



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2019

Alhamra Islamic Pension Fund Managed by
MCB-Arif Habib Savings and Investments Limited



TABLE OF CONTENTS

1	Vision, Mission and Core Values	02
2	Fund's Information	03
3	Report of the Directors of the Pension Fund Manager	04
4	Report of the Pension Fund Manager	14
5	Report of the Trustee to the Participants	16
6	Report of the Shariah Advisory Board	17
7	Shariah Compliance Auditor's Report To The Participants	18
8	Auditor' Report to the Participants	20
9	Statement of Assets and Liabilities	22
10	Income Statement	23
11	Statement of Other Comprehensive Income	24
12	Cash Flow Statement	25
13	Statement of Movement in Participant's Fund	26
14	Notes to and Forming Part of the Financial Statements	27

Vision

To become synonymous with Savings

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway Near K.P.T. Interchange, Karachi.	
Board of Directors	Mian Muhammad Mansha Mr. Nasim Beg Mr. Muhammad Saqib Saleem 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	Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited Silk Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited Bank Islami Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited MCB Islamic Bank Limited	
Auditors	Ernst & Young Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited 24th Floor, 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 PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2019

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Pension Fund** accounts review for the year ended June 30, 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 PENSION FUND MANAGER 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

Debt Fund

The debt sub-fund generated an annualized return of 5.33% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk remained unchanged compared to same period last year while exposure in cash stood at 29.3%.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 254.59 million as compared to Rs. 228.73 million as at June 30, 2018 registering an increase of 11.30%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 210.04 as compared to opening NAV of Rs. 199.41 per unit as at June 30, 2018 registering an increase of Rs. 10.63 per unit.

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

Money Market Fund

The money market sub-fund generated an annualized return of 6.63% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks to 0.0%. On the other hand, exposure in cash stood at 77.5%.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 130.00 million as compared to Rs. 89.90 million as at June 30, 2018 registering an increase of 44.60%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 191.77 as compared to opening NAV of Rs. 179.84 per unit as at June 30, 2018 registering an increase of Rs. 11.93 per unit.

Equity Fund

The Equity sub-fund generated a return of -18.97% while the KMI-30 posted a return of -23.84%, an outperformance of 4.87%. The sub-fund decreased exposure to equities from 88.0% to 86.3% during the period.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 428.39 million as compared to Rs. 455.13 million as at June 30, 2018 registering a decrease of 5.87%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 416.13 as compared to opening NAV of Rs. 513.58 per unit as at June 30, 2017 registering a decrease of Rs. 97.45 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.

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

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.

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.

External Auditors

The fund's external auditors, **Ernst & Young Ford Rhodes 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 **Ernst & Young Ford Rhodes 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

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2019ء کو ختم ہونے والے سال کے لیے الحراء اسلامک پینشن 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 درپے 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 چوکٹے 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 سروسزسٹ 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 گراؤٹ کے سبب زرعی ترقی بھی پسماندگی کا شکار ہوئی جس کا اظہار گٹے، 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 کیا جس کا سہرا 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 ماویٰ آمدات زر (10 بلین ڈالر) حاصل کرنے میں کامیابی کے بعد ادائیگی قرض میں کوتاہی بھی ٹل گئی۔ اگرچہ CAD میں کمی کے ساتھ ساتھ رقوم کی دو طرفہ آمد و رفت سے ادائیگی کے توازن کا کچھ سانس بحال ہو 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۔ 2.6 بلین ڈالر کا اسٹاف لیول معاہدہ تین برسوں کی مدت کے لیے عمل میں آما۔

ڈائریکٹرز رپورٹ

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 تر نرخ، 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 یوٹیلٹی 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۔ گل 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 استثناءات 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 گل 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، جزواں 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 ترمیم 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 ترمیم کے بانڈز کی خطیر مانگ پیدا ہو گئی۔ حتیٰ کہ دس سالہ پاکستان انویسٹمنٹ بانڈز کی تجارت مختصر مدت کے سیکوریٹی سپیرز کے مقابلے میں کافی پست سطح پر ہونے کے سبب پیداواری خم اوندھا ہوا گیا۔

دوران سال SBP نے باقاعدہ نیلامیوں کا انعقاد کر کے فلوٹنگ 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 مچور 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 اسلاک 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۔

ایکوٹیز 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 ایکوٹی میں سرمایہ کاری کو کم کر دیا۔ ساتھ ساتھ کمزور معاشی ماحول اور انٹریسٹ کی شرحوں میں اضافے کے نتیجے میں ایکوٹی پر مبنی مقامی فنڈز سے بھی رقم نکالی گئی۔ غیر ملکیوں نے 362 ملین ڈالر کی ایکوٹیز 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 ریٹائرمنٹ، آئل مارکیٹنگ کمپنیاں، آٹوموبیل اور سینٹ کے شعبے سُست روی کا شکار رہے اور ان میں بالترتیب 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 بڑی 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 اول 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 گراؤ کی وضاحت دوران سال خطروں کے حامل اثاثہ جات میں دلچسپی کی کمی کے باعث خطیر ڈی-ریٹنگ سے ہوتی ہے۔

فنڈ کی کارکردگی

Debt فنڈ

زیر جائزہ مدت کے دوران Debt ذیلی فنڈ کا ایک سال پر محیط منافع 5.33 فیصد تھا۔ فنڈ کی حکومت پاکستان کے اجارہ سٹک میں شمولیت میں سال گزشتہ کی اسی مدت کے مقابلے میں کوئی تبدیلی نہیں ہوئی جبکہ نقد میں شمولیت 29.3 فیصد تھی۔ 30 جون 2019ء کو فنڈ کے net اثاثہ جات 254.59 ملین روپے تھے جو 30 جون 2018ء (228.73 ملین روپے) کے مقابلے میں 11.30 فیصد اضافہ ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 210.04 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (199.41 روپے) فی یونٹ کے مقابلے میں 10.63 روپے فی یونٹ اضافہ ہے۔

ڈائریکٹرز رپورٹ

منی مارکیٹ فنڈ

زیر جائزہ مدت کے دوران منی مارکیٹ ذیلی فنڈ کا ایک سال پر محیط منافع 6.63 فیصد تھا۔ فنڈ کی حکومت پاکستان کے اجارہ سسٹم میں شمولیت کو کم کر کے 0.0 فیصد کر دیا گیا۔ دوسری جانب نقد میں شمولیت 77.5 فیصد تھی۔

30 جون 2019ء کو فنڈ کے net اثاثہ جات 130.00 ملین روپے تھے جو 30 جون 2018ء (89.90 ملین روپے) کے مقابلے میں 44.60 فیصد اضافہ ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 191.77 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (179.84 روپے فی یونٹ) کے مقابلے میں 11.93 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی ذیلی فنڈ کا منافع 18.97 فیصد تھا جبکہ KMI-30 نے 23.84 فیصد منافع پوسٹ کیا، جو 4.87 فیصد بہتر کارکردگی ہے۔ فنڈ کی ایکویٹی میں شمولیت کو دوران مدت 88.0 فیصد سے کم کر کے 86.3 فیصد کر دیا گیا۔

30 جون 2019ء کو فنڈ کے net اثاثہ جات 428.39 ملین روپے تھے جو 30 جون 2018ء (455.13 ملین روپے) کے مقابلے میں 5.87 فیصد کمی ہے۔

30 جون 2019ء کو net اثاثہ جاتی قدر (NAV) فی یونٹ 416.13 روپے تھی جو 30 جون 2018ء کی ابتدائی NAV (513.58 روپے فی یونٹ) کے مقابلے میں 97.45 روپے فی یونٹ کمی ہے۔

مستقبل کا منظر

مرکزی بینک کی طرف سے پالیسی میں ترمیمات کے نتیجے میں گلاں معاشیاتی یکجہایت 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 سست 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 نے 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 سیکڑ کر 600 ملین ڈالر رہ گیا تھا۔ ہمارے بہت محتاط 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 ملٹوی 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 یوٹیلٹی کی پوری لاگت وصول کرنے کا ارادہ کر رہی ہے جس کے نتیجے میں یوٹیلٹی 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 امید ہے کہ ایشیائی خورد و نوش اور توانائی کے علاوہ والے شعبوں (NFNE) سے ظاہر ہونے والی بنیادی افراط زر کا اوسط زرمبادلہ 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 آسکتی 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 ڈویلپمنٹ 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 بتدریج 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 جمع 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۔

ڈائریکٹرز رپورٹ

مجموعی حکمت عملی اب بھی دفاعی شعبوں (ایکسپلوریشن اینڈ پروڈکشن، پاور، فرٹیلائزر) 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 کوالٹی کمپنیاں موجود ہیں جن پر توجہ دی جانی چاہیے کیونکہ یہ غیر معمولی منافع جات فراہم کرنے کی استعداد کے حامل ہیں۔

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ ینگ فورڈ رھوڈز 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 ارنسٹ اینڈ ینگ فورڈ رھوڈز 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،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

13 ستمبر 2019ء

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

Fund Type and Category

Alhamra Islamic Pension Fund (ALHIPP) is an open-end shariah complaint voluntary pension scheme.

Investment Objective:

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

Investment Strategy:

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

Manager's Review

Equity Sub- Fund

The Equity sub-fund generated a return of -18.97% while the KMI-30 posted a return of -23.84%, an outperformance of 4.87%. The sub-fund decreased exposure to equities from 88.0% to 86.3% during the period.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 428.39 million as compared to Rs. 455.13 million as at June 30, 2018 registering a decrease of 5.87%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 416.13 as compared to opening NAV of Rs. 513.58 per unit as at June 30, 2017 registering a decrease of Rs. 97.45 per unit.

Money Market Sub-Fund

The money market sub-fund generated an annualized return of 6.63% during the period under review. The sub-fund decreased its exposure in GoP Ijarah Sukuks to 0.0%. On the other hand, exposure in cash stood at 77.5%.

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 130.00 million as compared to Rs. 89.90 million as at June 30, 2018 registering an increase of 44.60%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 191.77 as compared to opening NAV of Rs. 179.84 per unit as at June 30, 2018 registering an increase of Rs. 11.93 per unit.

Debt Sub-fund

The debt sub-fund generated an annualized return of 5.33% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk remained unchanged compared to same period last year while exposure in cash stood at 29.3%.

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

The Net Assets of the Fund as at June 30, 2019 stood at Rs. 254.59 million as compared to Rs. 228.73 million as at June 30, 2018 registering an increase of 11.30%.

The Net Asset Value (NAV) per unit as at June 30, 2019 was Rs. 210.04 as compared to opening NAV of Rs. 199.41 per unit as at June 30, 2018 registering an increase of Rs. 10.63 per unit.

Asset Allocation (MM sub-fund) as on June 30, 2019 (% of Total Assets)

Particulars	Jun-19
Others including receivables	1.2%
Cash	77.5%
Commercial Paper	3.0%
Shariah Compliant Bank Deposits	18.3%

Asset Allocation (Debt sub-fund) as on June 30, 2019 (% of Total Assets)

Particulars	Jun-19
Others including receivables	2.2%
Cash	29.3%
Sukuk	16.7%
Commercial Paper	6.9%
Shariah Compliant Bank Deposits	18.7%
GoP Ijara Sukuk	26.2%

Asset Allocation (Equity sub-fund) as on June 30, 2019 (% of Total Assets)

Particulars	Jun-19
Other equity sectors	25.5%
Oil & Gas Exploration Companies	23.0%
Power Generation & Distribution	10.3%
Fertilizer	15.3%
Cash	11.5%
Others including receivables	2.2%
Oil And Gas Marketing Companies	6.2%
Chemicals	6.0%

Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT TO THE PARTICIPANTS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahr-e-Faisal
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TRUSTEE REPORT TO THE PARTICIPANTS

ALHAMRA ISLAMIC PENSION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

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 Alhamra Islamic Pension Fund (the Fund), are issuing this report in accordance with the offering document of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

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

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

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

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

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

In the light of the above scope, we hereby certify that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the period ended 30th June 2019 are in compliance with the Shariah principles.

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

During the year an amount of Rupees 339,633.81 was transferred to the charity account. The total amount of charity payable as at June 30, 2019 amounts to Rs. 339,633.81.

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.



Karachi

Dr Muhammad Zubair Usmani

Dated: September 18, 2019

For and on behalf of Shariah Advisory Board

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PARTICIPANTS



EY Ford Rhodes
Chartered Accountants
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Independent Reasonable Assurance Report to the Participants in respect of Sharia Compliance

1. Introduction

We were engaged by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Pension Fund Manager) to report on the Sharia compliance of **Alhamra Islamic Pension Fund** (the Fund), as set out in the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments for the year ended 30 June 2019, in the form of an independent reasonable assurance conclusion. Our engagement was carried out as required under clause 3.4.8 of the Trust Deed of the Fund.

2. Applicable Criteria

The criteria against which the Sharia Compliance of the Fund is assessed is the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments.

3. Responsibilities of the Pension Fund Manager

It is the responsibility of the Pension Fund Manager of the Fund to ensure sharia compliance with Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments. This responsibility includes designing, implementing and maintaining appropriate internal controls to ensure that operations of the Fund and its investments and placements have been made in compliance with respect to Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Chartered Accountants* issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This engagement was conducted by a multidisciplinary team including assurance practitioners and internal Shari'ah expert.

5. Our Responsibility and Summary of Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement to express a conclusion on Sharia Compliance of the Fund, based on our work performed and the evidences obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. ISAE 3000 (Revised) requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Fund is Sharia Compliant in accordance with its Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments, in all material respects.

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PARTICIPANTS



-: 2 :-

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Pension Fund Manager's material non-compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Pension Fund Manager's compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Pension Fund Manager's internal control over the Fund's compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments, and consequently cannot provide absolute assurance that the objective of compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

Amongst others, our scope included procedures to:

- Check compliance of Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments.
- Check that the Sharia Advisor has certified that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the year ended 30 June 2019 are in compliance with the Sharia principles.

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the internal Shari'ah expert.

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

6. Conclusion

In our opinion, the Fund was, in all material respects, in compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments during the year ended 30 June 2019.

7. Other Matter

The Independent Reasonable Assurance Report to the Participants in respect of Sharia Compliance for the year ended 30 June 2018, was issued by another auditor who expressed an unmodified opinion on 18 October 2018.

Date: 22 October 2019
Karachi

Signature
Chartered Accountants

Shaikh Ahmed Salman
Assurance Engagement Partner

AUDITOR'S REPORT TO THE PARTICIPANTS



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AUDITORS' REPORT TO THE PARTICIPANTS OF ALHAMRA ISLAMIC PENSION FUND

We have audited the annexed financial statements comprising:

- i) statement of assets and liabilities;
- ii) income statement;
- iii) statement of comprehensive income;
- iv) statement of cash flows; and
- v) statement of movement in participants' sub-funds.

of **Alhamra Islamic Pension Fund** (the Fund) as at **30 June 2019** and for the year ended **30 June 2019** together with the notes forming part thereof for the year then ended.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal control and prepare and present the financial statements of the Fund in conformity with the accounting and reporting standards as applicable in Pakistan and the requirements of Voluntary Pension System Rules, 2005. Our responsibility is to express an opinion on these statements based on our audit.

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

Opinion

In our opinion:

- a) the financial statements prepared for the year have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at 30 June 2019 and of the transactions of the fund for the year ended 30 June 2019;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund or the financial statements prepared are in agreement with the Fund's books and records, that fact;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

AUDITOR'S REPORT TO THE PARTICIPANTS



-: 2 :-

Other matter

The financial statements of the Fund for the year ended 30 June 2018, were audited by another auditor who expressed an unmodified opinion on those financial statements on 14 September 2018.

Chartered Accountants

Audit Engagement Partner: Shaikh Ahmed Salman

Date: 24 September 2019

Karachi

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2019

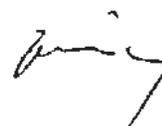
	June 30, 2019				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	----- (Rupees) -----							
Assets								
Balances with banks	5 49,759,900	75,382,158	101,667,713	226,809,771	52,084,953	142,025,719	88,198,559	282,309,231
Investments	6 374,404,912	175,865,584	27,923,314	578,193,810	405,149,042	87,073,316	2,008,600	494,230,958
Dividend receivable	2,210,774	-	-	2,210,774	246,100	-	-	246,100
Profit receivable	7 297,628	5,338,271	1,277,393	6,913,292	207,317	1,462,895	499,220	2,169,432
Receivable against sale of investments	4,227,212	-	-	4,227,212	-	-	-	-
Advances, deposits and other receivables	8 2,817,302	330,869	266,717	3,414,888	2,815,688	226,664	121,754	3,164,106
Total assets	433,717,728	256,916,882	131,135,137	821,769,747	460,503,100	230,788,594	90,828,133	782,119,827
Liabilities								
Payable to the Pension Fund Manager	9 604,065	349,865	169,589	1,123,519	641,766	307,721	119,463	1,068,950
Payable to the Trustee	10 60,411	35,032	16,957	112,400	64,128	30,787	11,912	106,827
Annual fee payable to the Securities and Exchange Commission of Pakistan	11 152,524	80,248	32,499	265,271	142,152	70,800	26,050	239,002
Accrued expenses and other liabilities	12 4,507,332	1,862,954	912,347	7,282,633	4,520,491	1,650,440	765,807	6,936,738
Total liabilities	5,324,332	2,328,099	1,131,392	8,783,823	5,368,537	2,059,748	923,232	8,351,517
Net assets	428,393,396	254,588,783	130,003,745	812,985,924	455,134,563	228,728,846	89,904,901	773,768,310
Participants' sub funds (as per statement attached)	<u>428,393,396</u>	<u>254,588,783</u>	<u>130,003,745</u>	<u>812,985,924</u>	<u>455,134,563</u>	<u>228,728,846</u>	<u>89,904,901</u>	<u>773,768,310</u>
	----- (Number of units) -----			----- (Number of units) -----				
Number of units in issue	<u>1,029,464</u>	<u>1,212,101</u>	<u>677,931</u>	<u>2,919,496</u>	<u>886,195</u>	<u>1,147,018</u>	<u>499,903</u>	<u>2,533,116</u>
	----- (Rupees) -----			----- (Rupees) -----				
Net assets value per unit	<u>416.13</u>	<u>210.04</u>	<u>191.77</u>	<u>274.84</u>	<u>513.58</u>	<u>199.41</u>	<u>179.84</u>	<u>274.84</u>
Contingencies and commitments	15							

The annexed notes from 1 to 26 form an integral part of these financial statements.

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



Chief Executive Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

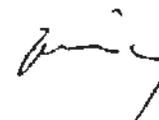
		June 30, 2019				June 30, 2018			
		Equity	Debt	Money	Total	Equity	Debt	Money	Total
		Sub-Fund	Sub-Fund	Market Sub-Fund		Sub-Fund	Sub-Fund	Market Sub-Fund	
		(Rupees)							
Income									
		(15,970,397)	17,418	(1,452)	(15,954,431)	(20,233,013)	(379,291)	(54,801)	(20,667,105)
		21,403,523	-	-	21,403,523	18,092,210	-	-	18,092,210
		-	4,981,843	1,157,152	6,138,995	-	2,894,455	401,152	3,295,607
		-	3,244,752	-	3,244,752	-	1,750,862	-	1,750,862
		3,377,014	10,806,620	7,195,112	21,378,746	1,812,288	6,752,704	3,857,705	12,422,697
		-	1,515,274	320,822	1,836,096	-	-	-	-
		(95,924,082)	(2,593,198)	-	(98,517,280)	(21,146,959)	(348,332)	8,599	(21,486,692)
		(87,113,942)	17,972,709	8,671,634	(60,469,599)	(21,475,474)	10,670,398	4,212,655	(6,592,421)
Expenses									
	9.1	6,999,220	3,679,866	1,488,412	12,167,498	6,408,609	3,189,017	1,174,880	10,772,506
	9.2	909,899	478,383	193,496	1,581,778	832,437	414,572	152,589	1,399,598
	10.1	699,963	368,008	148,833	1,216,804	640,365	318,917	117,382	1,076,664
	10.2	91,001	47,853	19,390	158,244	83,259	41,460	15,233	139,952
	11	152,524	80,248	32,499	265,271	142,192	70,825	26,075	239,092
	16	294,105	150,710	59,331	504,146	303,229	151,450	55,613	510,292
		419,116	6,780	7,910	433,806	415,692	6,780	-	422,472
		770,773	4,849	1,453	777,075	1,068,636	6,498	1,598	1,076,732
		-	-	-	-	4,214,186	-	-	4,214,186
	12.2	-	266,592	166,747	433,339	-	138,165	59,592	197,757
		38,458	60,819	43,077	142,354	28,967	35,038	21,215	85,220
		339,634	-	-	339,634	265,532	-	-	265,532
		-	-	-	-	3,003	-	-	3,003
		10,714,693	5,144,108	2,161,148	18,019,949	14,406,107	4,372,722	1,624,177	20,403,006
		(97,828,635)	12,828,601	6,510,486	(78,489,548)	(35,881,581)	6,297,676	2,588,478	(26,995,427)
		(2,504,654)	234,403	1,660,114	(610,137)	49,139,952	9,591,512	6,414,370	65,145,834
		(100,333,289)	13,063,004	8,170,600	(79,099,685)	13,258,371	15,889,188	9,002,848	38,150,407
	18	-	-	-	-	-	-	-	-
		(100,333,289)	13,063,004	8,170,600	(79,099,685)	13,258,371	15,889,188	9,002,848	38,150,407

The annexed notes from 1 to 26 form an integral part of these financial statements.

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



Chief Executive Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

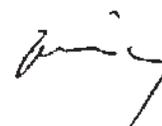
	June 30, 2019				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees) -----							
Net (loss) / income for the year after taxation	(100,333,289)	13,063,004	8,170,600	(79,099,685)	13,258,371	15,889,188	9,002,848	38,150,407
Other comprehensive (loss) / income for the year								
<i>Items to be reclassified to profit or loss in subsequent year</i>								
Unrealised diminution on revaluation of investments classified as available for sale - net	-	-	-	-	(22,517,855)	-	-	(22,517,855)
Total comprehensive (loss) / income for the year	<u>(100,333,289)</u>	<u>13,063,004</u>	<u>8,170,600</u>	<u>(79,099,685)</u>	<u>(9,259,484)</u>	<u>15,889,188</u>	<u>9,002,848</u>	<u>15,632,552</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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



Chief Executive Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

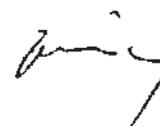
	June 30, 2019				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees)							
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) / income before taxation	(100,333,289)	13,063,004	8,170,600	(79,099,685)	13,258,371	15,889,188	9,002,848	38,150,407
Adjustments for non cash items:								
Net capital gain / (loss) on sale of investments classified as:	15,970,397	(17,418)	1,452	15,954,431	20,233,013	379,291	54,801	20,667,105
Impairment loss on 'available for sale investments'	-	-	-	-	4,214,186	-	-	4,214,186
- 'at fair value through profit or loss	-	-	-	-	-	-	-	-
Net unrealised (loss) / gain on revaluation of investments classified as	95,924,082	2,593,198	-	98,517,280	21,146,959	348,332	(8,599)	21,486,692
- 'at fair value through profit or loss	-	-	-	-	-	-	-	-
Element of income and capital gains included in the prices of units sold less those in units redeemed - net	2,504,654	(234,403)	(1,660,114)	610,137	(49,139,952)	(9,591,512)	(6,414,370)	(65,145,834)
	114,399,133	2,341,377	(1,658,662)	115,081,848	(3,545,794)	(8,863,889)	(6,368,168)	(18,777,851)
(Increase) / decrease in assets								
Investments	(81,150,349)	(25,712,622)	2,007,148	(104,855,823)	(55,636,192)	97,233,678	33,184,998	74,782,484
Dividend receivable	(1,964,674)	-	-	(1,964,674)	1,802,594	-	-	1,802,594
Receivable against sale of investments	(4,227,212)	-	-	(4,227,212)	-	-	-	-
Profit receivable	(90,311)	(3,875,376)	(778,173)	(4,743,860)	(50,860)	(301,202)	(86,772)	(438,834)
Advances, deposits and other receivables	(1,614)	(104,205)	(144,963)	(250,782)	(6,006)	(642)	(380)	(7,028)
	(87,434,160)	(29,692,203)	1,084,012	(116,042,351)	(53,890,464)	96,931,834	33,097,846	76,139,216
Increase / (decrease) in liabilities								
Payable to the Pension Fund Manager	(37,701)	42,144	50,126	54,569	1,812	30,232	18,923	50,967
Payable to the Trustee	(3,717)	4,245	5,045	5,573	102	3,047	1,870	5,019
Annual fee payable to the Securities and Exchange Commission of Pakistan	10,372	9,448	6,449	26,269	14,811	12,519	2,501	29,831
Accrued expenses and other liabilities	(13,159)	212,514	146,540	345,895	(131,158)	148,750	76,864	94,456
	(44,205)	268,351	208,160	432,306	(114,433)	194,548	100,158	180,273
Net cash (used in) / generated from operating activities	(73,412,521)	(14,019,471)	7,804,110	(79,627,882)	(44,292,320)	104,151,681	35,832,684	95,692,045
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipt from issuance of units	136,006,208	98,452,363	66,960,601	301,419,172	105,824,867	65,211,304	29,377,615	200,413,786
Payments on redemption of units	(64,918,740)	(85,421,027)	(33,372,243)	(183,712,010)	(45,558,851)	(45,736,942)	(14,730,304)	(106,026,097)
Net cash generated from financing activities	71,087,468	13,031,336	33,588,358	117,707,162	60,266,016	19,474,362	14,647,311	94,387,689
Net (decrease) / increase in cash and cash equivalents	(2,325,053)	(988,135)	41,392,468	38,079,280	15,973,696	123,626,043	50,479,995	190,079,734
Cash and cash equivalents at beginning of the year	52,084,953	142,025,719	88,198,559	282,309,231	36,111,257	18,399,676	37,718,564	92,229,497
Cash and cash equivalents at end of the year	49,759,900	141,037,584	129,591,027	320,388,511	52,084,953	142,025,719	88,198,559	282,309,231

The annexed notes from 1 to 26 form an integral part of these financial statements.

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



Chief Executive Officer



Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB-FUNDS FOR THE YEAR ENDED JUNE 30, 2019

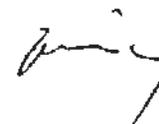
	June 30, 2019				June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees) -----							
Net assets at the beginning of the year	455,134,563	228,728,846	89,904,901	773,768,310	453,267,983	202,956,808	72,669,112	728,893,903
Amount received on issue of units	136,006,208	98,452,363	66,960,601	301,419,172	105,824,867	65,211,304	29,377,615	200,413,786
Amount paid on redemption of units	(64,918,740)	(85,421,027)	(33,372,243)	(183,712,010)	(45,558,851)	(45,736,942)	(14,730,304)	(106,026,097)
	71,087,468	13,031,336	33,588,358	117,707,162	60,266,016	19,474,362	14,647,311	94,387,689
Element of income and capital gains included in prices of units issued less those in units redeemed - net	2,504,654	(234,403)	(1,660,114)	610,137	(49,139,952)	(9,591,512)	(6,414,370)	(65,145,834)
Unrealised diminution during the year in the market value of investments classified as available for sale - net	-	-	-	-	(22,517,855)	-	-	(22,517,855)
Net (loss) / income for the year	(100,333,289)	13,063,004	8,170,600	(79,099,685)	13,258,371	15,889,188	9,002,848	38,150,407
Net assets at the end of the year	<u>428,393,396</u>	<u>254,588,783</u>	<u>130,003,745</u>	<u>812,985,924</u>	<u>455,134,563</u>	<u>228,728,846</u>	<u>89,904,901</u>	<u>773,768,310</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

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



Chief Executive Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Alhamra Islamic Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2 The Fund is an open-end pension fund consisting of three sub-funds namely; Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3 MCB-Arif Habib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at 24th Floor, Centre Point, Off. Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi, Pakistan.
- 1.4 Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated April 08, 2019.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. 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 (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- the requirements of the Trust Deed, voluntary pension system Rules, 2005 (VPS Rules) and the directives issued by the SECP.

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

3 BASIS OF PREPARATION

3.1 Accounting convention

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

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

3.2 Critical accounting estimates and judgments

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

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4.4.1 and 4.8 respectively.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 IFRS 9 Financial Instruments

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 prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVTPL) - Held for Trading, Available For Sale (AFS), held-to-maturity and Loans and receivables) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the Fund's business model was made as at the date of initial application i.e. July 01, 2018.

As a result of the above assessment, the management has concluded as follows:

- All equity and debt investments previously classified at Fair Value Through Profit or Loss - Held For Trading will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Fund.

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

- All equity investments previously classified at Available for Sale will be re-classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the Fund.

- Investment in Commercial Paper and Term Deposit Receipts will be classified at fair value through profit and loss as such investments are managed in accordance with the objectives of the Fund.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. balances with banks and other financial assets, and concluded that impact is not material to the financial statements.

The table below shows information relating to financial assets that have been reclassified as a result of transition to IFRS 9:

	As at June 30, 2018	Change (Rupees)	As at July 01, 2018
	-----	-----	-----
Impact on Statement of Assets and Liabilities			
Investments - 'Available for sale'	102,717,490	(102,717,490)	-
Investments - 'At fair value through profit or loss'	302,431,552	102,717,490	405,149,042

4.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendment)

IFRS 9 Financial Instrument

IFRS 15 Revenue from Contracts with Customer

IAS 40 Investment Property: Transfers of Investment Property (Amendment)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9. The impact of adoption of IFRS 9 is given in note 4.1.

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business (Amendments)	January 01, 2020
IFRS 3 Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)	January 01, 2019
IFRS 9 Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 Leases	January 01, 2019
IAS 1/ IAS 8 Definition of Material (Amendments)	January 01, 2020
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application. However, the Fund is currently evaluating the requirements of IFRS-16 and potential impact on the financial statements of the Fund.

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

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

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

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

4.4 Financial assets

In the current period the fund has adopted IFRS 9 Financial instruments. See note 4.1 for an explanation of the impact. Comparative figures for the year ended June 30, 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

4.4.1 Policy from July 01, 2018

Policy under IFRS 9

Classification

Debt instruments

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

- the objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

An equity instrument held for trading purposes is classified as measured at FVTPL.

Initial Measurement

Investments are initially measured at their fair value except in the case of financial assets recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

Subsequent Measurement

Debt instruments at FVTPL

After initial measurement, such debt instruments are subsequently measured at FVTPL.

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

Equity instruments at FVOCI (Policy applicable from July 01, 2018)

Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Fund's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Financial assets (equity and debt instruments) at fair value through profit or loss

Financial assets (both equity and debt) at FVTPL are recorded in the statement of financial position at fair value.

Changes in fair value are recorded in profit and loss. Interest earned on debt instruments designated at FVTPL is accrued in interest income, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Impairment

Financial assets not carried 'at fair value through profit or loss' are reviewed at each balance sheet date to determine whether there is any indication of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss events had an impact on the future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in Income Statement. Any subsequent decrease in impairment loss on debt securities classified as available-for-sale is recognised in Income Statement.

The Board of Directors of the Management Company has formulated a comprehensive policy for making provision against non-performing investments in compliance with Circular 13 of 2009 and Circular 33 of 2012 issued by SECP.

4.4.2 Policy till 30 June 2018

Before 1 July 2018, the Fund classified its investments as follows:

Classification

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

a) Financial assets at fair value through profit or loss

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

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

b) Loans and receivables

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

c) Available-for-sale

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

Regular way contracts

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

Initial recognition and measurement

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

Subsequent measurement

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

a) Government Ijarah Sukuks

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

b) Equity Securities

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

c) Debt Securities

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

d) Loans and receivables

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

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

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

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

Impairment

The carrying amounts of the Fund's assets are assessed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the income statement. In case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified from other comprehensive income and recognised in the income statement. Impairment losses recognised on equity financial assets recognised in the income statement are not reversed through the income statement.

For loans and receivables, a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Derecognition

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

Offsetting of financial assets and liabilities

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

Reclassification

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

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

4.5 Financial liabilities

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

4.6 Issue, allocation, reallocation and redemption of units

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

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

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

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

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

4.8 Provisions

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

4.9 Net asset value per unit

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

4.10 Earnings per unit

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

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

4.11 Taxation

The income of Alhamra Islamic Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

4.12 Revenue recognition

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

4.13 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

4.14 Basis of allocation of expenses to each sub-fund

- Remuneration to the Pension Fund Manager, Trustee and annual fee to the SECP is allocated to each sub-fund on the basis of the net assets of the sub-fund.
- Expenses specifically incurred by a sub-fund, such as custody and settlement charges, fees and subscription and bank charges are charged to that sub-fund.
- Auditors' remuneration and legal and professional charges are allocated on the basis of the proportionate net assets of each sub-fund.

		June 30, 2019			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	Total
Note		(Rupees)			
5. BALANCES WITH BANKS					
		194,988	-	-	194,988
	5.1	49,564,912	75,382,158	101,667,713	226,614,783
		49,759,900	75,382,158	101,667,713	226,809,771

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

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

5.1 These carry interest at the rates of ranging from 10% to 13.50% (2018: 5.00% to 6.50%) per annum. These include a balance of Rs.10,544 (2018: Nil) in Equity Sub-Fund and Rs.10,564 (2018: Nil) in Debt Sub-Fund, held with MCB Islamic Bank Limited, a related party.

		June 30, 2019			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	Total
		----- (Rupees) -----			
6. INVESTMENTS					
At fair value through profit or loss					
	6.1	374,404,912	-	-	374,404,912
	6.2	-	67,270,000	-	67,270,000
	6.3	-	42,940,158	-	42,940,158
	6.4	-	17,655,426	3,923,314	21,578,740
	6.5	-	48,000,000	24,000,000	72,000,000
		<u>374,404,912</u>	<u>175,865,584</u>	<u>27,923,314</u>	<u>578,193,810</u>

		June 30, 2018			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	Total
		----- (Rupees) -----			
At fair value through profit or loss - held-for-trading					
		302,431,552	-	-	302,431,552
		-	60,729,900	2,008,600	62,738,500
		-	26,343,416	-	26,343,416
		302,431,552	87,073,316	2,008,600	391,513,468
Available for sale					
		102,717,490	-	-	102,717,490
		<u>405,149,042</u>	<u>87,073,316</u>	<u>2,008,600</u>	<u>494,230,958</u>

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

6.1 Listed equity securities - at fair value through profit or loss

Equity Sub-Fund

Name of the Investee Company	(Number of shares)					As at June 30, 2019			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company	
	As at July 01, 2018	Re-classified under IFRS 9 (see note 4.1)	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
						(Rupees)			(%)		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Automobile assembler											
HinoPak Motors Limited	-	3,540	-	-	3,350	190	153,465	61,180	(92,285)	0.01%	0.00%
Millat tractors Limited	7,000	-	-	-	7,000	-	-	-	-	0.00%	0.00%
							153,465	61,180	(92,285)	0.01%	0.00%
Automobile parts and accessories											
The General Tyre and Rubber Company of Pakistan Limited											
Atlas Battery Limited	27,000	-	-	-	27,000	-	-	-	-	0.00%	0.00%
Agriauto Industries Limited (Par value of Rs.5)	-	10,400	-	4,160	-	14,560	4,264,000	1,398,488	(2,865,512)	0.33%	0.06%
							5,575,500	3,779,244	(1,796,256)	0.88%	0.13%
							9,839,500	5,177,732	(4,661,768)	1.21%	0.19%
Cement											
Cherat Cement Company Limited	35,000	-	-	-	35,000	-	-	-	-	0.00%	0.00%
Kohat Cement Company Limited	70,000	-	-	21,000	-	91,000	8,614,900	4,780,230	(3,834,670)	1.12%	0.05%
Fauji Cement Company Limited	189,500	-	-	-	189,500	-	-	-	-	0.00%	0.00%
Pioneer Cement Limited	44,000	-	-	-	44,000	-	-	-	-	0.00%	0.00%
Lucky Cement Limited	18,800	7,700	23,750	-	22,500	27,750	14,051,236	10,558,043	(3,493,193)	2.46%	0.01%
Maple Leaf Cement Factory Limited	125,000	-	375,000	-	350,000	150,000	4,693,988	3,583,500	(1,110,488)	0.84%	0.03%
							27,360,124	18,921,773	(8,438,351)	4.42%	0.09%
Commercial banks											
Meezan Bank Limited	30,750	7,420	125,000	20,515	-	183,685	14,495,502	16,009,985	1,514,483	3.74%	0.01%
Engineering											
Crescent Steel & Allied Products Limited											
International Industries Limited	300	-	-	-	300	-	-	-	-	0.00%	0.00%
							11,242,836	3,730,188	(7,512,648)	0.87%	0.04%
							11,242,836	3,730,188	(7,512,648)	0.87%	0.04%
Fertilizer											
Engro Fertilizers Limited	195,000	-	302,500	-	-	497,500	37,964,232	31,825,075	(6,139,157)	7.43%	0.04%
Engro Corporation Limited	113,900	-	36,000	11,790	32,000	129,690	37,350,174	34,445,664	(2,904,510)	8.04%	0.02%
Dawood Hercules Corporation limited	53,800	-	-	-	53,800	-	-	-	-	0.00%	0.00%
							75,314,406	66,270,739	(9,043,667)	15.47%	0.06%
Glass and ceramics											
Shabbir Tiles & Ceramics Limited											
Tariq Glass Industries Limited	-	-	200,000	-	-	200,000	4,690,020	2,058,000	(2,632,020)	0.48%	0.08%
							11,455,038	9,157,285	(2,297,753)	2.14%	0.16%
							16,145,058	11,215,285	(4,929,773)	2.62%	0.24%
Oil and gas exploration companies											
Mari Petroleum Company Limited											
Oil and Gas Development Company Limited	400	9,480	-	988	10,850	18	24,647	18,136	(6,511)	0.00%	0.00%
Pakistan Oilfields Limited	157,400	87,500	163,100	-	117,000	291,000	43,680,569	38,263,590	(5,416,979)	8.93%	0.01%
Pakistan Petroleum Limited	24,450	16,000	31,610	-	7,500	64,560	34,123,333	26,204,258	(7,919,075)	6.12%	0.02%
							44,917,615	35,065,871	(9,851,744)	8.19%	0.01%
							122,746,164	99,551,855	(23,194,309)	23.24%	0.04%
Oil and gas marketing companies											
Sui Northern Gas Pipeline Limited											
Pakistan State Oil Company Limited	163,500	-	296,000	-	194,000	265,500	24,163,326	18,449,595	(5,713,731)	4.31%	0.04%
Attock Petroleum Limited	-	-	67,800	-	24,600	43,200	12,067,215	7,328,016	(4,739,199)	1.71%	0.01%
							1,588,000	1,154,040	(433,960)	0.27%	0.00%
							37,818,541	26,931,651	(10,886,890)	6.29%	0.05%
Paper and board											
Century Paper & Board Mills Limited											
Cherat Packaging Limited	111,500	-	-	-	-	111,500	7,080,250	3,473,225	(3,607,025)	0.81%	0.08%
Packages Limited	33	-	5,500	829	1	6,361	837,098	512,951	(324,147)	0.12%	0.02%
							24,222	14,764	(9,458)	0.00%	0.00%
							7,941,570	4,000,940	(3,940,630)	0.93%	0.10%
Pharmaceuticals											
AGP Limited											
IBL HealthCare Limited	40,661	-	28,000	-	-	68,661	6,408,089	4,705,338	(1,702,751)	1.10%	0.02%
Glaxo SmithKline Consumer Healthcare Pakistan Limited	4,756	751	-	-	-	5,507	441,859	184,485	(257,375)	0.04%	0.01%
The Searle Company Limited	-	3,750	-	-	3,750	-	-	-	-	0.00%	0.00%
							4,991,814	2,460,207	(2,531,607)	0.57%	0.01%
							11,841,762	7,350,030	(4,491,733)	1.71%	0.04%
Power generation and distribution											
The Hub Power Company Limited											
							50,207,870	44,887,815	(5,320,055)	10.48%	0.05%
Textile composite											
Kohinoor Textile Mills Limited											
							5,799,795	2,642,024	(3,157,772)	0.62%	0.04%
Miscellaneous											
Shifa International Hospitals Limited											
							13,770	11,210	(2,560)	0.00%	0.00%
Food and personal care products											
Al Shaheer Corporation Limited											
National Foods Limited	340,000	-	-	-	333,000	7,000	190,750	88,200	(102,550)	0.02%	0.00%
Nestle Pakistan Limited	-	-	34,000	6,800	-	40,800	9,690,000	7,513,728	(2,176,272)	1.75%	0.03%
							2,760,000	1,600,049	(1,159,951)	0.37%	0.00%
							12,640,750	9,201,977	(3,438,773)	2.14%	0.03%

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

Name of the Investee Company	----- (Number of shares) -----					As at June 30, 2019			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company	
	As at July 01, 2018	Re-classified under IFRS 9 (see note 4.1)	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
							----- (Rupees) -----			----- (%) -----	
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise											
Chemical											
Engro Polymer & Chemicals Limited	410,500	-	676,328	-	480,000	606,828	19,259,628	16,360,083	(2,899,545)	3.82%	0.07%
Lotte Chemical Pakistan Limited	-	-	290,000	-	-	290,000	4,641,479	4,422,500	(218,979)	1.03%	0.02%
Archroma Pakistan Limited	-	9,500	-	-	-	9,500	4,797,500	4,513,925	(283,575)	1.05%	0.03%
I.C.I Pakistan Limited	-	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%
Ghani Gasses Limited	115,000	-	5,750	-	-	120,750	1,853,800	922,530	(931,270)	0.22%	0.08%
							<u>30,552,407</u>	<u>26,219,038</u>	<u>(4,333,369)</u>	<u>6.12%</u>	<u>0.20%</u>
Cable and electric good											
Pak Elektron Limited	-	-	721,500	-	421,500	300,000	6,927,200	6,006,000	(921,200)	1.40%	0.06%
Sugar and allied industries											
Faran Sugar Mills Limited	33,500	-	-	-	-	33,500	2,783,850	1,360,100	(1,423,750)	0.32%	0.13%
Technology and communications											
Avanceon Limited	13,500	117,500	-	720	129,200	2,520	119,229	123,581	4,352	0.03%	0.00%
Systems Limited	165,000	-	-	16,500	-	181,500	16,701,300	17,418,555	717,255	4.07%	0.15%
Pakistan Telecommunication Company	-	-	239,000	-	-	239,000	2,425,850	1,976,530	(449,320)	0.46%	0.01%
							<u>19,246,379</u>	<u>19,518,666</u>	<u>272,287</u>	<u>4.56%</u>	<u>0.16%</u>
Leather & Tanneries											
Bata (Pakistan) Limited	-	-	2,820	-	-	2,820	4,809,453	3,892,474	(916,979)	0.91%	0.04%
Textile Spinning											
Tata Textile Mills Limited	-	-	54,500	-	-	54,500	2,448,590	1,444,250	(1,004,340)	0.34%	0.31%
Total as at June 30, 2019							<u>470,328,992</u>	<u>374,404,912</u>	<u>(95,924,082)</u>		
Total as at June 30, 2018							<u>323,578,511</u>	<u>302,431,552</u>	<u>(21,146,959)</u>		

6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Sub-Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	---- (Number of shares) ----		----- (Rupees) -----	
Pakistan Petroleum Limited	25,000	25,000	3,610,750	5,372,500
The Hub Power Company Limited	65,484	65,484	5,156,874	6,035,005
	<u>90,484</u>	<u>90,484</u>	<u>8,767,624</u>	<u>11,407,505</u>

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

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

In this regard, a constitutional petition had been filed by Voluntary Pension Schemes (VPSs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by VPSs. The petition was based on the fact that because VPSs are exempt from deduction of income tax under 57(3) (Viii) of 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 VPSs. A stay order had been granted by the Honorable High Court of Sindh in favor of VPSs.

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 VPSs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The VPSs 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 VPSs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honorable 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 favor of the VPSs.

Further, the Finance Act, 2018 effective from July 01, 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 Equity Sub - Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 177,536.

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

6.2 GoP Ijarah Sukuk Bonds - at fair value through profit or loss

Debt Sub-Fund

Name of security	Issue date	Maturity date	Face value			Balance as at June 30, 2019			Market value as a % of net asset of the sub fund
			As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019 (Rupees)	Carrying value	Market value	
GoP Ijarah Sukuk XVIII - 3 years	18-Dec-15	18-Dec-18	60,500,000	73,000,000	133,500,000	-	-	-	0.00%
GoP Ijarah Sukuk XVIII - 3 years	15-Feb-16	15-Feb-19	-	85,000,000	85,000,000	-	-	-	0.00%
GoP Ijarah Sukuk XXX - 3 years	30-Jun-17	30-Jun-20	-	70,000,000	-	70,000,000	69,622,615	67,270,000	26.42%
Total as at June 30, 2019							69,622,615	67,270,000	26.42%
Total as at June 30, 2018							60,882,564	60,729,900	(152,663)

Money Market Sub-Fund

Name of security	Issue date	Maturity date	Face value			Balance as at June 30, 2019			Market value as a % of net asset of the sub fund
			As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019 (Rupees)	Carrying value	Market value	
GoP Ijarah Sukuk XVII - 3 years	15-Feb-16	15-Feb-19	2,000,000	-	2,000,000	-	-	-	0.00%
GoP Ijarah Sukuk XVII - 3 years	18-Dec-15	18-Dec-18	-	72,000,000	72,000,000	-	-	-	0.00%
Total as at June 30, 2019							-	-	0.00%
Total as at June 30, 2018							2,000,000	2,008,600	8,600

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

6.3 Debt securities - Sukuks - at fair value through profit or loss

Debt Sub-Fund

Name of security	Issue date	Number of certificates			Balance as at June 30, 2019			Market value as % of net assets of sub-funds	
		As at July 01, 2018	Purchased during the year	Sold / matured during the year	As at June 30, 2019 (Rupees)	Carrying Value	Market value		Unrealised gain / (loss)
Aspin Pharma (Private) Limited	30-Nov-17	50	-	-	50	4,469,454	4,443,453	(26,001)	1.75%
Dubai Islamic Bank Pakistan Limited	14-Jul-17	5	-	-	5	5,093,520	5,093,520	-	2.00%
Ghani Gases Limited	2-Feb-17	40	-	-	40	2,497,767	2,505,877	8,110	0.98%
International Brand (Private) Limited	15-Nov-17	50	-	-	50	5,000,000	4,897,500	(102,500)	1.92%
HUB Power Company Limited	27-Feb-19	-	3,600	-	3,600	18,000,000	18,000,000	-	7.07%
Meezan Bank Limited	22-Sep-16	8	-	-	8	8,120,000	7,999,808	(120,192)	3.14%
Total as at June 30, 2019						43,180,741	42,940,158	(240,583)	16.86%
Total as at June 30, 2018						26,539,085	26,343,416	(195,669)	

6.3.1 Significant terms and conditions of sukuks outstanding at the year end are as follows:

Name of security	Number of certificates	Face / redemption value (Rupees)		Interest rate per annum	Maturity	Secured / unsecured	Rating
		Per certificate	Total				
<u>Un-listed</u>							
Aspin Pharma (Pvt) Limited	50	90,000	4,500,000	3M KIBOR + 1.50%	30-Nov-23	Secured	A
Dubai Islamic Bank Pakistan Limited	5	1,000,000	5,000,000	6M KIBOR + 0.50%	14-Jul-27	Unsecured	A+
Ghani Gases Limited	40	62,500	2,500,000	3M KIBOR + 1.00%	2-Feb-23	Secured	A
International Brand (Private) Limited	50	100,000	5,000,000	12M KIBOR + 0.50%	15-Nov-21	Unsecured	AA
HUB Power Company Limited	3,600	5,000	18,000,000	3M KIBOR + 1.00%	27-Nov-19	Unsecured	A1+
<u>Listed</u>							
Meezan Bank Limited	8	1,000,000	8,000,000	6M KIBOR + 0.50%	22-Sep-26	Unsecured	AA

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

6.4 Commercial paper - at fair value through profit and loss

	June 30, 2019	June 30, 2018
	-----	-----
	(Rupees)	(Rupees)
	-----	-----
	17,655,426	-
	-----	-----
	3,923,314	-
	-----	-----

Debt Sub-Fund
K-Electric Limited II
Money Market Sub-Fund
K-Electric Limited II

Significant terms and conditions of commercial papers outstanding at the year end are as follows:

Name of security	Interest / mark-up rates	Issue date	Maturity date	Carrying value as a % of net assets of sub-funds
Debt Sub-Fund				
K-Electric Limited II	11.75%	March 01, 2019	September 02, 2019	6.93%
Money Market Sub-Fund				
K-Electric Limited II	11.75%	March 01, 2019	September 02, 2019	3.02%

6.5 Term deposit receipt - at fair value through profit and loss

Debt Sub-Fund

Name of the investee company	Rate of return per annum	Maturity	Rating	Face value			Face value as percentage of net assets	Face value as percentage of total investment
				As at July 01, 2018	Purchased during the year	Matured during the year		
Bank Islami Pakistan Limited	13.30%	July 29, 2019	A+/A1	-	48,000,000	-	48,000,000	18.85
Total as at June 30, 2019				-	48,000,000	-	48,000,000	27.29
Total as at June 30, 2018				-	-	-	-	

Money Market Sub-Fund

Name of the investee company	Rate of return per annum	Maturity	Rating	Face value			Face value as percentage of net assets	Face value as percentage of total investment
				As at July 01, 2018	Purchased during the year	Matured during the year		
Bank Islami Pakistan Limited	13.30%	July 29, 2019	A+/A1	-	24,000,000	-	24,000,000	18.46
Total as at June 30, 2019				-	24,000,000	-	24,000,000	85.95
Total as at June 30, 2018				-	-	-	-	

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

7. PROFIT RECEIVABLE

Profit receivables on bank accounts and other deposits
Profit receivables on Government securities and sukuks

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----			
297,628	2,251,149	1,277,393	3,826,170
-	3,087,122	-	3,087,122
297,628	5,338,271	1,277,393	6,913,292

Profit receivables on bank accounts and other deposits
Profit receivables on Government securities and sukuks

June 30, 2018			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----			
207,317	694,851	453,731	1,355,899
-	768,044	45,489	813,533
207,317	1,462,895	499,220	2,169,432

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with Central Depository Company
of Pakistan Limited (CDC)
Security deposit with National Clearing Company
of Pakistan Limited (NCCPL)
Advance tax
Other receivables

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----			
201,000	200,000	200,000	601,000
2,500,000	-	-	2,500,000
91,994	114,369	50,217	256,580
24,308	16,500	16,500	57,308
2,817,302	330,869	266,717	3,414,888

Security deposit with Central Depository Company
of Pakistan Limited (CDC)
Security deposit with National Clearing Company
of Pakistan Limited (NCCPL)
Advance tax
Other receivables

June 30, 2018			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----			
201,000	200,000	100,000	501,000
2,500,000	-	-	2,500,000
91,989	10,161	5,254	107,404
22,699	16,503	16,500	55,702
2,815,688	226,664	121,754	3,164,106

9. PAYABLE TO PENSION FUND MANAGER

Remuneration payable
Sindh sales tax payable on remuneration payable

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----			
9.1	534,715	309,614	150,078
9.2	69,350	40,251	19,511
	604,065	349,865	169,589
		169,589	1,123,519

Remuneration payable
Sindh sales tax payable on remuneration payable

June 30, 2018			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- (Rupees) -----			
9.1	568,079	272,319	105,721
9.2	73,687	35,402	13,742
	641,766	307,721	119,463
		119,463	1,068,950

9.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% (2018: 1.5%) of the average amount of net assets of each sub-fund.

9.2 This represents sales tax on remuneration payable at the rate of 13% (2018: 13%).

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

June 30, 2019					
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees)				
10. PAYABLE TO THE TRUSTEE					
Remuneration payable	10.1	53,436	31,006	15,010	99,452
Sales tax on remuneration payable	10.2	6,975	4,026	1,947	12,948
		60,411	35,032	16,957	112,400

June 30, 2018					
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees)				
Remuneration payable	10.1	56,732	27,260	10,581	94,573
Sales tax on remuneration payable	10.2	7,396	3,527	1,331	12,254
		64,128	30,787	11,912	106,827

10.1 The Central Depository Company of Pakistan Limited is entitled to remuneration at the rate of 0.15% per annum of the net assets value of the Fund where the net assets are upto Rs.1 billion. The rates applicable for Trustee's remuneration on net assets exceeding Rs.1 billion are as follows:

Net Assets	Tariff per annum
Upto Rs.1 billion	Rs.0.3 million or 0.15% p.a. of Net Assets whichever is higher
Rs.1 billion to Rs.3 billion	Rs.1.5 million plus 0.10% p.a. of Net Assets exceeding Rs.1 billion
Rs.3 billion to Rs.6 billion	Rs.3.5 million plus 0.08% p.a. of Net Assets exceeding Rs.5 billion
Over Rs.6 billion	Rs.5.9 million plus 0.06% p.a. of Net Assets exceeding Rs.5 billion

10.2 Sales tax at the rate of 13% (2018: 13%) on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

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

This represents annual fee to the SECP at the rate of one thirtieth of one percent (2018: one thirtieth of one percent) of average annual net assets of each sub-fund.

June 30, 2019					
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees)				
12. ACCRUED EXPENSES AND OTHER LIABILITIES					
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.1	1,450,564	1,031,540	548,228	3,030,332
Donation / charity payable		339,634	-	-	339,634
Auditors' remuneration		203,544	104,381	43,569	351,494
Withholding tax payable		135,143	997	516	136,656
Provision for Sindh Workers' Welfare Fund	12.2	2,350,689	726,036	320,034	3,396,759
Brokerage payable		27,758	-	-	27,758
		4,507,332	1,862,954	912,347	7,282,633

June 30, 2018					
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees)				
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.1	1,450,564	1,031,540	548,228	3,030,332
Donation / charity payable		265,533	-	-	265,533
Auditors' remuneration		300,496	159,281	63,556	523,333
Withholding tax payable		45,119	175	277	45,571
Provision for Sindh Workers' Welfare Fund	12.2	2,350,689	459,444	153,287	2,963,420
Brokerage payable		108,090	-	459	108,549
		4,520,491	1,650,440	765,807	6,936,738

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

12.1 Provision for Federal Excise Duty on remuneration of Pension Fund Manager

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

On September 04, 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representatives of Collective Investment Schemes through their trustees, challenging the levy of FED.

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

With effect from July 01, 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Pension Fund Manager with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2019 aggregates to Rs.1.45 (2018: Rs.1.45) million, Rs.1.03 (2018: Rs.1.03) million, and Rs.0.55 (2018: Rs.0.55) million in Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund is being retained in the financial statements of the Sub-Funds, respectively as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Sub-Funds, the net assets value of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2019 would have been higher by Rs.1.41 (2018: Rs.1.64) per unit, Re.0.85 (2018: Re.0.09) per unit and Re.0.8 (2018: Rs.1.10) per unit respectively.

12.2 Provision for Sindh Workers' Welfare Fund

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act (SWWF Act), 2014 had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs.0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies (including the Management Company of the Fund) whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF which is currently pending. However, as a matter of abundant caution, MUFAP has recommended to all its members to record a provision for SWWF from the date of enactment of SWWF Act, 2014 (i.e. starting from May 21, 2015).

The provision for SWWF is now being made on a daily basis. The cumulative net effect of the above two adjustments, had they not been made, would have resulted in an increase in the net assets value per unit by Rs.2.29 (2018: Rs.2.65) per unit in respect of equity sub-fund, Re.0.60 (2018: Re.0.40) per unit in respect of debt sub-fund and Re.0.47 (2018: Re.0.31) per unit in respect of money market sub-fund as at June 30, 2019.

13. NUMBER OF UNITS IN ISSUE

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Units) -----			
Total units outstanding at beginning of the year	886,195	1,147,018	499,903	2,533,116
Add: Units issued during the year	281,995	492,012	366,820	1,140,827
Less: Units redeemed during the year	(138,726)	(426,929)	(188,792)	(754,447)
Total units in issue at the end of the year	1,029,464	1,212,101	677,931	2,919,496
	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Units) -----			
Total units outstanding at beginning of the year	775,229	1,048,189	417,574	2,240,992
Add: Units issued during the year	199,471	334,935	165,636	700,042
Less: Units redeemed during the year	(88,505)	(236,106)	(83,307)	(407,918)
Total units in issue at the end of the year	886,195	1,147,018	499,903	2,533,116

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

14. CONTRIBUTION TABLE

	June 30, 2019						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total (Rupees)
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	
Opening balance	886,195	255,683,509	1,147,018	175,622,160	499,903	61,137,339	492,443,008
Issue of units	281,995	136,006,208	492,012	98,452,363	366,820	66,960,601	301,419,172
Redemption of units	(138,726)	(64,918,740)	(426,929)	(85,421,027)	(188,792)	(33,372,243)	(183,712,010)
Closing balance	1,029,464	326,770,977	1,212,101	188,653,496	677,931	94,725,697	610,150,170

	June 30, 2018						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total (Rupees)
	Units	(Rupees)	Units	(Rupees)	Units	(Rupees)	
Opening balance	775,229	195,417,493	1,048,189	156,147,798	417,574	46,490,028	398,055,319
Issue of units	199,471	105,824,867	334,935	65,211,304	165,636	29,377,615	200,413,786
Redemption of units	(88,505)	(45,558,851)	(236,106)	(45,736,942)	(83,307)	(14,730,304)	(106,026,097)
Closing balance	886,195	255,683,509	1,147,018	175,622,160	499,903	61,137,339	492,443,008

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

15. CONTINGENCIES AND COMMITMENTS

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

16. AUDITORS' REMUNERATION

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- (Rupees) -----				
Audit fee	147,913	73,849	28,238	250,000
Half yearly review fee	71,903	37,804	15,293	125,000
Other certifications and services	43,142	22,682	9,176	75,000
	262,958	134,335	52,707	450,000
Sales tax	20,708	10,887	4,404	35,999
Out of pocket expenses	10,439	5,488	2,220	18,147
	294,105	150,710	59,331	504,146

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- (Rupees) -----				
Audit fee	148,556	74,198	27,246	250,000
Half yearly review fee	74,278	37,099	13,623	125,000
Other certifications and services	44,567	22,259	8,174	75,000
	267,401	133,556	49,043	450,000
Sales tax	21,392	10,684	3,924	36,000
Out of pocket expenses	14,436	7,210	2,646	24,292
	303,229	151,450	55,613	510,292

17. CASH AND CASH EQUIVALENTS

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- (Rupees) -----				
Bank balances	5	49,759,900	75,382,158	101,667,713
Term Deposit Receipts				
maturing within 3 months	6.5	-	48,000,000	24,000,000
Commercial Paper	6.4	-	17,655,426	3,923,314
		49,759,900	141,037,584	129,591,027
				320,388,511

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note ----- (Rupees) -----				
Bank balances		52,084,953	142,025,719	88,198,559
		52,084,953	142,025,719	88,198,559
				282,309,231

18. TAXATION

The income of Alhamra Islamic Pension Fund is exempt from tax under clause 57(3)(viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Further through Finance Act, 2011, effective from July 01, 2011, pension funds are included in the list of entities on which the provisions of section 113 regarding minimum tax shall not apply.

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

19. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include the Pension Fund Manager, other collective investment schemes managed by the Pension Fund Manager, MCB Bank Limited being the Holding Company of the Pension Fund Manager, 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 Pension Fund Manager and the Trustee is determined in accordance with the provision of the VPS Rules 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:

19.1 Transactions during the year:

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees) -----			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration (include indirect taxes)	7,909,119	4,158,249	1,681,908	13,749,276
Central Depository Company of Pakistan Limited - Trustee				
Remuneration (include indirect taxes)	790,964	415,861	168,223	1,375,048
Settlement charges	-	-	-	-
Arif Habib Limited - Brokerage House				
Brokerage expense*	49,642	-	-	49,642
Next Capital Limited - Brokerage House				
Brokerage expense*	10,167	-	-	10,167
June 30, 2018				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees) -----			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration (include indirect taxes)	7,241,046	3,603,589	1,327,469	12,172,104
Central Depository Company of Pakistan Limited - Trustee				
Remuneration (include indirect taxes)	723,624	360,377	132,615	1,216,616
Settlement charges	39,578	6,215	-	45,793
Arif Habib Limited - Brokerage House				
Brokerage expense*	58,264	-	-	58,264
Next Capital Limited - Brokerage House				
Brokerage expense*	48,154	-	-	48,154

* 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

19.2 Balances outstanding at year end:

	June 30, 2019			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
----- (Rupees) -----				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *				
Remuneration payable	534,715	309,614	150,078	994,407
Sindh sales tax payable on remuneration	69,350	40,251	19,511	129,112
Investment in seed capital of				
- Equity Sub-Fund: 305,160 (June 2018: 305,160) units	126,986,231	-	-	126,986,231
- Debt Sub-Fund: 289,051 (June 2018: 289,051) units	-	60,712,272	-	60,712,272
- Money Market Sub-Fund: 281,918 (June 2018: 218,918) units	-	-	54,063,415	54,063,415
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	53,436	31,006	15,010	99,452
Sindh sales tax payable on remuneration	6,975	4,026	1,947	12,948
Security deposit	201,000	200,000	200,000	601,000
MCB Islamic Bank Limited				
Bank balance	10,544	10,564	-	21,108

	June 30, 2018			Total
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	
----- (Rupees) -----				
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *				
Remuneration payable	568,079	272,319	105,721	946,119
Sindh sales tax payable on remuneration	73,687	35,402	13,742	122,831
Investment in seed capital of				
- Equity Sub-Fund: 305,160 (June 2018: 305,160) units	156,726,073	-	-	156,726,073
- Debt Sub-Fund: 289,051 (June 2018: 289,051) units	-	57,639,660	-	57,639,660
- Money Market Sub-Fund: 281,918 (June 2018: 218,918) units	-	-	50,700,133	50,700,133
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	56,732	27,260	10,581	94,573
Sindh sales tax payable on remuneration	7,396	3,527	1,331	12,254
Security deposit	200,001	200,000	100,000	500,001

19.3 Participant 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) -----				
Key management personnel								
Equity Sub-Fund	21,197	44,467	(16,294)	49,370	6,905,617	21,194,320	(7,555,599)	20,544,338
Debt Sub-Fund	10,295	7,251	(7,667)	9,879	2,169,024	1,485,894	(1,579,933)	2,074,985
Money Market Sub-Fund	724	9,499	(9,486)	737	141,202	1,732,075	(1,731,943)	141,334
----- (Units) -----								
----- (Rupees) -----								
	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) -----				
Key management personnel								
Equity Sub-Fund	14,009	16,142	(6,273)	23,878	8,179,228	8,427,338	(3,350,655)	12,253,049
Debt Sub-Fund	30,367	7,363	(10,890)	26,840	5,130,614	1,449,747	(2,120,866)	4,580,489
Money Market Sub-Fund	4,792	920	(942)	4,770	740,324	164,114	(166,484)	761,103

* The unit holder also holds 10% or more of the units in the Sub-Funds.

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

20. FINANCIAL RISK MANAGEMENT

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

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

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

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 Pension Fund Manager manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and regulations laid down by the SECP and the VPS Rules.

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

20.1.1 Currency risk

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

20.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing sukuk certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR and in rates announced by MUFAP (Mutual Funds Association of Pakistan) on the last repricing date of these sukuks, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs.0.43 (2018: Rs.0.26) million.

The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.2.26 (2018: Rs.2.40) million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund holds Government Ijara Sukuk which are classified 'at fair value through profit or loss, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association of Pakistan (FMAP) on June 30, 2019, with all other variables held constant, total comprehensive income for the year and net assets would be lower / higher by Rs.0.67 (2018: Rs.0.63) million.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by MUFAP 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.

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

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

Yield / effective interest rate (%)	June 30, 2019															
	Equity Sub-Fund						Debt Sub-Fund						Money Market Sub-Fund			
	Exposed to yield / interest rate risk		More than three months and up to one year		More than one year		Exposed to yield / interest rate risk		More than three months and up to one year		More than one year		Exposed to yield / interest rate risk		More than one year	
	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total
10 - 13.5	226,809,771	49,564,912	-	194,988	75,382,158	-	-	-	-	-	-	101,667,713	-	-	-	-
5.24 - 14.38	506,193,810	-	-	374,404,912	17,655,426	110,210,158	-	-	-	-	-	-	3,923,314	-	-	-
Dividend receivable	2,210,774	-	-	2,210,774	-	-	-	-	-	-	-	-	-	-	-	-
Profit receivable	6,913,292	297,628	-	-	5,338,271	-	-	-	-	-	-	1,277,393	-	-	-	-
Deposits and other receivables	3,158,308	-	-	2,725,308	-	-	-	-	-	-	-	-	-	-	-	216,500
	745,285,955	49,862,540	-	379,535,982	80,720,429	17,655,426	110,210,158	216,500	102,945,106	3,923,314	-	-	-	-	-	216,500
Payable to the Pension Fund Manager	994,407	-	-	534,715	-	-	-	309,614	-	-	-	-	-	-	-	150,078
Payable to the Trustee	112,400	-	-	60,411	-	-	-	35,032	-	-	-	-	-	-	-	16,957
Accrued and other liabilities	718,886	-	-	570,936	-	-	-	104,381	-	-	-	-	-	-	-	43,560
	1,825,693	-	-	1,166,062	-	-	-	449,027	-	-	-	-	-	-	-	210,604
On-balance sheet gap	743,460,262	49,862,540	-	376,369,920	80,720,429	17,655,426	110,210,158	(232,527)	102,945,106	3,923,314	-	-	-	-	-	5,896

On-balance sheet financial instruments

Financial assets

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

Payable to the Pension Fund Manager
Payable to the Trustee
Accrued and other liabilities

On-balance sheet gap

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2019.

Yield / effective interest rate (%)	June 30, 2018															
	Equity Sub-Fund						Debt Sub-Fund						Money Market Sub-Fund			
	Exposed to yield / interest rate risk		More than three months and up to one year		More than one year		Exposed to yield / interest rate risk		More than three months and up to one year		More than one year		Exposed to yield / interest rate risk		More than one year	
	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total	Upto three months	Total
5 - 6.5	282,309,231	51,155,090	-	929,863	142,025,719	-	-	-	-	-	-	88,198,559	-	-	-	-
6.1 - 8.41	494,230,958	-	-	405,149,042	87,073,316	-	-	-	-	-	-	-	2,008,600	-	-	-
Dividend receivable	246,100	-	-	246,100	-	-	-	-	-	-	-	-	-	-	-	-
Profit receivable	2,169,432	-	-	207,317	-	-	-	1,462,895	-	-	-	-	-	-	-	499,220
Deposits and other receivables	3,164,106	-	-	3,165,688	-	-	-	226,664	-	-	-	-	-	-	-	121,754
	782,119,827	51,155,090	-	409,348,010	142,025,719	-	87,073,316	1,689,559	88,198,559	2,008,600	-	-	-	-	-	620,974
Payable to the Pension Fund Manager	946,119	-	-	568,079	-	-	-	272,319	-	-	-	-	-	-	-	105,721
Payable to the Trustee	106,827	-	-	64,128	-	-	-	30,787	-	-	-	-	-	-	-	11,912
Accrued and other liabilities	897,415	-	-	674,119	-	-	-	159,281	-	-	-	-	-	-	-	64,015
	1,950,361	-	-	1,306,326	-	-	-	462,387	-	-	-	-	-	-	-	181,648
On-balance sheet gap	780,169,466	51,155,090	-	408,041,684	142,025,719	-	87,073,316	1,227,172	88,198,559	2,008,600	-	-	-	-	-	439,326

On-balance sheet financial instruments

Financial assets

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

Payable to the Pension Fund Manager
Payable to the Trustee
Accrued and other liabilities

On-balance sheet gap

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2018.

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

20.1.3 Price risk

Price risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Equity Sub-Fund is exposed to equity price risk because of equity securities held by the Equity Sub-Fund and classified on the balance sheet as 'at fair value through profit or loss'. To manage its price risk arising from investment in equity securities, the Equity Sub-Fund's investment policy, as restricted by the VPS Rules, limits investments in listed shares of one company to not more than 10% of Sub-Fund net assets and investment in listed securities of a particular company have also been restricted to 10% of paid-up capital of investee company. Moreover, the sector limits have been restricted to 35% of the net assets of the Sub-Fund.

In case of 5% increase / decrease in KSE 100 index on June 30, 2019, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.18.72 (2018: Rs.21.12) million as a result of gains / losses on equity securities classified as at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

20.2 Credit risk

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

The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This credit rating information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major investors. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2019 and June 30, 2018 is the carrying amounts of following financial assets.

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

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
	----- (Rupees) -----			
Bank balances	49,759,900	75,382,158	101,667,713	226,809,771
Investments	374,404,912	108,595,584	27,923,314	510,923,810
Dividend receivable	2,210,774	-	-	2,210,774
Profit receivable	297,628	3,499,221	1,277,393	5,074,242
Deposits and other receivables	2,725,308	216,500	216,500	3,158,308
	429,398,522	187,693,463	131,084,920	748,176,905

	June 30, 2018			
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
	----- (Rupees) -----			
Bank balances	52,084,953	142,025,719	88,198,559	282,309,231
Investments	-	26,343,416	-	26,343,416
Dividend receivable	246,100	-	-	246,100
Profit receivable	207,317	1,462,895	499,220	2,169,432
Deposits and other receivables	2,723,699	216,503	116,500	3,056,702
	55,262,069	170,048,533	88,814,279	314,124,881

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

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2019 and June 30, 2018.

	June 30, 2019	June 30, 2018
	----- (%) -----	
Bank balances by rating category		
AA+/A1+	30.30%	21.39%
A+/A1	0.71%	33.07%
AAA/A1+	42.41%	30.90%
AA/A-1+	26.53%	0.00%
A/A1	0.01%	0.00%
A-/A-2	0.04%	14.64%
Sukuks by rating category		
A+	11.41%	19.34%
A	17.87%	30.86%
AA	29.66%	49.80%
A1+	41.06%	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.

Concentration of credit risk

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

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

20.3 Liquidity risk

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

The table below analyses the Sub-funds' financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	As at June 30, 2019									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	Upto one month	More than one month upto three months
Financial Liabilities	----- (Rupees) -----									
Payable to the Pension Fund Manager	994,407	534,715	-	309,614	-	-	150,078	-	-	-
Payable to the Trustee	99,452	53,436	-	31,006	-	-	15,010	-	-	-
Accrued and other liabilities	678,449	367,392	180,127	-	92,373	-	-	38,557	-	-
	1,772,308	955,543	180,127	340,620	92,373	-	165,088	38,557	-	-
	----- (Rupees) -----									
	As at June 30, 2018									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	Upto one month	More than one month upto three months

Financial Liabilities

Payable to the Pension Fund Manager
Payable to the Trustee
Accrued and other liabilities

	946,119	568,079	-	272,319	-	-	105,721	-	-	-
	106,827	64,128	-	30,787	-	-	11,912	-	-	-
	897,415	674,119	-	159,281	-	-	64,015	-	-	-
	1,950,361	1,306,326	-	462,387	-	-	181,648	-	-	-

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

21. Financial instruments by category

	June 30, 2019									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	At amortised cost	At fair value through profit and loss	Sub total	At amortised cost	At fair value through profit and loss	Sub total	At amortised cost	At fair value through profit and loss	At fair value through OCI	Sub total
Total										
Financial Assets										
Bank balances	49,759,900	-	49,759,900	75,382,158	-	75,382,158	101,667,713	-	-	101,667,713
Investments	-	374,404,912	374,404,912	-	175,865,584	175,865,584	-	27,923,314	-	27,923,314
Dividend receivable	2,210,774	-	2,210,774	-	-	-	-	-	-	-
Profit receivable	6,913,292	297,628	7,210,920	5,338,271	-	5,338,271	1,277,393	-	-	1,277,393
Deposits and other receivables	3,158,308	2,725,308	5,883,616	216,500	-	216,500	216,500	-	-	216,500
	54,939,610	374,404,912	429,344,522	80,936,929	175,865,584	256,202,513	103,161,606	27,923,314	-	131,084,920

	June 30, 2019									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	At fair value through profit and loss	Other financial liabilities	Sub total	At fair value through profit and loss	Other financial liabilities	Sub total	At fair value through profit and loss	Other financial liabilities	Other financial liabilities	Sub total
Total										
Financial Liabilities										
Payable to the Pension Fund Manager	-	534,715	534,715	-	309,614	309,614	-	-	150,078	150,078
Payable to the Trustee	-	53,436	53,436	-	31,006	31,006	-	-	15,010	15,010
Accrued and other liabilities	-	367,392	367,392	-	-	-	-	-	-	-
	-	955,543	955,543	-	340,620	340,620	-	-	165,088	165,088

	June 30, 2018									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	Loans and receivables	Available-for-sale	Sub total	Loans and receivables	Available-for-sale	Sub total	Loans and receivables	Available-for-sale	Available-for-sale	Sub total
Total										
Financial Assets										
Bank balances	52,084,953	-	52,084,953	142,025,719	-	142,025,719	88,198,559	-	-	88,198,559
Investments	-	302,431,552	302,431,552	-	87,073,316	87,073,316	-	2,008,600	-	2,008,600
Dividend receivable	246,100	-	246,100	-	-	-	-	-	-	-
Profit receivable	207,317	-	207,317	1,462,895	-	1,462,895	499,220	-	-	499,220
Deposits and other receivables	3,056,702	2,723,699	5,780,401	216,503	-	216,503	116,500	-	-	116,500
	55,262,069	302,431,552	357,693,621	143,705,117	87,073,316	230,778,433	88,814,279	2,008,600	-	90,822,879

	June 30, 2018									
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			
	'At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub total	'At fair value through profit and loss' - held-for-trading	Other financial liabilities	Sub total	'At fair value through profit and loss' - held-for-trading	Other financial liabilities	Other financial liabilities	Sub total
Total										
Financial Liabilities										
Payable to the Pension Fund Manager	-	566,079	566,079	-	272,319	272,319	-	-	105,721	105,721
Payable to the Trustee	-	64,128	64,128	-	30,787	30,787	-	-	11,912	11,912
Accrued and other liabilities	-	674,119	674,119	-	159,281	159,281	-	-	64,015	64,015
	-	1,306,327	1,306,327	-	462,387	462,387	-	-	181,648	181,648

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

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

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

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

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

As at June 30, 2019 and June 30, 2018, the Fund held the following instruments measured at fair values:

<u>June 30, 2019</u>	Note	Level 1	Level 2	Level 3	Total
----- (Rupees) -----					
Equity Sub-Fund					
Listed equity securities		374,404,912	-	-	374,404,912
Debt Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	67,270,000	-	67,270,000
Debt securities - Sukuks	22.1.1	-	42,940,158	-	42,940,158
Term deposit receipt	22.2.1	-	-	48,000,000	48,000,000
Commercial paper	22.2.2	-	-	17,655,426	17,655,426
Money Market Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	-	-	-
Term deposit receipt	22.2.1	-	-	24,000,000	24,000,000
Commercial paper	22.2.2	-	-	3,923,314	3,923,314
		374,404,912	110,210,158	93,578,740	578,193,810
June 30, 2018					
Equity Sub-Fund					
Listed equity securities		405,149,042	-	-	405,149,042
Debt Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	60,729,900	-	60,729,900
Debt securities - Sukuks	22.1.1	-	26,343,416	-	26,343,416
Money Market Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	2,008,600	-	2,008,600
		405,149,042	89,081,916	-	494,230,958

During the year ended June 30, 2019, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

22.1 Valuation techniques used in determination of fair values within level 2

22.1.1 Investments in GoP Ijarah sukuk bonds and sukuks certificates issued by Government of Pakistan or a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

22.2 Valuation techniques used in determination of fair values within level 3

22.2.1 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.

22.2.2 The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

22.3 The Fund has not disclosed the fair values of other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

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

23. PERFORMANCE TABLE

	Equity Sub-Fund				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	----- (Rupees) -----				
Performance Information					
Net income after taxation	(100,333,289)	13,258,371	87,074,447	20,203,985	54,471,519
Realised capital gains / (losses)	(15,970,397)	(20,233,013)	69,452,659	11,266,240	37,190,848
Unrealised gains / (losses)	(95,924,082)	(43,664,814)	15,912,586	18,875,172	20,276,861
Impairment loss on available-for-sale investment	-	(4,214,186)	-	(657,470)	(1,785,441)
Dividend income and profit income	24,780,537	19,904,498	16,565,629	11,422,962	9,086,621
Net assets value per unit	416.13	513.58	584.69	438.91	382.19
Transactions in securities					
- Purchases	399,991,789	423,652,737	590,715,208	384,019,931	301,134,263
- Sales	318,841,388	368,987,369	517,558,351	363,931,506	306,031,885
Total contribution received	136,006,208	105,824,867	134,807,798	53,021,433	48,952,391
	Debt Sub-Fund				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	----- (Rupees) -----				
Performance Information					
Net income after taxation	13,063,004	15,889,188	8,670,500	6,492,273	6,313,428
Realised capital gains / (losses)	17,418	(379,291)	702,534	186,100	-
Unrealised gains / (losses)	(2,593,198)	(348,332)	1,387,368	374,760	(2,052,096)
Profit income	20,548,489	6,752,704	2,542,903	9,122,633	11,117,685
Net assets value per unit	210.04	199.41	193.63	185.37	178.16
Transactions in securities					
- Purchases	249,138,706	15,000,000	86,903,490	213,896,100	92,595,354
- Sales	15,370,264	78,154,473	82,364,500	111,616,000	70,202,193
Total contribution received	98,452,363	65,211,304	71,997,017	51,309,643	36,695,123
	Money Market Sub-Fund				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
	----- (Rupees) -----				
Performance Information					
Net income after taxation	8,170,600	9,002,848	2,648,362	1,628,174	3,094,844
Realised capital gains / (losses)	(1,452)	(54,801)	152,166	40,730	(11,300)
Unrealised gains / (losses)	-	8,599	190,177	(197,810)	(1,065,421)
Profit income	8,673,086	3,857,705	2,748,340	3,393,982	5,914,582
Net assets value per unit	191.77	179.84	174.03	167.69	163.82
Transactions in securities					
- Purchases	73,185,915	12,015,000	19,975,000	59,078,590	47,600,223
- Sales	4,098,736	32,116,000	24,296,750	50,303,080	37,406,182
Total contribution received	66,960,601	29,377,615	10,683,592	9,279,099	7,585,659

Lowest and highest issue price of units during the year

AHIPF Equity Sub-Fund		AHIPF Debt Sub-Fund		AHIPF Money Market Sub-Fund	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
----- (Rupees) -----					
400.60	532.41	199.27	210.37	179.85	191.77

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

24. PARTICIPANTS' FUND RISK MANAGEMENT

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

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

25. GENERAL

25.1 Figures have been rounded off to the nearest thousand rupee unless otherwise stated.

25.2 Certain prior year's figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report except for the reclassification mentioned in note 4.1.

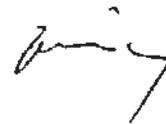
26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 13, 2019 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director