

	For the year ended	
	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
Net loss for the year after taxation	(315,449)	(77,193)
Other comprehensive loss for the year:		
Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'	-	(15,144)
Total comprehensive loss for the year	<u>(315,449)</u>	<u>(92,337)</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019				June 30, 2018			
	Capital value	Undistributed income / (Accumulated loss)	Net unrealised appreciation / (diminution) on 'available-for-sale'	Total	Capital value	Undistributed income / (Accumulated loss)	Net unrealised appreciation / (diminution) on 'available-for-sale'	Total
	(Rupees in '000)							
Net assets at beginning of the year	3,513,190	97,827	22,520	3,633,537	1,272,574	175,020	37,664	1,485,258
Change in accounting policy - note 3.3	-	22,520	(22,520)	-	-	-	-	-
Net assets at the beginning of the year (restated)	3,513,190	120,347	-	3,633,537	1,272,574	175,020	37,664	1,485,258
Issuance of 12,127,561 (2018: 44,764,312) units								
- Capital value (at net assets value per unit at the beginning of the year)	849,526	-	-	849,526	3,268,399	-	-	3,268,399
- Element of loss	(2,281)	-	-	(2,281)	(90,700)	-	-	(90,700)
	847,245	-	-	847,245	3,177,699	-	-	3,177,699
Redemption of 17,416,645 (2018: 13,235,324) units								
- Capital value (at net assets value per unit at the beginning of the year)	1,220,022	-	-	1,220,022	966,357	-	-	966,357
- Element of income	(27,776)	-	-	(27,776)	(29,274)	-	-	(29,274)
	1,192,246	-	-	1,192,246	937,083	-	-	937,083
Total comprehensive loss for the year	-	(315,449)	-	(315,449)	-	(77,193)	(15,144)	(92,337)
Net assets at the end of the year	<u>3,168,189</u>	<u>(195,102)</u>	<u>-</u>	<u>2,973,087</u>	<u>3,513,190</u>	<u>97,827</u>	<u>22,520</u>	<u>3,633,537</u>
Undistributed income brought forward								
- Realised		222,178				165,326		
- Unrealised		(124,351)				9,694		
		97,827				175,020		
Change in accounting policy - note 3.3		22,520				-		
Undistributed income brought forward - restated		<u>120,347</u>				<u>175,020</u>		
Accounting income available for distribution:								
- Relating to capital gains		-				-		
- Excluding capital gains		-				-		
Net loss for the year after taxation		(315,449)				(77,193)		
Distribution during the year		-				-		
(Accumulated loss) / undistributed income carried forward		<u>(195,102)</u>				<u>97,827</u>		
(Accumulated loss) / Undistributed income carried forward								
- Realised		186,816				222,178		
- Unrealised		(381,918)				(124,351)		
		<u>(195,102)</u>				<u>97,827</u>		
				(Rupees)				(Rupees)
Net asset value per unit at the beginning of the year				<u>70.0492</u>				<u>73.0135</u>
Net asset value per unit at the end of the year				<u>63.8246</u>				<u>70.0492</u>

The annexed notes from 1 to 29 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, 2019

	For the year ended	
	June 30, 2019	June 30, 2018
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(315,449)	(77,193)
Adjustments for:		
Net unrealised loss on revaluation of investments classified as at fair value through profit or loss	381,918	124,351
Impairment loss on investment in equity securities classified as 'available-for-sale'	-	9,275
Dividend income on investments classified as:		
- 'at fair value through profit or loss'	(114,682)	(48,662)
- 'available-for-sale'	-	(8,177)
	<u>(48,213)</u>	<u>(406)</u>
Increase in assets		
Investments	(567,274)	(1,315,459)
Dividend, profit and other receivables	1,357	(7,624)
Advances, deposits and prepayments	(158)	1,057
Receivable against sale of investments	(36,127)	-
	<u>(602,202)</u>	<u>(1,322,026)</u>
Increase / (decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	(4,181)	8,613
Payable to the Central Depository Company of Pakistan Limited - Trustee	(43)	187
Payable to the Securities and Exchange Commission of Pakistan	1,053	1,247
Payable against purchase of investments	(57,694)	57,694
Accrued and other liabilities	(3)	(350)
	<u>(60,868)</u>	<u>67,391</u>
Dividend received	102,087	59,996
Net cash used in operating activities	<u>(609,196)</u>	<u>(1,195,045)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	847,245	3,177,699
Payments on redemption of units	(1,192,246)	(937,083)
Net cash (used in) / generated from financing activities	<u>(345,001)</u>	<u>2,240,616</u>
Net (decrease) / increase in cash and cash equivalents during the year	<u>(954,197)</u>	<u>1,045,571</u>
Cash and cash equivalents at beginning of the year	1,892,537	846,966
Cash and cash equivalents at end of the year	<u>938,340</u>	<u>1,892,537</u>

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The annexed notes from 1 to 29 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, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Alhamra Islamic Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 14, 2005 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC rules).
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.3** The Fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to make investment in shariah compliant investments in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Shariah compliant Islamic Asset Allocation" scheme by the Board of Directors of the Asset Management Company in accordance with the requirements of Circular 7 of 2009 dated March 06, 2009 issued by the SECP.
- 1.4** The Pakistan Credit Rating Agency (PACRA) Limited has assigned an asset manager rating of AM2++ dated April 08, 2019 to the Management Company and has assigned performance ranking of 4-Star dated May 24, 2018 to the Fund.
- 1.5** Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has an impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of the ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at 'fair value through other comprehensive income' (FVOCI). IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (FVOCI) or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt and equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. The Fund's investment in equity instruments which were previously classified as 'available for sale' have been reclassified as 'at fair value through profit and loss' as at the beginning of the period and carried at fair value under level 1.

The Fund has adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current year.

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018 (Restated)	As at June 30, 2019
-----Rupees in '000-----				
Impact on Statement of Assets and Liabilities				
Investments - 'Available for sale'	137,328	(137,328)	-	-
Investments - 'At fair value through profit or loss'	1,682,283	137,328	1,819,611	2,004,968
Impact on Statement of Unit holders' fund				
Net unrealised appreciation on				
'Available-for-sale' investments	22,520	(22,520)	-	-
Undistributed income / (accumulated loss)	97,827	22,520	120,347	(195,102)

There is no impact of this change in accounting policy on the income statement, statement of comprehensive income and statement of cash flows of the Fund as a result of adoption of IFRS-9.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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

The following amendments to published accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Amendments

- IFRS 9 - 'Financial instruments' (amendment)
- IAS 1 - 'Presentation of financial statements' (amendment)
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)

Effective date (accounting periods beginning on or after)

January 1, 2019
January 1, 2020
January 1, 2020

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

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

3.5 Critical accounting estimates and judgments

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

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year except as explained for change in accounting policy in note 3.3 to these financial statements.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Debt instruments

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

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

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

4.3.1.2 Equity instruments

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

4.3.2 Impairment

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

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

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

4.3.2.1 Impairment loss on debt securities

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

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

4.3.4 Regular way contracts

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

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derecognition

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

4.3.7 Derivatives

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

4.4 Financial liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

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

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

4.10 Revenue recognition

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

4.11 Expenses

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

4.12 Taxation

Current

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deferred

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

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

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

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

4.13 Earnings / (loss) per unit

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

4.14 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	June 30, 2019	June 30, 2018
5		----- (Rupees in '000) -----	
BALANCES WITH BANKS			
In current accounts		14,406	10,384
In deposit accounts	5.1	748,934	1,882,153
	5.2	<u>763,340</u>	<u>1,892,537</u>
5.1	These carry profit at the rates ranging from 6.00% to 11.75% per annum (2018: 5.25% to 6.5% per annum).		
5.2	These include balances held with related parties of Rs. 12.59 million (2018: Rs. 6.48 million) with MCB Bank Limited, Rs. 0.014 million (2018: Rs. 0.24 million) with MCB Islamic Bank Limited and Rs. 657.03 million (2018: nil) with Silk Bank Limited.		

	Note	June 30, 2019	June 30, 2018
6		----- (Rupees in '000) -----	
INVESTMENTS			
6.1			
Investments at fair value through profit or loss			
Listed equity securities	6.1.1	2,004,968	1,682,283
Term deposit musharika	6.1.2	175,000	-
Available for sale			
Listed equity securities	3.3	<u>-</u>	<u>137,328</u>
		<u>2,179,968</u>	<u>1,819,611</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

6.1.1 Listed equity securities - 'at fair value through profit or loss'

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

Name of the investee company	Number of shares					Balance as at June 30, 2019			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2019	Carrying value	Market value	Unrealised (loss) / gain	Total investments	Net assets	
						----- (Rupees in '000) -----			----- % -----		
Automobile assembler											
Millat Tractors Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
Automobile parts & accessories											
Agriauto Industries Limited	-	37,000	-	-	37,000	10,915	7,399	(3,516)	0.34%	0.25%	0.26%
						10,915	7,399	(3,516)	0.34%	0.25%	0.26%
Cable and electrical goods											
Pak Elektron Limited	500,000	1,400,000	-	500,000	1,400,000	32,086	28,028	(4,058)	1.29%	0.94%	0.28%
						32,086	28,028	(4,058)	1.29%	0.94%	0.28%
Cement											
Lucky Cement Limited***	256,900	168,250	-	317,600	107,550	53,980	40,920	(13,060)	1.88%	1.38%	0.03%
Kohat Cement Company Limited	62,600	-	14,700	13,600	63,700	6,030	3,346	(2,684)	0.15%	0.11%	0.03%
Fauji Cement Company Limited	465,500	-	-	465,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	1,225,000	2,350,000	-	2,575,000	1,000,000	31,491	23,890	(7,601)	1.10%	0.80%	0.15%
Cherat Cement Company Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	623,000	225,000	-	848,000	-	-	-	-	-	-	-
						91,501	68,156	(23,345)	3.13%	2.29%	0.22%
Chemical											
Engro Polymer & Chemicals Limited	2,830,500	4,915,248	-	3,584,000	4,161,748	134,707	112,201	(22,506)	5.15%	3.77%	0.46%
Engro Polymer & Chemical (Right)	440,248	-	-	440,248	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	201,000	3,596,500	-	1,647,500	2,150,000	35,007	32,788	(2,219)	1.50%	1.10%	0.14%
ICI Pakistan Limited	-	12,000	-	12,000	-	-	-	-	-	-	-
						169,714	144,989	(24,725)	6.65%	4.88%	0.60%
Commercial banks											
Meezan Bank Limited	10	1,290,000	91,502	375,000	1,006,512	83,840	87,728	3,888	4.02%	2.95%	0.08%
						83,840	87,728	3,888	4.02%	2.95%	0.08%
Investment Banks / Investment companies											
Dawood Hercules Corporation	45,400	149,200	-	194,600	-	-	-	-	-	-	-
						-	-	-	-	-	-
Engineering											
International Industries Limited	156,600	-	-	12,000	144,600	33,589	11,144	(22,445)	0.51%	0.37%	0.12%
						33,589	11,144	(22,445)	0.51%	0.37%	0.12%
Glass and ceramics											
Tariq Glass Industries Limited	-	499,000	-	-	499,000	48,582	38,238	(10,344)	1.75%	1.29%	0.68%
						48,582	38,238	(10,344)	1.75%	1.29%	0.68%
Leather and tanneries											
Service Industries Limited	22,000	3,050	-	25,050	-	-	-	-	-	-	-
						-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	384,000	402,800	66,080	126,000	726,880	209,149	193,059	(16,090)	8.86%	6.49%	0.13%
Fatima Fertilizer Company Limited	400,000	1,680,500	-	-	2,080,500	68,888	62,103	(6,785)	2.85%	2.09%	0.10%
Engro Fertilizers Limited	1,735,000	597,000	-	-	2,332,000	175,122	149,178	(25,944)	6.84%	5.02%	0.17%
						453,159	404,340	(48,819)	18.55%	13.60%	0.40%
Food and personal care products											
Al Shaheer Corporation Limited	53,000	12,000	-	65,000	-	-	-	-	-	-	-
Frieslandcampina Engro Foods Limited (formerly Engro Foods Limited) **	-	700	-	-	700	62	41	(21)	-	-	-
National Foods Limited	-	67,000	13,400	-	80,400	19,095	14,806	(4,289)	0.68%	0.50%	0.13%
						19,157	14,847	(4,310)	0.68%	0.50%	0.13%
Oil and gas exploration companies											
Pakistan Petroleum Limited	334,500	1,422,100	123,780	175,000	1,705,380	306,525	246,308	(60,217)	11.30%	8.28%	0.08%
Oil & Gas Development Company Limited ***	955,000	842,400	-	115,000	1,682,400	258,489	221,219	(37,270)	10.15%	7.44%	0.04%
Pakistan Oilfields Limited	265,300	276,700	60,960	152,100	450,860	229,294	183,000	(46,294)	8.39%	6.16%	0.16%
Mari Petroleum Company Limited **	-	27,260	2,726	29,980	6	8	6	(2)	-	-	-
						794,316	650,533	(143,783)	29.84%	21.88%	0.27%
Balance carried forward						1,736,859	1,455,402	(281,457)			

** Nil figures due to rounding off

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Name of the investee company	Number of shares					Balance as at June 30, 2019			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2018	Purchased during the year	Bonus / Right issue during the year	Sold during the year	As at June 30, 2019	Carrying value	Market value	Unrealised (loss) / gain	Total investments	Net assets	
						(Rupees in '000)					%

Balance brought forward

1,736,859 1,455,402 (281,457)

Oil and gas marketing companies

Attock Petroleum Limited **	350	200	110	650	10	5	3	(2)	-	-	-
Sui Northern Gas Pipelines Limited	800,000	1,462,500	-	130,000	2,132,500	187,969	148,187	(39,782)	6.80%	4.98%	0.24%
Hi-Tech Lubricants Limited	154,400	-	-	154,400	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	348,200	43,840	234,000	158,040	43,231	26,808	(16,423)	1.23%	0.90%	0.04%
						231,205	174,998	(56,207)	6.80%	4.98%	0.28%

Pharmaceuticals

The Searle Company Limited	35,000	18,486	2,772	55,000	1,258	366	184	(182)	0.01%	0.01%	0.00%
AGP Limited **	453,532	37,500	-	491,000	32	3	2	(1)	-	-	-
IBL Healthcare Limited	-	4,933	-	-	4,933	396	165	(231)	0.01%	0.01%	0.01%
						765	351	(414)	0.02%	0.01%	0.01%

Power generation and distribution

The Hub Power Company Limited ***	1,759,000	1,805,242	-	326,000	3,238,242	280,801	255,012	(25,789)	11.70%	8.58%	0.28%
Hub Power Company Limited (Right)	-	-	349,538	349,538	-	-	-	-	-	-	-
K-Electric Limited *	2,894,000	-	-	2,894,000	-	-	-	-	-	-	-
						280,801	255,012	(25,789)	11.70%	8.58%	0.28%

Sugar and allied industries

Faran Sugar Mills Limited	92,000	-	-	-	92,000	7,645	3,735	(3,910)	0.17%	0.13%	0.37%
						7,645	3,735	(3,910)	0.17%	0.13%	0.37%

Technology and communication

Systems Limited	350,000	153,000	50,300	-	553,300	51,041	53,100	2,059	2.44%	1.79%	0.45%
Pakistan Telecommunication Company Limited	-	131,500	-	-	131,500	1,335	1,088	(247)	0.05%	0.04%	0.00%
						52,376	54,188	1,812	2.49%	1.82%	0.45%

Textile composite

Kohinoor Textile Mills Limited	185,500	29,150	-	-	214,650	11,804	5,377	(6,427)	0.25%	0.18%	0.07%
Nishat Mills Limited	856,000	-	-	692,400	163,600	23,055	15,270	(7,785)	0.70%	0.51%	0.05%
Interloop Limited	-	965,520	-	50,000	915,520	42,205	40,530	(1,675)	1.86%	1.36%	0.11%
						77,064	61,177	(15,887)	2.81%	2.06%	0.22%

Paper And Board

Packages Limited **	-	350	-	-	350	171	105	(66)	-	-	-
						171	105	(66)	-	-	-

Miscellaneous

Shifa International Hospitals Limited	-	111	-	111	-	-	-	-	-	-	-
						-	-	-	-	-	-

Total as at June 30, 2019

2,386,886 2,004,968 (381,918)

Total as at June 30, 2018

1,921,442 1,819,611 (101,831)

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

** Nil figures due to rounding off

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

Name of security	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	--- (Number of shares) ---		----- (Rupees in '000) -----	
The Hub Power Company Limited	233,744	233,744	18,407	21,542
Lucky Cement Limited	25,000	25,000	9,512	12,698
Oil & Gas Development Company Limited	100,000	100,000	13,149	15,562
	358,744	358,744	41,068	49,802

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.052 million (2018: 0.058 million).

6.1.2 Term deposit musharika

Name of Investee Company	Issue Date	Face value				At June 30, 2019		Market value as a percentage of	
		At July 01, 2018	Purchases during the year	Matured during the year	At June 30, 2019	Cost	Market value	Net assets	Total investments
(Rupees in '000) %									
Bank Islami Pakistan Limited	October 2, 2018	-	180,000	180,000	-	-	-	-	-
Askari Bank Limited	October 2, 2018	-	95,000	95,000	-	-	-	-	-
Bank Islami Pakistan Limited	March 29, 2019	-	100,000	100,000	-	-	-	-	-
Bank Islami Pakistan Limited	May 13, 2019	-	200,000	200,000	-	-	-	-	-
Bank Islami Pakistan Limited *	June 27, 2019	-	175,000	-	175,000	175,000	175,000	6%	8%
Total as at June 30, 2019						175,000	175,000		
Total as at June 30, 2018						-	-		

* These carry profit rates of 13.30% (2018: Nil) per annum.

	Note	June 30, 2019	June 30, 2018
----- (Rupees in '000) -----			
7 DIVIDEND, PROFIT AND OTHER RECEIVABLES			
Dividend receivable		12,594	-
Profit receivable on deposit accounts with banks		9,064	10,622
Profit receivable on term deposit musharika		255	-
Other receivable		5	59
		<u>21,918</u>	<u>10,681</u>
8 ADVANCES, DEPOSITS AND PREPAYMENTS			
Security deposits with:			
- National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		200	200
Advance tax	8.1	703	545
		<u>3,403</u>	<u>3,245</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- 8.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on debt amounts to Rs 0.703 million (2018: Rs 0.545 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2019	June 30, 2018
9 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENT LIMITED - MANAGEMENT COMPANY		----- (Rupees in '000) -----	
Management fee payable	9.1	5,024	5,782
Sindh Sales Tax payable on remuneration of the Management Company	9.2	653	752
Allocated expenses payable	9.3	251	289
Selling and marketing expenses payable	9.4	3,144	3,396
Sales load payable		226	3,762
Back end load payable		502	-
Shariah advisory fee payable		75	75
		<u>9,875</u>	<u>14,056</u>

- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of asset allocation schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% per annum (2018: 2% per annum) of the average net assets of the Fund during the year June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** During the year, an amount of Rs. 9.365 million (2018: Rs. 6.485 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 9.464 million (2018: Rs. 6.055 million) has been paid to the Management company which acts as a collecting agent.
- 9.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e. from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

- 9.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower. The management company has charged such expenses to the Fund in accordance with the limit allowed in the relevant regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

10	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 ----- (Rupees in '000) -----
	Trustee fee payable	10.1	334	372
	Sindh Sales Tax payable on trustee fee	10.2	43	48
			<u>377</u>	<u>420</u>

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

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

- 10.2** During the year, an amount of Rs 0.598 million (2018: Rs 0.454 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.603 million (2018: Rs. 0.433 million) was paid to the Trustee which acts as a collecting agent.

11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	June 30, 2019 (Rupees in '000)	June 30, 2018 (Rupees in '000)
	Annual fee	<u>3,422</u>	<u>2,369</u>

- 11.1** In accordance with the NBFC Regulations, a collective investment scheme classified as an asset allocation scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

12	ACCRUED AND OTHER LIABILITIES	Note	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 ----- (Rupees in '000) -----
	Provision for Sindh Workers' Welfare Fund (SWWF)	12.1	7,622	7,622
	Federal Excise Duty payable on remuneration of the Management Company	12.2	5,910	5,910
	Federal Excise Duty and related taxes payable on sales load		1,136	1,136
	Charity / donation payable		2,104	939
	Auditors' remuneration		324	369
	Zakat payable		-	15
	Withholding tax payable		2	70
	Brokerage payable		739	1,126
	Other payables		158	811
			<u>17,995</u>	<u>17,998</u>

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.16 (2018: Re 0.15) per unit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load 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 7.04 million (2018: Rs 7.04) million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 0.15 (2018: Re.0.13) per unit.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018

	June 30, 2019	June 30, 2018
	----- (Rupees in '000) -----	
14 AUDITORS' REMUNERATION		
Annual audit fee	250	250
Half yearly review fee	131	131
Other certification and services	-	75
Out of pocket expenses	60	55
	<u>441</u>	<u>511</u>

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

	Note	2019 (Rupees in '000)	2018
16 CASH AND CASH EQUIVALENTS			
In savings accounts	5	14,406	10,384
In current account	5	748,934	1,882,153
Term deposit musharika	6.1.2	175,000	-
		<u>938,340</u>	<u>1,892,537</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

17 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.23% (2018: 3.43%) which includes 0.35% (2018: 0.39%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% (2018: 4%) prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation scheme.

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

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

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

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

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

	For the year ended June 30, 2019 ----- (Rupees in '000) -----	For the year ended June 30, 2018
18.1 Transactions during the year:		
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration (including related taxes)	81,400	56,366
Selling and marketing expenses	14,407	9,976
Allocated expenses and related taxes	3,601	2,818
Shariah advisory fee	900	900
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	5,200	3,948
Central Depository Service (CDS) settlement charges	153	179
Group / Associated Companies		
MCB Bank Limited		
Bank charges	12	41
MCB Islamic Bank Limited		
Profit on bank deposits	18	1,960
Silk Bank Limited		
Profit on bank deposits	22,079	-
Bank charges	24	-
Arif Habib Limited - Brokerage house		
Brokerage and settlement charges *	294	717
Next Capital Limited - Brokerage house		
Brokerage and settlement charges *	168	279
D.G. Khan Cement Company Limited		
Purchase of 225,000 shares (2018: 2,405,300 shares)	20,751	334,231
Sale of shares 848,000 shares (2018: 1,782,300 shares)	96,129	256,661
Dividend income	-	14
Fatima Fertilizer Company Limited		
Purchase of 1,680,500 shares (2018: 400,000 shares)	55,928	12,500
Sale of shares: Nil (2018: 300,000 shares)	-	8,654
Dividend income	3,641	900

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended June 30, 2019 ----- (Rupees in '000) -----	For the year ended June 30, 2018 ----- (Rupees in '000) -----
Nishat Mills Limited		
Purchase of shares: Nil (2018: 752,100 shares)	-	113,771
Sale of 692,400 shares (2018: Nil)	88,363	-
Dividend income	2,696	1,803
Mughal Iron and Steel Industries Limited		
Purchase of shares: Nil (2018: 314,500 shares)	-	23,588
Sale of shares: Nil (2018: 314,500 shares)	-	22,099
Dividend income	-	61
Packages Limited		
Purchase of 350,000 shares (2018: Nil)	171	-
Dividend income	5	-
18.2 Balances outstanding at year end:	June 30, 2019 ----- (Rupees in '000) -----	June 30, 2018 ----- (Rupees in '000) -----
MCB Arif Habib Savings and Investments Limited - Management Company		
Remuneration payable	5,024	5,782
Sales tax on remuneration payable	653	752
Selling and marketing expenses payable	3,144	3,396
Sales load payable	200	3,705
Sales tax payable on sales load	26	57
Shariah advisory fee payable	75	75
Allocated expenses payable	251	289
Back end load payable	502	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	334	372
Sales tax on remuneration payable	43	48
Security deposit	200	200
Arif Habib Limited - Brokerage house		
Brokerage and settlement charges payable *	38	18
Next Capital Limited - Brokerage house		
Brokerage and settlement charges payable *	62	74
MCB Bank Limited		
Balances with bank	12,592	6,479
MCB Islamic Bank Limited		
Balances with bank	14	243
Profit receivable on deposit account with bank	-	194
Silk Bank Limited		
Balances with bank	657,026	-
Profit receivable on deposit account with bank	4,152	-
Nishat Mills Limited		
163,600 (2018: 856,000) shares held	15,270	120,628
Fatima Fertilizer Company Limited		
2,080,500 (2018: 400,000) shares held	62,103	12,960
D.G. Khan Cement Limited		
Nil (2018: 623,000) shares held	-	71,327
Packages Limited		
350 (2018: Nil) shares held	105	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

	June 30, 2019							
	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019
	Units				(Rupees in '000)			
Group / associated companies								
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	111,065	-	-	111,065	7,780	-	7,552	7,090
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	-	572,847	-	572,847	-	39,138	-	36,562
Adamjee Life Assurance Co.Ltd.(ISF)	-	143,814	143,814	-	-	9,293	10,000	-
Adamjee Life Assurance Company Limited	919,634	-	565,230	354,404	64,420	-	40,000	22,620
Key management personnel *	12,157	18,827	18,918	12,066	852	1,323	1,210	770
Mandate under discretionary portfolio services								
	1,247,262	196,679	1,146,106	297,835	87,370	13,105	76,198	19,009

* This reflects the position of related party / connected person status as at June 30, 2019 / June 30, 2018.

	June 30, 2018							
	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018	As at July 01, 2017	Issued for cash	Redeemed	As at June 30, 2018
	Units				(Rupees in '000)			
Group / associated companies								
D.G Khan Cement Company Limited - Employees' Provident Fund Trust	111,065	-	-	111,065	8,109	-	-	7,780
Adamjee Life Assurance Company Limited - Investment Multiplier Fund	2,070,914	-	2,070,914	-	151,205	-	143,331	-
Nishat Power Limited Employees Provident Fund Trust	2,919	-	2,919	-	213	-	199	-
Adamjee Life Assurance Company Limited	-	919,634	-	919,634	-	64,500	-	64,420
Key management personnel	12,332	38,738	43,977	7,093	900	2,722	6,242	497
Mandate under discretionary portfolio services								
	1,186,526	223,516	162,780	1,247,262	86,632	16,040	11,616	87,370

19 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks
Investments
Dividend, profit and other receivables
Deposits
Receivable against sale of investments

2019		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
763,340	-	763,340
-	2,179,968	2,179,968
21,918	-	21,918
2,700	-	2,700
36,127	-	36,127
824,085	2,179,968	3,004,053

Financial liabilities

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

2019		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
9,875	-	9,875
377	-	377
3,325	-	3,325
13,577	-	13,577

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Financial assets

Balances with banks
Investments
Dividend, profit and other receivables
Deposits

2018		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
1,892,537	-	1,892,537
-	1,819,611	1,819,611
10,681	-	10,681
2,700	-	2,700
<u>1,905,918</u>	<u>1,819,611</u>	<u>3,725,529</u>

Financial liabilities

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

2018		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
14,056	-	14,056
420	-	420
57,694	-	57,694
3,260	-	3,260
<u>75,430</u>	<u>-</u>	<u>75,430</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

20.1 Market risk

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

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

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

(i) Currency risk

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

(ii) Profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks and term deposit musharika. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2019, the Fund is exposed to cash flow profit rate risk on bank deposits. In case of 100 basis points increase / decrease as on June 30, 2019, with all other variables held constant, the net assets of the Fund and the net loss for the year would have been lower / higher by Rs 7.49 million (2018: Rs 18.82 mill ion).

b) Sensitivity analysis of fixed rate instruments

As at 30 June 2019, the Fund held term deposit musharika which are not exposed to profit rate risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

June 30, 2019					
Profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial assets

Balances with banks	6% to 11.75%	748,934	-	-	14,406	763,340
Term deposit musharaka	13.30%	175,000	-	-	-	175,000
Listed equity securities		-	-	-	2,004,968	2,004,968
Dividend, profit and other receivables		-	-	-	21,918	21,918
Deposits		-	-	-	2,700	2,700
Receivable against sale of investments		-	-	-	36,127	36,127
		923,934	-	-	2,080,119	3,004,053

Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	9,875	9,875
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	377	377
Accrued and other liabilities		-	-	-	3,325	3,325
		-	-	-	13,577	13,577

On-balance sheet gap (a)

923,934	-	-	2,066,542	2,990,476
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Off-balance sheet financial instruments

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

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

923,934	-	-
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Cumulative profit rate sensitivity gap

923,934	923,934	923,934
---------	---------	---------

June 30, 2018					
Profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial assets

Balances with banks	5.25% - 6.50%	1,882,153	-	-	10,384	1,892,537
Listed equity securities		-	-	-	1,819,611	1,819,611
Dividend, profit and other receivables		-	-	-	10,681	10,681
Deposits		-	-	-	2,700	2,700
		1,882,153	-	-	1,843,376	3,725,529

Financial liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	14,056	14,056
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	420	420
Payable against purchase of investments		-	-	-	57,694	57,694
Accrued and other liabilities		-	-	-	3,260	3,260
		-	-	-	75,430	75,430

On-balance sheet gap (a)

1,882,153	-	-	1,767,946	3,650,099
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Off-balance sheet financial instruments

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

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

1,882,153	-	-
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Cumulative profit rate sensitivity gap

1,882,153	1,882,153	1,882,153
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

(iii) 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 the SECP from time to time. The Fund's equity investments are concentrated in the sectors given in note 6.1.1.

At June 30, 2019, the fair value of equity securities exposed to price risk is disclosed in note 6.1.1.

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

	June 30, 2019	June 30, 2018
	----- (Rupees '000) -----	
Effect due to increase / decrease in KSE 100 index		
Investments	100,248	90,981
Income statement	100,248	84,114

20.2 Credit risk

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

	2019		2018	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	-----Rupees in '000-----			
Balances with banks	763,340	763,340	1,892,537	1,892,537
Investments in equity securities	2,004,968	-	1,819,611	-
Investments in term deposit musharika	175,000	175,000	-	-
Dividend, profit and other receivables	21,918	21,918	10,681	10,681
Deposits	2,700	2,700	2,700	2,700
Receivable against sale of investments	36,127	36,127	-	-
	<u>3,004,053</u>	<u>999,085</u>	<u>3,725,529</u>	<u>1,905,918</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 2,005 million (2018: Rs. 1,682 million) is not exposed to credit risk.

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

	2019	2018
	----- % -----	
Bank balances by rating category		
AA+	10.63	1.41
AAA	1.95	17.74
AA-	1.19	31.82
A	0.16	0.00
A+	0.00	22.50
A-	86.07	26.53
	<u>100</u>	<u>100</u>

Details of credit rating of investments in term deposit musharika as at June 30, are as follows:

	2019	2018
	----- % -----	
Investments by rating category		
AA+	100.00	0.00

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

20.3 Liquidity risk

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

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

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

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

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

2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

Financial liabilities

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

9,875	-	-	-	-	-	9,875
377	-	-	-	-	-	377
3,325	-	-	-	-	-	3,325
13,577	-	-	-	-	-	13,577

2018						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						

Financial liabilities

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

14,056	-	-	-	-	-	14,056
420	-	-	-	-	-	420
57,694	-	-	-	-	-	57,694
3,260	-	-	-	-	-	3,260
75,430	-	-	-	-	-	75,430

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

June 30, 2019			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets 'at fair value through profit or loss'			
Listed equity securities	2,004,968	-	2,004,968
Term deposit musharika *	-	175,000	175,000
	<u>2,004,968</u>	<u>175,000</u>	<u>2,179,968</u>

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

June 30, 2018			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets 'at fair value through profit or loss'			
Listed equity securities	1,819,611	-	1,819,611
	<u>1,819,611</u>	<u>-</u>	<u>1,819,611</u>

22 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

23 PATTERN OF UNIT HOLDING

Details of pattern of unit holding

June 30, 2019				
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,502	35,813,007	2,285,751	76.88%
Retirement funds	41	8,119,494	518,224	17.43%
Associated companies	3	1,038,316	66,270	2.23%
Others	88	1,611,327	102,842	3.46%
	<u>2,634</u>	<u>46,582,144</u>	<u>2,973,087</u>	<u>100%</u>

June 30, 2018				
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,563	38,181,707	2,674,597	73.61%
Retirement funds	2	110,716	7,756	0.21%
Associated companies	2	1,030,699	72,200	1.99%
Others	94	12,548,106	878,984	24.19%
	<u>2,661</u>	<u>51,871,228</u>	<u>3,633,537</u>	<u>100%</u>

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

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

	June 30, 2019 (Percentage)
Arif Habib Limited	7.92%
JS Global Capital Limited	7.52%
Taurus Securities Limited	7.50%
DJM Securities (Private) Limited	6.40%
Insight Securities Limited	6.40%
Ismail Iqbal Securities (Private) Limited	5.17%
Adam Securities (Private) Limited	4.82%
Khadim Ali Shah Bukhari Securities Limited	4.72%
Next Capital Limited	4.53%
Optimas Capital Management Limited	4.39%

	June 30, 2018 (Percentage)
Arif Habib Limited	13.20%
JS Global Capital Limited	10.20%
DJM Securities (Private) Limited	9.42%
AL Falah Securities (Private) Limited	6.74%
Taurus Securities Limited	6.12%
Foundation Securities Limited	6.08%
IGI Securities Finex Limited	5.56%
Elixir Securities Pakistan (Private) Limited	5.37%
Next Capital Limited	5.14%
BMA Capital Management Limited	4.93%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

25 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 143rd, 144th, 145th, 146th, 147th, 148th, 149th and 150th meeting of the Board of Directors were held on August 17, 2018, September 14, 2018, October 22 2018, October 26, 2018, April 15, 2019, April 19, 2019, June 17, 2019, and June 27, 2019 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of Director	Number of meetings			Meetings not attended
	Held	Attended	Leave granted	
Mr. Mian Mohammad Mansha	8	8	6	143rd, 145th, 146th, 147th, 149th and 150th
Mr. Nasim Beg	8	8	-	-
Dr. Syed Salman Ali Shah*	6	6	-	-
Mr. Haroun Rashid	8	8	3	143rd, 145th and 149th
Mr. Ahmed Jahangir	8	8	-	-
Mr. Samad A. Habib	8	8	2	145th and 150th
Mr. Saqib Saleem	8	8	-	-
Mr. Mirza Qamar Beg	8	8	-	-
Mr. Muhammad Asif Mehdi Rizvi	8	8	-	-

*Resigned on June 10, 2019

26 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22
2	Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	16
3	Mr. Saad Ahmed	Head of Fixed Income	MBA	14
4	Syed Abid Ali	Head of Equities	MBA	11
5	Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	8
6	Mr. Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	6

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

- Alhamra Islamic Pension Fund; and
- MCB Pakistan Frequent Payout Fund.

27 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 13, 2019 by the Board of Directors of the Management Company.

29 GENERAL

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

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



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2019**

No. of Unit Holders	Unit Holdings	Total Units Held
2010	0-10000	3,064,951
524	10001 – 100000	16,502,903
96	100001 – 1000000	21,001,529
4	1000001 onwards	6,012,762
<hr/> 2634 <hr/>		<hr/> 46,582,144 <hr/>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2019

Performance Information	2019	2018	2017	2016	2015
Total Net Assets Value – Rs. in million	2973.087	3,634	1,485	821	804
Net Assets value per unit – Rupees	63.8246	70.0492	73.0135	63.52	60.93
Closing Offer Price	65.9883	72.4239	75.4887	66.14	62.60
Closing Repurchase Price	63.8246	70.0492	73.01	63.52	60.93
Highest offer price per unit	74.6502	77.1006	90.63	81.14	69.84
Lowest offer price per unit	63.6464	69.8535	66.32	57.86	48.53
Highest Redemption price per unit	72.2025	74.5726	87.66	77.92	67.98
Lowest Redemption price per unit	61.5595	67.5631	64.07	55.56	47.24
Distribution per unit – Rs. *	-		8.00	0.50	6.00
Average Annual Return - %					
One year	-8.89	-4.06	27.74	5.09	35.59
Two year	-6.48	11.84	16.42	20.34	27.24
Three year	4.93	9.59	22.81	19.86	27.62
Net Income for the year – Rs. in million	(315.449)	(77.1931)	318.9	10.46	188.63
Distribution made during the year – Rs. in million	-	-	139.36	6.30	70.41
Accumulated Capital Growth – Rs. in million	(315.449)	(77.1931)	179.54	4.17	118.22

*** Date of Distribution**

2017	
Date	Rate
June 21, 2017	8.00

2016	
Date	Rate
June 27, 2016	0.5

2015	
Date	Rate
June 22, 2015	6.00

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, 2019**

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Management Company of the fund) have overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website (www.mcbah.com). Moreover, details of summarized proxies voted are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	15	15	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf on the Funds 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, Email: info@mcbah.com