



MCB FUNDS
Investments for Life

ANNUAL REPORT 2024

Funds Under Management of
MCB Investment Management Limited



ALHAMRA ISLAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah	Member Member Member Member
Chief Executive Officer	Mr. Khawaja Khalil Shah	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
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.cdc-pakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Habib Bank Limited National Bank of Pakistan Standard Chartered Bank Limited Siti Bank Limited MCB Islamic Bank Limited	Bank Islami Pakistan Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Soneri Bank Limited Al-Baraka Bank Pakistan Limited The Bank of Khyber
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawane & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Rating	AM1 Asset Manager Rating assigned by PACRA	
Transfer Agent	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Stock Fund** accounts review for the year ended June 30, 2024.

Economy Review

Fiscal year 2024 marked a period of macroeconomic recovery for Pakistan, averting a looming default brought about by continued economic mismanagement. This turnaround was primarily attributed to Pakistan entering a new IMF program after several months of delay. The government secured a much-needed Stand-by Arrangement (SBA) facility of USD 3.0 billion from the IMF in June 23, and managed to receive timely rollovers from friendly countries. It also showed unwavering commitment to remain compliant with the IMF targets and as a result government was able to successfully complete the program.

The caretaker government took office in August 2023 and immediately faced speculative pressure on the currency, causing it to spike to a record high of 307 in the interbank market. Exchange rate in informal market reached a higher of near 330 PKR/USD reflecting an increase of speculative activity and rampant uncertainty. The government took decisive steps against smuggling of dollar, abuse of Afghan Transit and illegal money dealers in September 2023, which spurred a rapid recovery in the exchange rate.

This helped in improving confidence and narrower spreads in open and interbank rates. The authorities also placed mechanisms to strictly monitor exchange rate payments to manage the overall external balance. Combination of both administration measures and steps to discipline external and fiscal accounts helped restore overall stability. The USD PKR close the year at 278.3 appreciating by 2.6% since the start of the year.

Country posted a current account deficit (CAD) of USD 464 million in the first eleven months of the fiscal year 2024 (11MFY24) declining by 88% YoY compared to a deficit of USD 3.8 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 11.3% increase in exports coupled with an 2.3% drop in imports led to a 17.0% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 9.4 billion as of June 2024 compared to USD 4.4 billion at the end of last fiscal year. This was on account of flows from the IMF, friendly countries and multilateral sources.

Headline inflation represented by CPI averaged 23.9% during the fiscal year 2024 compared to 29.0% last year. Inflation remained on the higher side as massive currency depreciation in the prior periods led to surge in food and energy prices. The government also hiked electricity base tariff and gas prices to comply with the IMF conditions, which led to further inflationary pressures. The SBP reduced the policy rate by 150bps to 20.5% in the last monetary policy of the year held on June 10, 2024. The monetary policy noted a significant decline in inflation, resulting in a substantially positive real interest rate, which justifies initiating a monetary easing cycle.

The country's GDP grew by 2.4% in the financial year 2023-24 as compared to -0.2% last year. Agriculture grew by 6.3%, Services and industrial sector witnessed a paltry increase of 1.2% each. Historic high interest rates coupled with political uncertainty were

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

the major culprits behind the subdued industrial and services output. On the fiscal side, FBR tax collection increased by 29.6% in FY24 to PKR 9,285 billion, missing the target by a modest PKR 130 billion.

Equity Market Review

The stock market witnessed exuberance in fiscal year 2024, as the benchmark KSE-100 increased by staggering 89.2% or 36,992 points, to close at all time high of 78,445 points. This also makes Pakistan the best performing market in the world with USD return of 94.4% in the year.

The bullish momentum continued throughout the year was on account of improvement in macroeconomic indicators after Pakistan entered into the new IMF program. Market participants also cheered the successful completion of all IMF reviews under SBA. Moreover, the successful conclusion of elections in February 2024 brought long due clarity amongst investors. In addition, reaffirmation by the incumbent government to continue structural reforms, along with the intention to enter a longer IMF program, further uplifted sentiment. Lastly, the strength of the local currency post-crackdown on currency smuggling and hoarding, strong corporate profitability, increase in taxes on other asset classes in the budget FY25, and start of monetary easing with 150bps cut, all contributed to the sustainable rally.

During FY24, Foreign investors, Insurance, and Corporates were net buyers with an inflow of USD 141 million, USD 126 million and USD 36 million, respectively. While major selling was witnessed from Banks and Mutual Funds with outflow of USD 141 million and USD 48 million, respectively. During FY24, average trading volumes for KSE-All Index saw an increase of 140.4% to 461 million shares compared to about 191 million shares in the same period last year. Similarly, the average trading value during the period saw a rise of 118.5% over previous year to near USD 55 million.

Banking, Fertilizer, and E&P sector were the major contributors to the index gain adding 13,262/5,074/4,300 points, respectively. Banking sector witnessed broad based rally as entry into the IMF program diminished the probability of local debt restructuring besides strong profitability. Fertilizer sector performed due to better than expected dividends while E&P rallied due to the news of clearance of gas circular debt, which would improve the sector cash flows.

FUND PERFORMANCE

During the period, ALHISF delivered a return of 90.42% as compared to benchmark return of 78.70%. Overall equity exposure of the fund stood at 94.1% at the end of the period. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund had exposures majorly in Cement, Commercial Banks and Pharmaceuticals Companies.

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The Net Assets of the Fund as at June 30, 2024 stood at Rs. 4,080 million as compared to Rs. 2,479 million as at June 30, 2023 registering an increase of 64.58%.

The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 15.13 as compared to opening NAV of Rs. 9.01 per unit as at June 30, 2023 registering an increase of Rs. 6.12 per unit.

Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 3.5% in FY25 after a disappointing performance last year where the GDP increased by only 2.4%. The outlook for industrial output is relatively optimistic with an expected growth of 4.0% compared to 1.2% last year. Macroeconomic stability, stable currency and decline in interest rates will help revive the industrial and service sector growth. Agriculture performance is likely to remain on the lower side due to high base effect.

A new staff-level loan agreement has been reached between Pakistan and the International Monetary Fund (IMF) under which the country will receive USD 7.0 billion over 37 months. The final approval of the loan will be given by the IMF Executive Board. Successful continuation of the IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. However, our external position still remains precarious due to debt outflows and our inability to raise funds through international Eurobond or Sukuk. Thus, we would continue to run a sustainable current account this year to stave off external concerns. We expect a CAD of USD 1.0 billion (0.2% of GDP) in FY25 as policy of consolidation is likely to continue under the IMF umbrella.

The USD PKR is expected to remain stable as the government is focusing on improving current account deficit on the back of recovery in export and remittances. Entry into the new IMF program will also increase visibility on the external funding. We expect USD/PKR to close the fiscal year around PKR 311.

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in June 2024 clocked of 12.6% compared to a high of 38.0% in May 2023. The core inflation also registered a significant slowdown, clocking at 14.1% which is a low of 23 months. The inflation reading is expected to decline to single digits in 1HFY25. Keeping in view the inflationary trends, external and fiscal position we expect interest rate to decline to 14-15% by June 25.

From the capital market perspective particularly equities, the market is still trading at cheap valuations. Market cap to GDP ratio is at 9.8%, a discount of 48% from its historical average of 18.9%. Similarly, Earning Yield minus Risk Free Rate is close to 7.2%, compared to the historical average of 3.0% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks will remain important and investment selection should focus on companies, which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 11.2%.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open-end mutual funds industry increased by about 64.6% during FY24 to PKR 2,574 billion. Total money market funds grew by about 45.0% since June 2023. Within the money market sphere, conventional funds showed a growth of 33.0% to PKR 629 billion while Islamic funds increased by 58.2% to PKR 679 billion. In addition, the total fixed Income funds increased by about 104.7% since June 2023 to PKR 756 billion while Equity and related funds increased by 52.3% to PKR 255 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 50.8%, followed by Income funds with 37.3% and Equity and Equity related funds having a share of 9.9% as at the end of June 30, 2024.

MUTUAL FUND INDUSTRY OUTLOOK

Both Bonds and Equities are likely to do well in the next year on the back of cut in interest rates. During the year, significant interest of investors is already visible in Income Funds while equity fund is likely to see inflows post new IMF agreement. Relatively High interest rates during the period would encourage sustained flows in the money market funds as they are ideal for investors with a short-term horizon and low risk profile.

Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

MANAGEMENT COMPANY

On April 18, 2023, MCB Bank Limited (MCB), being the parent company of MCB-Arif Habib Savings and Investments Limited, has acquired 21,664,167 (30.09%) shares of MCB-Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH.

Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 07, 2023 have resolved via special resolution that the name of the Company be changed from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited and Securities and Exchange Commission of Pakistan (SECP) has approved the change in name on August 15, 2023.

CORPORATE GOVERNANCE

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Shoaib Mumtaz	Non-Executive Director	HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	HR&R* Committee Audit Committee
4.	Mr. Manzar Mushtaq	Non-Executive Director	Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	Audit Committee (Chairman)
6.	Mr. Fahd Kamal Chinoy	Independent Director	HR&R* Committee (Chairman)
7.	Ms. Mavra Adil Khan	Independent Director	HR&R* Committee
8.	Mr. Khawaja Khalil Shah	Executive Director	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003,

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Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.;

- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the fund's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements;
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2024, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2024 is annexed;
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2024:

1. Meeting of the Audit Committee.

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

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Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Syed Savail Meekal Hussain	4	4	4	0
2. Mr. Ahmed Jahangir	4	4	4	0
3. Mr. Manzar Mushtaq	4	4	4	0

2. Meeting of the Human Resource and Remuneration Committee.

During the year, two (2) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Fahd Kamal Chinoy	2	2	2	-
2. Mr. Shoaib Mumtaz	2	2	2	-
3. Mr. Ahmed Jahangir	2	2	1	1
4. Ms. Mavra Adil Khan	2	2	1	1

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1.	Muhammad Asif Mehdi Rizvi	Chief Financial & Operating Officer	637,907.99	734,399.25	1,388.72
2.	Altaf Ahmad Faisal	Company Secretary	225,420.97	225,425.16	-

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EXTERNAL AUDITORS

The Fund's external auditor's **M/s. A.F Ferguson & Co. Chartered Accountants** have retired after completion of audit for Financial Year ended June 30, 2024. The Audit Committee has recommended re-appointment of **M/s. A.F Ferguson & Co. Chartered Accountants** as external auditors of the Fund for financial year ending June 30, 2025 and the Board has also endorsed the recommendation of the Audit Committee. **M/s. A.F Ferguson & Co. Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.

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,



Khawaja Khalil Shah
Chief Executive Officer
September 25, 2024



Manzar Mushtaq
Director
September 25, 2024

ڈائریکٹرز رپورٹ

سیریل نمبر	نام	عہدہ	سرمایہ کاری	والپسی	ڈیویڈنڈ کی تقسیم
			(یونٹوں کی تعداد)		
1.	محمد آصف مہدی رضوی	چیف فنانشل اینڈ آپرٹنگ آفیسر	637,907.99	734,399.25	1,388.72
2.	الطاف احمد فیصل	کمپنی سیکرٹری	225,420.97	225,425.16	-

بیرونی آڈیٹرز

فنڈ کے بیرونی آڈیٹر ایم ایس اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس 30 جون 2024 کو ختم ہونے والے مالی سال کے آڈٹ کی تکمیل کے بعد اپنا کام مکمل کر چکے ہیں۔ آڈٹ کمیٹی نے سفارش کی ہے کہ ایم ایس اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس کا 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے فنڈ کے بیرونی آڈیٹرز کے طور پر دوبارہ انتخاب کیا جائے اور بورڈ نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔ ایم ایس اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے بیرونی آڈیٹرز کے طور پر کام کرنے پر آمادگی ظاہر کی ہے۔

اعتراف

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا مسلسل تعاون کا شکریہ ادا کرتا ہے۔ ڈائریکٹرز نے انتظامیہ کی ٹیم کی کوششوں کو بھی سراہا۔

ڈائریکٹرز کی جانب سے،

Masrur Mushtaq

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

ڈائریکٹرز رپورٹ

جون 2024 کے دوران منعقدہ کمیٹی کے اجلاسوں کی تفصیلات درج ہیں۔

1. آڈٹ کمیٹی کا اجلاس۔

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے۔ ہر شریک کی حاضری حسب ذیل ہے۔

ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقد ہونے والی	ملاقاتوں کی تعداد	افراد کے نام
0	4	4	4	4	1 سید سادیل میکان حسین
0	4	4	4	4	2 جناب احمد جہانگیر
0	4	4	4	4	3 جناب منظر مشتاق

2۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا اجلاس۔

سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو (2) اجلاس ہوئے۔ ہر شریک کی حاضری حسب ذیل ہے۔

ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد	ملاقاتوں کی تعداد
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقد ہونے والی	ملاقاتوں کی تعداد	افراد کے نام
-	2	2	2	2	1 جناب فہد کمال چنائے
-	2	2	2	2	2 جناب شعیب ممتاز
1	1	2	2	2	3 جناب احمد جہانگیر
1	1	2	2	2	4 محترمہ ماورا عادل خان

n. فنڈ کے یونٹس میں تجارت سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، اور مینجمنٹ کمپنی کے چیف انٹرنل آڈیٹر اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کی گئی۔

d. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، نان بینکنگ فنانس کمپنیز (اسٹیلشمنٹ اینڈ ریگولیشنز) رولز، 2003، نان بینکنگ فنانس کمپنیز اینڈ ٹائیٹانیا ریگولیشن 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضے اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. اندرونی کنٹرول کا نظام مستحکم خطوط پر اسٹوار ہے اور اسے مزید بہتر بنانے کے لیے جاری کوششوں کے ساتھ موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

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

g. لسٹنگ ریگولیشن میں واضح کردہ کارپوریٹ گورننس کی بہترین رہایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔

h. واجب الادائیکس، قانونی چارجز اور ڈیویڈنڈز، اگر کوئی ہیں، مکمل طور پر آڈٹ شدہ مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔

i. پراویڈنٹ/گریجویٹ اور پنشن فنڈ کی سرمایہ کاری کی قدر کا بیان فنڈ پر لاگو نہیں ہوتا لیکن مینجمنٹ کمپنی پر لاگو ہوتا ہے۔ اس لیے ڈائریکٹرز کی رپورٹ میں کوئی انکشاف نہیں کیا گیا ہے۔

j. 30 جون 2024 تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کود کے ریگولیشن نمبر 20 میں موجود ہے۔

k. 30 جون 2024 تک حصص یافتگی کا تفصیلی نمونہ منسلک ہے۔

l. بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باضابطہ اور موثر نظام تافر کیا گیا ہے۔

m. بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ ذیل میں سال ختمہ 30

ڈائریکٹرز رپورٹ

سیریل نمبر	نام	حیثیت	دیگر بورڈ کمیٹیوں میں رکنیت
1	ہارون رشید صاحب	ٹان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2	جناب شعیب ممتاز	ٹان ایگزیکٹو ڈائریکٹر	* ایچ آر اینڈ آر کمیٹی
3	جناب احمد جہانگیر	ٹان ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی آڈٹ کمیٹی
4	جناب منظر مشتاق	ٹان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5	سید سادیل میکل حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
7	محترمہ ماورا عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی
8	جناب خواجہ خلیل شاہ	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی

* ایچ آر اینڈ آر کا مطلب ہیومن ریسورس اور معاوضہ ہے۔

انتظامیہ کارپوریٹ گورننس کے ضابطہ میں متعین بہترین طریقوں کی دفعات کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے لیے پرعزم ہے، جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی واضح وضاحت کی گئی ہے۔

بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ:

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

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

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

ہمارے کام بغیر کسی رکاوٹ کے رہے اور ڈیجیٹل رسائی اور آن لائن کسٹمرز کے تجربے میں مسابقتی برتری کے پیش نظر، ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد کے فوائد حاصل کرنے کے لیے تیار ہیں۔

مینجمنٹ کمپنی

18 اپریل 2023 کو ایم سی بی-عارف حبیب سیونگس اینڈ انویسٹمنٹس لمیٹڈ (MCB-AH) کی کمپنی ایم سی بی بینک (MCB) نے عارف حبیب کارپوریشن لمیٹڈ (AHCL) سے ایم سی بی-عارف حبیب سیونگس اینڈ انویسٹمنٹس لمیٹڈ کے 21,664,167 (30.09 فیصد) حصص حاصل کر لیے ہیں۔ اس پیش رفت کے بعد MCB کی MCB-AH میں حصص یا فنگل 36,956,935 (81.42 فیصد) ہو گئی ہے اور AHCL اب MCB-AH میں حصص کا حامل نہیں ہے۔

نتیجاً، کمپنی کے اراکین نے 07 جولائی 2023 کو منعقدہ ایک غیر معمولی جنرل میننگ (EOGM) میں خصوصی قرارداد کے ذریعے فیصلہ کیا کہ کمپنی کا نام ایم سی بی-عارف حبیب سیونگس اینڈ انویسٹمنٹس لمیٹڈ سے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ میں تبدیل کر دیا جائے اور کیو آر ٹیو ایچ سی سی کیو آر ٹیو ایچ سی سی (SECP) نے 15 اگست 2023 کو نام میں تبدیلی کی منظوری دے دی ہے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف ڈائریکٹرز (8) اراکین پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (CEO) شامل ہیں اور اس میں صنف اور علم کا متنوع امتزاج ہے۔ بورڈ (1) خاتون اور (7) حضرات ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

4. نان-ایگزیکٹو ڈائریکٹرز؛

3. خود مختار ڈائریکٹرز؛ اور

1. ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

ہیں کہ 25 جون تک شرح سود 14-15 فیصد تک گر جائے گی۔

کیپٹل مارکیٹ کے نقطہ نظر سے خاص طور پر ایکویٹیز، مارکیٹ اب بھی سستی قیمتوں پر ٹریڈ کر رہی ہے۔ مارکیٹ کیپ ٹو جی ڈی پی کا تناسب 9.8 فیصد پر ہے، جو اس کی تاریخی اوسط 18.9 فیصد سے 48 فیصد کی چھوٹ ہے۔ اسی طرح، ارننگ پیبلڈ مائنس رسک فری ریٹ 7.2 فیصد کے قریب ہے، جو کہ 3.0 فیصد کی تاریخی اوسط کے مقابلے میں ایک گہری رعایت کی نشاندہی کرتا ہے جس پر مارکیٹ ٹریڈ کر رہی ہے۔ بیرونی اکاؤنٹ پر چیلنجز کا حل مارکیٹ کی صلاحیت کو کھولنے میں مدد کرے گا۔ ہمیں یقین ہے کہ سیکٹرز اور اسٹاکس کا ایک مائیکرو ویو اہم رہے گا اور سرمایہ کاری کے انتخاب کو ان کمپنیوں پر توجہ مرکوز کرنی چاہیے، جو اپنی اصل قیمت پر گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ فی الحال 4.7x PER پر ٹریڈ کر رہی ہے، جبکہ 11.2 فیصد کی منافع بخش پیداوار پیش کر رہی ہے۔

میوچل فنڈ انڈسٹری کا جائزہ

اوپن اینڈ میوچل فنڈز انڈسٹری کے خالص اثاثے مالی سال 2024 کے دوران تقریباً 64.6 فیصد بڑھ کر 2,574 بلین روپے ہو گئے۔ جون 2023 کے بعد سے کل منی مارکیٹ فنڈز میں تقریباً 45.0 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرے میں، روایتی فنڈز نے 33.0 فیصد اضافے سے بڑھ کر 629 PKR بلین ہو گئے جبکہ اسلامک فنڈز 58.2 فیصد بڑھ کر 679 PKR بلین ہو گئے۔ اس کے علاوہ، کل فیکسڈ انکم فنڈز جون 2023 سے تقریباً 104.7 فیصد بڑھ کر 756 PKR بلین ہو گئے جبکہ ایکویٹی اور متعلقہ فنڈز 52.3 فیصد اضافے سے 255 PKR بلین ہو گئے۔

سیگمنٹ شیئر کے لحاظ سے، منی مارکیٹ فنڈز تقریباً 50.8 فیصد کے شیئر کے ساتھ سرفہرست تھے، اس کے بعد انکم فنڈز 37.3% کے ساتھ اور ایکویٹی اور ایکویٹی سے متعلق فنڈز کا حصہ 9.9 فیصد کے ساتھ 30 جون 2024 کا اختتام ہوا۔

میوچل فنڈ انڈسٹری آؤٹ لک

سود کی شرح میں کمی کی وجہ سے بانڈز اور ایکویٹیز دونوں اگلے سال میں اچھی کارکردگی کا مظاہرہ کریں گے۔ سال کے دوران، انکم فنڈز میں سرمایہ کاروں کی نمایاں دلچسپی پہلے ہی نظر آ رہی ہے جبکہ ایکویٹی فنڈز میں آئی ایم ایف کے نئے معاہدے کے بعد آمد کا امکان ہے۔ اس مدت کے دوران نسبتاً زیادہ شرح سود منی مارکیٹ کے فنڈز میں مسلسل بہاؤ کی حوصلہ افزائی کرے گی کیونکہ یہ مختصر مدت کے افق اور کم رسک پروفائل والے سرمایہ کاروں کے لیے مثالی ہیں۔

30 جون 2023 کو پنگ نیٹ اٹاش (NAV) کی قیمت فی یونٹ 9.01 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 15.13 روپے رہی جو 6.12 روپے فی یونٹ کے اضافے کو ظاہر کرتی ہے۔

معیشت اور مارکیٹ - مستقبل کا آؤٹ لک

پاکستان کی جی ڈی پی گزشتہ سال کی مایوس کن کارکردگی جہاں جی ڈی پی میں صرف 2.4 فیصد اضافہ ہوا تھا اس سال FY24 میں 3.5 فیصد تک واپس آنے کی توقع ہے۔ گزشتہ سال 1.2 فیصد کے مقابلے میں 4.0 فیصد کی متوقع نمو کے ساتھ صنعتی پیداوار کے لیے آؤٹ لک نسبتاً پر امید ہے۔ معاشی استحکام، مستحکم کرنسی اور شرح سود میں کمی سے صنعتی اور سروس سیکٹر کی نمو کو بحال کرنے میں مدد ملے گی۔ اعلیٰ بنیاد کے اثر کی وجہ سے زراعت کی کارکردگی ٹھیک طرف رہنے کا امکان ہے۔

پاکستان اور انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے درمیان عملے کی سطح پر قرض کا نیا معاہدہ طے پا گیا ہے جس کے تحت ملک کو 37 ماہ کے دوران 7.0 بلین امریکی ڈالر ملیں گے۔ قرض کی حتمی منظوری آئی ایم ایف کا ایگزیکٹو بورڈ دے گا۔ آئی ایم ایف پروگرام کا کامیاب تسلسل ایک اہم مثبت ہے کیونکہ یہ ہمیں دو طرفہ اور کثیر جہتی ذرائع سے فنڈنگ حاصل کرنے کی اجازت دے گا۔ تاہم، قرضوں کے اخراج اور بین الاقوامی یورو بانڈ یا سکوک کے ذریعے فنڈز اکٹھا کرنے میں ہماری ناکامی کی وجہ سے ہماری بیرونی پوزیشن اب بھی غیر یقینی ہے۔ اس طرح، ہم بیرونی خدشات کو دور کرنے کے لیے اس سال ایک پائیدار کرنٹ اکاؤنٹ چلاتے رہیں گے۔ ہمیں مالی سال 25 میں 1.0 USD بلین (GDP کا 0.2%) کی CAD کی توقع ہے کیونکہ IMF کی چھتری کے تحت استحکام کی پالیسی جاری رہنے کا امکان ہے۔

PKR USD کے مستحکم رہنے کی توقع ہے کیونکہ حکومت برآمدات اور ترسیلات زر میں بحالی کی پشت پر کرنٹ اکاؤنٹ خسارے کو بہتر بنانے پر توجہ دے رہی ہے۔ آئی ایم ایف کے نئے پروگرام میں داخلے سے بیرونی فنڈنگ کی نمائش میں بھی اضافہ ہوگا۔ ہمیں توقع ہے کہ PKR/USD مالی سال کو 311 PKR پر بند کرے گا۔

بنیادی اثر اور نسبتاً مستحکم کرنسی کی وجہ سے افراط زر کی شرح میں کمی آنا شروع ہو گئی ہے۔ جون 2024 میں ہیڈ لائن افراط زر کی تعداد مئی 2023 میں 38.0 فیصد کی بلند ترین سطح کے مقابلے میں 12.6 فیصد تک پہنچ گئی۔ بنیادی افراط زر میں بھی نمایاں کمی درج کی گئی، جو 14.1 فیصد پر پہنچ گئی جو کہ 23 ماہ کی کم ترین سطح ہے۔ 1HFY25 میں افراط زر کی ریڈنگ سنگل ہندسوں تک گرنے کی توقع ہے۔ افراط زر کے رجحانات، بیرونی اور مالیاتی پوزیشن کو مد نظر رکھتے ہوئے ہم توقع کرتے

ایم ایف پروگرام میں داخل ہونے کے ارادے سے جذبات میں مزید اضافہ ہوا۔ آخر میں، کرنسی کی اسمگلنگ اور ذخیرہ اندوزی کے خلاف کریک ڈاؤن کے بعد مقامی کرنسی کی طاقت، مضبوط کارپوریٹ منافع، بجٹ FY25 میں دیگر اگلاشات پر ٹیکسوں میں اضافہ اور 150bps کی کٹوتی کے ساتھ مالیاتی نرمی کا آغاز، سبھی نے پائیدار ریلی میں حصہ ڈالا۔

مالی سال 24 کے دوران، غیر ملکی سرمایہ کار، انشورنس، اور کارپوریٹس بالترتیب 141 USD ملین، 126 USD ملین اور 36 USD ملین کے خالص خریدار تھے۔ جبکہ بینکوں اور میوچل فنڈز سے بالترتیب 141 USD ملین اور 48 USD ملین کی بڑی فروخت دیکھی گئی۔ FY24

کے دوران KSE-ALL INDEX کے لیے اوسط تجارتی حجم میں گزشتہ سال کی اسی مدت میں تقریباً 191 ملین شیئرز کے مقابلے میں 140.4 فیصد اضافے سے 461 پر جا پہنچی۔ اسی طرح، اس مدت کے دوران اوسط تجارتی قدر میں پچھلے سال کے مقابلے میں 118.5 فیصد اضافہ ہوا جو 55 ملین امریکی ڈالر کے قریب پہنچ گیا۔

بینکنگ، فریلائٹرز، اور ای اینڈ پی سیکٹرائڈیکس کے اضافے میں بالترتیب 4,300 / 5,074 / 13,262 پوائنٹس کا اضافہ کرنے والے اہم شراکت دار تھے۔ بینکنگ سیکٹر میں وسیع الہیاد ریلی دیکھنے میں آئی کیونکہ آئی ایم ایف پروگرام میں داخلے نے مضبوط منافع کے علاوہ مقامی قرضوں کی تنظیم نو کے امکانات کو کم کر دیا۔ کھاد کے شعبے نے متوقع منافع سے بہتر کارکردگی کا مظاہرہ کیا جبکہ گیس سرکیورٹی کی منظوری کی خبروں کی وجہ سے ای اینڈ پی میں تیزی آئی، جس سے سیلکٹڈ فلو میں بہتری آئے گی۔

فنڈ کی کارکردگی

اس مدت کے دوران، اے ایل ایچ آئی ایس ایف نے 78.70 فیصد کے بینچ مارک ریٹرن کے مقابلے میں 90.42 فیصد کا ریٹرن دیا۔ مدت کے اختتام پر فنڈ کی مجموعی سرمایہ کاری ایکویٹیز میں 94.1 فیصد رہی۔ فنڈ نے مختلف سیکٹرز اور کمپنی کی سطح کی بنیادی پیش رفت سے نمٹنے کے لیے سہ ماہی کے دوران کئی بار اپنی سرمایہ کاری کی حکمت عملی تبدیل کی۔ اس مدت کے دوران، فنڈ نے سینٹ، کمرشل بینکوں اور فارماسیوٹیکل کمپنیوں میں بڑے پیمانے پر سرمایہ کاری کی تھی۔

30 جون 2023 تک فنڈ کے خالص اثاثے 2,479 ملین روپے تھے جب کہ 30 جون 2024 کو یہ 4,080 ملین روپے رہے جو 64.58 فیصد کے اضافے کو ظاہر کرتے ہیں۔

مقابلے میں ملک کی بیرونی صورتحال میں بہتری کو ظاہر کرتے ہیں۔ یہ آئی ایم ایف، دوست ممالک اور کثیر جہتی ذرائع سے آنے والے بہاؤ کی وجہ سے تھا۔

مالی سال 2024 کے دوران CPI کی طرف سے پیش کردہ ہیڈ لائن افراط زر کی اوسط 23.9 فیصد رہی جو گزشتہ سال 29.0 فیصد تھی۔ افراط زر کی شرح بلندی پر رہی کیونکہ سابقہ ادوار میں کرنسی کی قدر میں زبردست کمی کی وجہ سے توانائی اور خوراک کی قیمتوں میں اضافہ ہوا۔ حکومت نے آئی ایم ایف کی شرائط پر عمل کرنے کے لیے بجلی کے بنیادی میٹرف اور گیس کی قیمتوں میں بھی اضافہ کیا، جس سے مہنگائی کا دباؤ مزید بڑھ گیا۔ اسٹیٹ بینک نے 10 جون 2024 کو منعقدہ سال کی آخری مانیٹری پالیسی میں پالیسی ریٹ کو 150bps سے کم کر کے 20.5 فیصد کر دیا۔ مانیٹری پالیسی نے افراط زر میں نمایاں کمی کو نوٹ کیا، جس کے نتیجے میں کافی حد تک مثبت حقیقی سود کی شرح ہوئی، جو مانیٹری سائیکل شروع کرنے کا جواز فراہم کرتی ہے۔

مالی سال 2023-24 میں ملک کی جی ڈی پی میں گزشتہ سال -0.2 فیصد کے مقابلے میں 2.4 فیصد اضافہ ہوا۔ زراعت میں 6.3 فیصد اضافہ ہوا، خدمات اور صنعتی شعبے میں ہر ایک میں 1.2 فیصد کا معمولی اضافہ ہوا۔ دبے ہوئے صنعتی اور خدمات کی پیداوار کے پیچھے سیاسی غیر یقینی صورتحال کے ساتھ تاریخی بلند شرح سود سب سے بڑے مجرم تھے۔ مالیاتی پہلو پر، FBR ٹیکس وصولی مالی سال 24 میں 29.6 فیصد بڑھ کر 9,285 بلین روپے تک پہنچ گئی، جس سے ہدف میں 130 بلین روپے کی معمولی کمی واقع ہوئی۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2024 میں اسٹاک مارکیٹ میں جوش و خروش دیکھا گیا، کیونکہ شیخ مارک KSE-100 حیرت انگیز طور پر 89.2 فیصد یا 36,992 پوائنٹس کے اضافے سے 78,445 پوائنٹس کی بلند ترین سطح پر بند ہوا۔ یہ پاکستان کو سال میں 94.4 فیصد امریکی ڈالر کی واپسی کے ساتھ دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بھی بناتا ہے۔

پاکستان کے نئے آئی ایم ایف پروگرام میں داخل ہونے کے بعد میکرو اکنامک اشاریوں میں بہتری کی وجہ سے تیزی کی رفتار سال بھر جاری رہی۔ مارکیٹ کے شرکاء نے SBA کے تحت IMF کے تمام جائزوں کی کامیاب تکمیل پر بھی خوشی کا اظہار کیا۔ مزید برآں، فروری 2024 میں انتخابات کے کامیاب اختتام نے سرمایہ کاروں کے درمیان طویل واضح وضاحت کی۔ مزید برآں، موجودہ حکومت کی طرف سے ڈھانچہ جاتی اصلاحات جاری رکھنے کی تصدیق کے ساتھ ساتھ ایک طویل آئی

پیارے سرمایہ کار،

بورڈ آف ڈائریکٹرز کی جانب سے مجھے الحمد للہ اسلامک اسٹاک فنڈ کے 30 جون 2024 کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش کرنے پر خوشی ہے۔

معیشت کا جائزہ

مالی سال 2024 پاکستان کے لیے میکرو اکنامک بحالی کا ایک دور تھا، جس نے مسلسل معاشی بدانتظامی کی وجہ سے ہونے والے ڈیفالٹ کو روک دیا۔ یہ تبدیلی بنیادی طور پر پاکستان کے کئی ماہ کی تاخیر کے بعد آئی ایم ایف کے نئے پروگرام میں داخل ہونے کی وجہ سے تھی۔ حکومت نے 23 جون میں IMF سے 3.0 USD بلین کی انتہائی ضروری اسٹینڈ بائی آرینجمنٹ (SBA) کی سہولت حاصل کی، اور دوست ممالک سے بروقت رول اوور حاصل کرنے میں کامیاب ہوئی۔ اس نے آئی ایم ایف کے اہداف کی تعمیل کرنے کے لیے غیر متزلزل عزم کا بھی اظہار کیا اور اس کے نتیجے میں حکومت نے اس پروگرام کو کامیابی سے مکمل کر لیا۔

مگر اس حکومت نے اگست 2023 میں اقتدار سنبھالا اور فوری طور پر کرنسی پر قیاس آرائی کے دباؤ کا سامنا کرنا پڑا، جس کی وجہ سے یہ انٹر بینک مارکیٹ میں 307 کی بلند ترین سطح پر پہنچ گئی۔ غیر رسمی مارکیٹ میں زر مبادلہ کی شرح 330 USD / PKR کے قریب پہنچ گئی جو قیاس آرائیوں کی سرگرمیوں میں اضافے اور غیر یقینی کی صورت حال کی عکاسی کرتی ہے۔ حکومت نے ستمبر 2023 میں ڈالر کی اسمگلنگ، افغان ٹرانزٹ کے غلط استعمال اور غیر قانونی کرنسی ڈیلرز کے خلاف فیصلہ کن اقدامات کیے، جس سے شرح مبادلہ میں تیزی سے بحالی ہوئی۔ اس سے اعتماد کو بہتر بنانے مدد ملی اور اوپن اور انٹر بینک ریٹ اسپرڈ کو کم کیا گیا۔ حکام نے مجموعی بیرونی توازن کو منظم کرنے کے لیے شرح مبادلہ کی ادائیگیوں کی سختی سے نگرانی کرنے کے لیے میکانزم بھی بنائے۔ انتظامیہ کے اقدامات اور بیرونی اور مالی کھاتوں کے نظم و ضبط کے اقدامات دونوں کے امتزاج نے مجموعی استحکام کو بحال کرنے مدد کی۔ PKR USD سال کے آغاز سے 2.6 فیصد اضافے کے ساتھ 278.3 پر سال کا اختتام ہوا۔

ملک نے مالی سال 2024 (11MFY24) کے پہلے گیارہ مہینوں میں 464 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو گزشتہ سال کی اسی مدت میں 3.8 USD بلین کے خسارے کے مقابلے میں 88 فیصد کم ہے۔ تجارتی خسارہ کم ہونا CAD کو بہتر بنانے میں اہم کردار ادا کرنے والا تھا کیونکہ برآمدات میں 11.3 فیصد اضافہ اور درآمدات میں 2.3 فیصد کمی سے تجارتی خسارے میں 17.0 فیصد کمی واقع ہوئی۔ جون 2024 تک اسٹیٹ بینک کے زرمبادلہ کے ذخائر بڑھ کر 9.4 بلین امریکی ڈالر ہو گئے جو کہ گزشتہ مالی سال کے اختتام پر 4.4 بلین امریکی ڈالر کے

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2024

Fund Type and Category

Alhamra Islamic Stock Fund [Formerly MCB Pakistan Islamic Stock Fund] is an Open-End Shariah Compliant Equity Scheme.

Fund Benchmark

The benchmark for ALHISF is KMI-30 Index.

Investment Objective

The objective of the Fund is to provide investors long term capital appreciation from its investment in Shariah Compliant Equity Securities.

Investment Strategy

Alhamra Islamic Stock Fund is an Open-ended Shariah Compliant Equity Scheme which primarily invests in Shariah Compliant Equity Securities. The Fund shall be subject to such exposure limits as specified in the Rules, the Regulations and directives issued by SECP from time to time.

Manager's Review

During the period, ALHISF delivered a return of 90.42% as compared to benchmark return of 78.70%. Overall equity exposure of the fund stood at 94.1% at the end of the period as compared to 94.3% at June 30, 2023. At the period end, the fund was 94.1% invested in equities, with major exposure in Cements, Commercial Banks, and Pharmaceuticals.

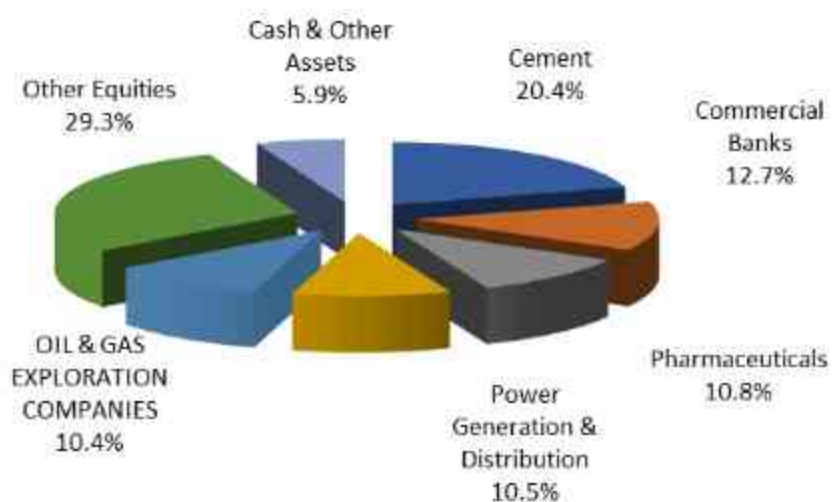
The Net Assets of the Fund as at June 30, 2024 stood at Rs. 4,080 million as compared to Rs. 2,453 million as at June 30, 2023 registering a increase of 66.3%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 15.13 as compared to opening NAV of Rs. 9.01 per unit as at June 30, 2023 registering a increase of Rs. 6.12 per unit.

Asset Allocation as on June 30, 2024 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-24
Stock / Equities	94.1%
Cash	5.0%
Others including receivables	0.9%

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2024**

Sector Allocation (%age of Total Asset)



Syed Abid Ali
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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S.M.C.H.S. Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
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TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Stock Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

For the attention of unit holders, during an onsite inspection of the Management Company, the Securities and Exchange Commission of Pakistan (SECP) identified certain matters related to the charging and allocation of selling and marketing expenses to the Fund. Accordingly, the Management Company, following the guidance and interpretation provided by the SECP, will compensate to the entitled unit holders.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: September 30, 2024



REPORT OF THE SHARIAH ADVISORY BOARD

Karachi: September 23, 2024

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Islamic Stock 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 Investment Management Limited, the management company of the fund, to establish and maintain a system of internal controls to ensure compliance with Shariah guidelines. Our responsibility is to express an opinion, based on our review of the representation made by the management, to the extent where such compliance can be objectively verified.

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

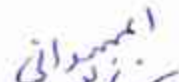
- We have reviewed and approved the modes of investment of Alhamra Islamic Stock Fund (ALHISF) in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHISF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHISF for the year ended have been in compliance with Shariah principles.

During the year an amount of Rupees 4,207,298 was recorded as charity expense. The total amount of charity payable as at 30 June 2024 amounts to Rs. 4,207,298.

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



Dr Muhammad Zubair Usmani
(Shariah Advisor)



Dr Ejaz Ahmed Samadani
(Shariah Advisor)

For and on behalf of Shariah Advisory Board

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE UNIT HOLDERS



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Independent Assurance Report on Compliance with the Shariah Governance Regulations, 2023

To the unit holders of Alhamra Islamic Stock Fund (the Fund)

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of **Alhamra Islamic Stock Fund (the Fund)** for assessing compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2024. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar(s).

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2024) is assessed, comprise the Shariah principles and rules as defined in the Regulations and reproduced as under.

- i. Legal and regulatory framework administered by the Commission;
- ii. Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by Commission;
- iii. Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- iv. Guidance and recommendations of the Shariah advisory committee, as notified by Commission; and
- v. Approvals, rulings or pronouncements of the Shariah supervisory board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above

The above criteria were evaluated for their implications on the financial statements of the Fund for the year ended June 30, 2024, which are annexed.

3. Management's Responsibility for Shariah Compliance

Management is responsible to ensure that the financial arrangements, contracts, and transactions having Shariah implications, entered into by the Fund with its customers, other financial institutions, and stakeholders, and related policies and procedures, are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for the design, implementation, and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

A member of UHY International, a network of independent accounting and consulting firms.

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Islamabad Office: West Lower Ground, Pak Plaza (11-A) Fafze-Haq Road, Blue Area, Islamabad (Pakistan)

MEMBER OF THE
FORUM OF FIRMS



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.

5. Our Responsibility and Summary of the Work Performed

Our responsibility in connection with this engagement is to express an opinion on the compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2024, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board.

That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Fund's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts, and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

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

7. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, Fund's financial arrangements, contracts, and transactions for the year ended June 30, 2024 are in compliance with the Shariah principles (criteria specified in para 2 above), in all material respects.


UHY Hassan Naeem & Co.
Chartered Accountants
Engagement Partner: Arslan Ahmed
Dated: September 27, 2024

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alhamra Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alhamra Islamic Stock Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer note 6 to the financial statements) Investments constitute the most significant component of the net asset value. Investment of the Fund as at June 30, 2024 amounted to Rs. 3,888.223 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

AF&C

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



A.F. FERGUSON & Co.

Other Matter

The financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 22, 2023.

Other Information

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

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

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

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

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Affix



A.F. FERGUSON & Co.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 4, 2024

UDIN: AR202410611ZmPTIL3G9

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		— (Rupees in '000') —	
ASSETS			
Balances with banks	5	204,975	120,136
Investments	6	3,888,223	2,398,010
Advances, deposits and other receivables	7	7,823	4,401
Receivable against sale of investments		31,284	21,150
Total assets		4,132,305	2,543,697
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	8	14,562	13,369
Payable to Central Depository Company of Pakistan Limited - Trustee	9	454	324
Payable to the Securities and Exchange Commission of Pakistan	10	304	517
Payable against purchase of investments		9,494	24,401
Accrued expenses and other liabilities	11	27,834	25,758
Total liabilities		52,648	64,369
NET ASSETS		4,079,657	2,479,328
Unit holders' fund (as per statement attached)		4,079,657	2,479,328
Contingencies and commitments	12		
		— (Number of units) —	
NUMBER OF UNITS IN ISSUE		269,683,354	275,081,665
		— (Rupees) —	
NET ASSET VALUE PER UNIT		15.13	9.01

The annexed notes from 1 to 27 form an integral part of these financial statements.

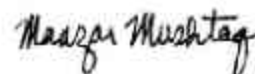
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	For the year ended	
		June 30, 2024	June 30, 2023
		— (Rupees in '000') —	
INCOME			
Profit on saving accounts with banks		16,202	11,531
Dividend income		187,504	167,313
Net realised gain / (loss) on sale of investments		854,449	15,097
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	1,101,221	(96,264)
Total income		2,159,376	97,677
EXPENSES			
Remuneration of MCB Investment Management Limited - Management Company	8.1	90,281	51,738
Sindh Sales Tax on remuneration of the Management Company	8.2	11,737	6,726
Allocated expenses	8.3	3,393	2,587
Selling and marketing expenses	8.4	16,783	33,630
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,177	3,566
Sindh Sales Tax on remuneration of the Trustee	9.2	543	464
Fees to Securities and Exchange Commission of Pakistan	10	3,019	517
Auditors' remuneration	13	1,103	862
Brokerage, settlement and bank charges		12,124	11,037
Fees and subscription		-	28
Legal and professional charges		191	176
Shariah advisory fee		490	710
Printing and related costs		34	51
Charity expense		4,207	5,735
Total expenses		(148,082)	(117,827)
Net income / (loss) for the year before taxation		2,011,294	(20,150)
Taxation	14	-	-
Net income / (loss) for the year after taxation		2,011,294	(20,150)
Earnings / (loss) per unit			
Allocation of net income for the year			
Net income for the year after taxation		2,011,294	-
Income already paid on units redeemed		(458,927)	-
		1,552,367	-
Accounting income available for distribution			
- Relating to capital gains		1,510,149	-
- Excluding capital gains		42,218	-
		1,552,367	-

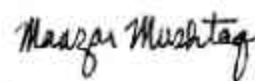
The annexed notes from 1 to 27 form an integral part of these financial statements.
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	For the year ended	
	June 30, 2024	June 30, 2023
	----- (Rupees in '000') -----	
Net income / (loss) for the year after taxation	2,011,294	(20,150)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	2,011,294	(20,150)

The annexed notes from 1 to 27 form an integral part of these financial statements.

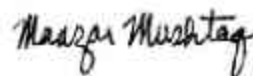
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Year ended June 30, 2024			Year ended June 30, 2023		
	Capital value	(Accumulated losses) / Undistributed income	Total	Capital value	Accumulated losses	Total
	(Rupees in '000)					
Net assets at beginning of the year	3,132,247	(652,919)	2,479,328	3,063,112	(632,769)	2,430,343
Issuance of 307,544,745 units (2023: 231,810,185 units)						
- Capital value (at net assets value per unit at the beginning of the year)	2,770,978	-	2,770,978	2,109,475	-	2,109,475
- Element of income / (loss)	1,685,860	-	1,685,860	(21,879)	-	(21,879)
Total proceeds on issuance of units	4,456,838	-	4,456,838	2,087,596	-	2,087,596
Redemption of 312,943,056 units (2023: 223,831,124 units)						
- Capital value (at net assets value per unit at the beginning of the year)	(2,819,617)	-	(2,819,617)	(2,036,863)	-	(2,036,863)
- Element of (loss) / income	(1,115,997)	(458,927)	(1,574,924)	18,402	-	18,402
Total payments on redemption of units	(3,935,614)	(458,927)	(4,394,541)	(2,018,461)	-	(2,018,461)
Total comprehensive income / (loss) for the year	-	2,011,294	2,011,294	-	(20,150)	(20,150)
Distribution for the year ended June 30, 2024 @ Rs. 2 per unit (declared on June 26, 2024)	-	(379,654)	(379,654)	-	-	-
Refund of capital during the year	(93,608)	-	(93,608)	-	-	-
Net income for the year less distribution	(93,608)	(379,654)	(473,262)	-	-	-
Net assets at the end of the year	<u>3,559,863</u>	<u>519,794</u>	<u>4,079,657</u>	<u>3,132,247</u>	<u>(652,919)</u>	<u>2,479,328</u>
Accumulated losses brought forward						
- Realised income		(556,655)			(211,325)	
- Unrealised loss		(96,264)			(421,444)	
		(652,919)			(632,769)	
Accounting income available for distribution						
- Relating to capital gains		1,510,149			-	
- Excluding capital gains		42,218			-	
		1,552,367			-	
Distributions made during the year		(379,654)			-	
Net income / loss for the year after taxation		-			(20,150)	
Undistributed income / (accumulated losses) carried forward		<u>519,794</u>			<u>(652,919)</u>	
Undistributed income / (accumulated losses) carried forward						
- Realised loss		(581,427)			(556,655)	
- Unrealised income / (loss)		1,101,221			(96,264)	
		<u>519,794</u>			<u>(652,919)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>9.01</u>			<u>9.10</u>	
Net asset value per unit at the end of the year		<u>15.13</u>			<u>9.01</u>	

The annexed notes from 1 to 27 form an integral part of these financial statements.

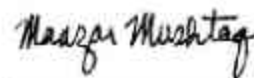
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	For the year ended	
		June 30, 2024	June 30, 2023
		---- (Rupees in '000') ----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		2,011,294	(20,150)
Adjustments for:			
Dividend income		(187,504)	(167,313)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(1,101,221)	96,264
		722,569	(91,199)
Increase in assets			
Investments - net		(388,992)	(187,397)
Advances, deposits and other receivables		(3,422)	1,772
Receivable against sale of investments		(10,134)	21,221
		(402,548)	(164,404)
Decrease in liabilities			
Payable to MCB Investment Management Limited - Management Company		1,193	(419)
Payable to Central Depository Company of Pakistan Limited - Trustee		130	(6)
Payable to the Securities and Exchange Commission of Pakistan		(213)	(121)
Payable against purchase of investments		(14,907)	(3,301)
Accrued expenses and other liabilities		2,076	1,240
		(11,721)	(2,607)
Dividend received		187,504	167,313
Net cash generated from / (used in) operating activities		495,804	(90,897)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		4,363,230	2,087,596
Payment against redemption and conversion of units		(4,394,541)	(2,018,461)
Dividend paid		(379,654)	-
Net cash (used in) / generated from financing activities		(410,965)	69,135
Net increase in cash and cash equivalents during the year		84,839	(21,762)
Cash and cash equivalents at the beginning of the year		120,136	141,898
Cash and cash equivalents at the end of the year	5	204,975	120,136

The annexed notes from 1 to 27 form an integral part of these financial statements.

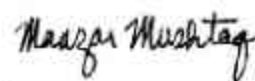
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Stock Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (now: MCB Investment Management Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed of the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated May 13, 2004 consequent to which Trust Deed was executed on May 26, 2004 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was registered under the Sindh Trust Act. Accordingly, on August 12, 2021.
- 1.2 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Management Company and AHCL no longer holds any shares in the Management Company. Consequently, members of the Management Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Management Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The Fund is an open ended mutual Fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to provide a high absolute return by investing in equity securities. Units are transferable and can be redeemed by surrendering to the Fund. The Fund has been categorised as "Shariah Compliant Equity Scheme" by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' on October 06, 2023 (June 30, 2023: 'AM1' dated October 6, 2022) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements;
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3.5 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (note 4.3 and 6).

3.6 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 Equity instruments

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

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

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

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

4.3.2 Impairment (other than debt securities)

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

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

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

4.3.3 Regular way contracts

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

4.3.4 Initial recognition and measurement

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

4.3.5 Derecognition

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

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issuance and redemption of units

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

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

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

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

4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

4.11 Expenses

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

4.12 Taxation

Current

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Deferred

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

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

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

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

4.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

4.14 Distributions to unit holders

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

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

4.15 Foreign currency translation

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

	Note	June 30, 2024	June 30, 2023
		— (Rupees in '000') —	
5 BALANCES WITH BANKS			
Current accounts	5.1	15,711	23,170
Savings accounts	5.2	189,263	96,966
		<u>204,974</u>	<u>120,136</u>
5.1	These include a balance of Rs. 2.67 (2023: Rs. 10.85) million maintained with MCB Bank Limited, a related party.		
5.2	These carry profit at the rates ranging from 17.00% to 21.30% (2023: 11.43% to 20.25%) per annum and include Rs. 127.29 (2023: Rs. 82.54) million maintained with MCB Islamic Bank Limited, a related party which carries profit at the rate of 19.70% (2023: 18.50%) per annum.		
6 INVESTMENTS			
6.1 Investments at fair value through profit or loss			
Listed equity securities	6.1.1	3,888,223	2,398,010
		<u>3,888,223</u>	<u>2,398,010</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Name of the Investee Company	Number of shares					Balance as at June 30, 2024			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the Investee Company
	As at July 01, 2023	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2024	Carrying value	Market value	Unrealised appreciation / (diminution)	net assets	total investments	
						(Rupees in '000')					%
Balance brought forward											
OIL AND GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited	97,500	58,500	-	116,100	39,900	65,048	108,222	43,174	4.36	4.51	0.03
Oil & Gas Development Company Limited*** (note 6.1.1.1)	1,800,000	1,444,000	-	1,955,000	1,289,000	137,257	174,492	37,235	7.04	7.28	0.03
Pakistan Petroleum Limited	1,400,000	3,048,000	-	3,198,000	1,250,000	116,695	146,388	29,693	5.90	6.10	0.05
						319,000	429,102	110,102	17.30	17.89	0.11
OIL AND GAS MARKETING COMPANIES											
Attock Petroleum Limited	-	55,676	-	55,676	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	600,000	845,000	-	600,000	845,000	54,294	53,632	(662)	2.16	2.24	0.13
						54,294	53,632	(662)	2.16	2.24	0.13
PHARMACEUTICALS											
Ferozsons Laboratories Limited	100,000	134,202	-	-	234,202	45,742	58,412	12,670	2.36	2.44	0.54
AGP Limited	-	1,011,000	-	-	1,011,000	76,163	93,386	17,223	3.77	3.89	0.36
Citi Pharma Limited	1,207,589	1,601,411	-	359,000	2,450,000	59,556	69,825	10,269	2.82	2.91	1.07
Haleon Pakistan Limited	270,000	113,100	-	40,000	343,100	51,373	102,028	50,655	4.12	4.25	0.29
GlaxoSmithKline Limited	-	513,022	-	-	513,022	54,714	73,793	19,079	2.98	3.08	0.16
Hightnoon Laboratories Limited	138,748	20,000	-	91,700	67,048	23,189	47,844	24,655	1.93	2.00	0.13
						310,737	445,288	134,551	17.98	18.57	2.55
REFINERY											
Attock Refinery Limited	-	275,388	-	175,388	100,000	27,511	35,159	7,648	1.42	1.47	0.09
						27,511	35,159	7,648	1.42	1.47	0.09
POWER GENERATION AND DISTRIBUTION											
Lajpore Power Limited*	-	400,000	-	-	400,000	10,096	10,168	72	0.41	0.42	0.11
Nishat Chunian Power Limited	-	2,415,000	-	-	2,415,000	68,545	72,329	3,784	2.92	3.02	0.66
The Hub Power Company Limited*** (note 6.1.1.1)	1,520,000	1,775,198	-	1,136,962	2,158,236	182,301	351,965	169,664	14.20	14.68	0.17
						260,942	434,462	173,520	17.53	18.12	0.94
TECHNOLOGY AND COMMUNICATION											
Systems Limited	367,500	487,000	-	239,500	615,000	259,687	257,255	(2,432)	10.38	10.73	0.21
						259,687	257,255	(2,432)	10.38	10.73	0.21
TRANSPORT											
Pakistan International Bulk Terminal Limited	-	1,750,000	-	1,750,000	-	-	-	-	-	-	-
						-	-	-	-	-	-
TEXTILE COMPOSITE											
Interloop Limited	2,250,000	1,322,547	-	1,742,764	1,829,783	84,929	129,604	44,675	5.23	5.40	0.13
Kohinoor Textile Mills Limited	1,200,300	-	-	1,200,300	-	-	-	-	-	-	-
Nishat Chunian Limited	1,200,000	-	-	1,200,000	-	-	-	-	-	-	-
Nishat Mills Limited*	450,000	1,564,354	-	754,000	1,260,354	93,484	89,296	(4,188)	3.60	3.72	0.36
						178,413	218,900	40,487	8.83	9.12	0.49
PAPER, BOARD & PACKAGING											
Century Paper & Board Mills Limited	450,000	50,000	-	500,000	-	-	-	-	-	-	-
Synthetic Products Enterprises Limited**	700,000	262,872	-	-	962,872	11,063	15,329	4,266	0.62	0.64	0.96
Packages Limited	60,000	115,461	-	18,600	156,861	64,980	83,987	19,007	3.39	3.50	0.18
						76,043	99,316	23,273	4.01	4.14	1.14
MISCELLANEOUS											
Shifa International Hospitals Limited	309,930	64,600	-	133,500	241,030	29,596	35,337	5,741	1.43	1.47	0.38
Pakistan Aluminium Beverage Cans Limited	-	125,000	-	125,000	-	-	-	-	-	-	-
						29,596	35,337	5,741	1.43	1.47	0.38
Total as at June 30, 2024						2,787,002	3,888,223	1,101,221			
Total as at June 30, 2023						2,494,273	2,398,010	(96,263)			

* These represent transactions in shares of related parties

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

*** These represent pledge securities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

6.1.1.1 Investments include 500,000 shares (2023: 500,000 shares) of The Hub Power Company Limited having market value of Rs. 81,540 million as at June 30, 2024 (2023: Rs. 34,790 million), 700,000 shares (2023: 700,000 shares) of Oil & Gas Development Company Limited having market value of Rs. 94,759 million as at June 30, 2024 (2023: Rs. 54,600 million), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

Name of security	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	— (Number of shares) —		— (Rupees in '000') —	
The Hub Power Company Limited	500,000	500,000	81,540	34,790
Oil & Gas Development Company Limited	700,000	700,000	94,759	54,600
	<u>1,200,000</u>	<u>1,200,000</u>	<u>176,299</u>	<u>89,390</u>

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

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

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

As at June 30, 2024, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.02 million (2023: Rs. 0.03 million).

	Note	2024	2023
		— Rupees in '000' —	
6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1.1	3,888,223	2,398,010
Less: Carrying value of investments	6.1.1	<u>2,787,002</u>	<u>2,494,274</u>
		<u>1,101,221</u>	<u>(96,264)</u>
7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Advance tax	7.1	474	656
Profit receivable on bank balances		3,213	737
Security deposit with:			
- National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		300	300
Other receivables		<u>1,336</u>	<u>208</u>
		<u>7,823</u>	<u>4,401</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on bank deposits to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on bank deposits was amounted to Rs 0.47 million (2023: Rs 0.66 million). Pending resolution of the matter, the amount of withholding tax deducted on dividends and profit on bank deposits has been shown as Advance tax under 'Advances, deposits and other receivables' as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of SHC.

8 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	June 30, 2024	June 30, 2023
		—Rupees in '000'—	
Management remuneration payable	8.1	10,044	4,102
Sindh Sales Tax payable on remuneration of the Management Company	8.2	1,306	533
Allocated expenses payable	8.3	256	205
Selling and marketing expenses payable	8.4	2,816	8,479
Sales load payable		110	-
Shariah advisory fee payable		30	50
		<u>14,562</u>	<u>13,369</u>

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable limit, the Management Company has charged its remuneration at the rate of 3.55% per annum (2023: 2.00% per annum) of the average daily net assets of the Fund during the year. The remuneration is payable to the Management Company monthly in arrears.

- 8.2** During the year, an amount of Rs. 11.74 million (2023: Rs. 6.72 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%) and an amount of Rs. 10.96 million (2023: Rs. 6.73 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.08% to 3.97% (2023:) per annum of the average annual net assets of the Fund for the period from July 1, 2023 to June 30, 2024, subject to total expense charged being lower than actual expense incurred.

- 8.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion ranging from 0.05% to 4.30% (2023: 0% to 0.65%), duly authorised by the Board of Directors, while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2024	June 30, 2023
			—Rupees in '000'—	
	Trustee remuneration payable	9.1	402	287
	Sindh Sales Tax payable on trustee remuneration	9.2	52	37
			<u>454</u>	<u>324</u>

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

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

- 9.2** During the year, an amount of Rs. 0.54 million (2023: Rs. 0.46 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (June 30, 2023: 13%) and an amount of Rs. 0.53 million (2023: Rs. 0.47 million) was paid to the Trustee which acts as a collecting agent.

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2024	June 30, 2023
			—Rupees in '000'—	
	Fee payable	10.1	304	517

- 10.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.095% (2023: 0.02%) per annum of the daily net assets during the year.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30, 2024	June 30, 2023
			—Rupees in '000'—	
	Unclaimed dividends		12,236	12,236
	Charity payable		4,207	5,735
	Provision for federal excise duty on:			
	- Remuneration of the Management Company		5,689	5,689
	- Sales load	11.1	125	125
	Auditors' remuneration payable		899	591
	Brokerage payable		1,046	519
	Withholding tax payable		3,275	179
	Other payables		358	684
			<u>27,834</u>	<u>25,758</u>

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 5.81 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2024 would have been higher by Re. 0.02 (2023: Re. 0.02) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

13 AUDITORS' REMUNERATION

	June 30, 2024	June 30, 2023
	—Rupees in '000'—	
Annual audit fee	525	420
Fee for half yearly review of condensed interim financial statements	225	150
Fee for other certifications	178	156
Out of pocket expenses	93	73
	1,021	799
Sindh Sales Tax	82	64
	1,103	862

14 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 4.65% (2023: 4.55%) which includes 0.54% (2023: 0.34%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 4.5% (2023: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a "Shariah compliant Equity Scheme".

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

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

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

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

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

16.1 Transactions during the year:

	For the year ended	
	June 30, 2024	June 30, 2023
	— (Rupees in '000') —	
MCB Investment Management Limited - Management Company		
Remuneration of the Management Company including indirect taxes	102,018	58,464
Shariah advisory fee	490	710
Selling and marketing expenses	16,783	33,630
Allocated expenses	3,393	2,587
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	4,720	4,041
Central Depository Service charges	312	187
MCB Bank Limited- Parent of the Management Company		
Bank charges	18	28
MCB Islamic Bank Limited - Subsidiary of parent of the Management Company		
Profit on savings accounts	7,527	1,737
D.G. Khan Cement Company Limited		
Purchase 715,000 (2023: 2,146,800) Shares	39,841	113,068
Sales of 2,215,000 (2023: 1,146,000) Shares	154,347	61,622
Dividend income	-	1,000
International Steels Limited		
Purchase 870,444 (2023: NIL) Shares	41,355	-
Sales of 870,444 (2023: NIL) Shares	65,177	-
Dividend Income	3,258	-
Lalpir Power Limited		
Purchase 400,000 (2023: NIL) Shares	10,096	-
Nishat Mills Limited		
Purchase 1,564,354 (2023: NIL) Shares	113,471	63,064
Sales of 754,000 (2023: NIL) Shares	48,004	89,262
Dividend Income	-	1,000

16.2 Balances outstanding as at year end:

	June 30, 2024	June 30, 2023
	— (Rupees in '000') —	
MCB Investment Management Limited - Management Company		
Management remuneration payable	10,044	4,102
Sindh Sales Tax payable on remuneration of the Management Company	1,306	533
Sales load payable including related taxes	110	-
Shariah advisory fee payable	30	50
Allocated expenses payable	256	205
Selling and marketing expenses payable	2,816	8,479
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	402	287
Sindh Sales Tax payable on remuneration	52	37
Security deposits	300	300

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Balances outstanding at year end:

Group / associated companies

MCB Bank Limited

Balances with banks

June 30,
2024
June 30,
2023
— (Rupees in '000') —

2,678 10,852

MCB Islamic Bank Limited

Balances with banks

127,298 82,548

D.G. Khan Cement Company Limited

NIL shares (2023: 1,500,000 shares)

- 76,950

Nishat Mills Limited

1,260,354 shares (2023: 450,000 shares)

89,296 25,547

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

MCB Investments Limited - Management Company

Group / associated companies / undertakings

Nishat Mills Limited

D.G. Khan Cement Company Limited - Employees Provident Fund Trust

Adamjee Life Assurance Company Limited - (IMF)

Adamjee Life Assurance Company Limited - Amanat Fund

Adamjee Life Assurance Company Limited - Mauzaf

Hyundai Nishat Motor Private Limited Employees Provident Fund

MCBFSL Trustee Alhamra Smart Portfolio

Adamjee Life Assurance Company Limited Managed Growth Fund

Directors and Key Management Personnel

Mandate under discretionary portfolio services

Unit holders holding 10% or more units

For the year ended June 30, 2024							
As at July 01, 2023	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at June 30, 2024	Amount outstanding at July 01, 2023	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	Amount outstanding as at June 30, 2024
(Number of units)				(Rupees in '000')			
-	10,046,750	10,046,750	-	-	100,000	121,177	-
1,121,411	127,689	-	1,249,100	10,104	1,907	-	18,899
462,336	-	462,336	-	4,166	-	4,702	-
141,109,001	14,287,255	34,454,641	120,941,615	1,271,392	213,309	463,500	1,829,847
9,109,298	774,149	3,330,275	6,553,173	82,075	11,558	46,000	99,150
25,907,727	2,672,099	5,960,511	22,619,314	233,429	39,894	81,000	342,230
1,613,687	2,005,529	2,034,408	1,584,808	14,539	28,259	32,409	23,978
2,905,771	2,291,164	2,905,771	2,291,164	26,181	34,207	45,521	34,665
-	188,323	-	188,323	-	2,477	-	2,849
1,175,145	9,860,574	10,237,789	797,930	10,588	131,618	139,902	12,073
17,863,616	11,997,382	16,925,506	12,935,492	160,951	159,544	192,398	195,714
27,045,065	3,622,916	-	30,667,981	243,676	54,090	-	464,007

MCB Investments Limited - Management Company

Group / associated companies / undertakings

Adamjee Insurance Company Limited - Amanat Fund

Adamjee Life Assurance Company Limited - IMF

Adamjee Insurance Company Limited - MAZAAF

D.G. Khan Cement Company Limited - Employees Provident Fund Trust

Hyundai Nishat Motor Private Limited Employees Provident Fund

Nishat Mills Limited

MCBFSL Trustee Alhamra Smart Portfolio Fund

Directors And Key Management Personnel

Mandate under discretionary portfolio services

For the year ended June 30, 2023							
As at July 01, 2022	Issued for cash / conversion in transferred in	Redeemed / conversion out / transfer out	As at June 30, 2023	As at July 01, 2022	Issued for cash / conversion in / transferred in	Redeemed / conversion out / transfer out	As at June 30, 2023
(Number of units)				(Rupees in '000')			
1,911,887	2,853,881	4,765,768	-	17,398	25,000	41,174	-
17,205,899	3,404,255	11,500,856	9,109,298	156,574	32,000	97,916	82,075
72,848,990	96,435,680	28,175,669	141,109,001	662,926	866,545	257,000	1,271,392
41,547,236	-	15,639,509	25,907,727	378,080	-	140,400	233,429
462,336	-	-	462,336	4,207	-	-	4,166
167,542	1,446,145	-	1,613,687	1,525	13,000	-	14,539
1,121,411	-	-	1,121,411	10,205	-	-	10,104
3,869,444	374,761	1,338,434	2,905,771	35,212	3,327	12,297	26,181
1,888,402	11,672,181	12,385,438	1,175,145	17,184	106,810	113,488	10,588
5,210,449	32,575,187	19,922,020	17,863,616	47,415	293,083	179,567	160,951

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

17 FINANCIAL INSTRUMENTS BY CATEGORY

		June 30, 2024	
	At amortised cost	At fair value through profit or loss	Total
		(Rupees in '000')	
Financial assets			
Balances with banks	204,975	-	204,975
Investments	-	3,888,223	3,888,223
Receivable against sale of investments	31,284	-	31,284
Deposits and other receivables	7,348	-	7,348
	<u>243,607</u>	<u>3,888,223</u>	<u>4,131,830</u>
Financial liabilities			
Payable to MCB Investment Management Limited - Management Company	14,562	-	14,562
Payable to Central Depository Company of Pakistan Limited - Trustee	454	-	454
Payable against purchase of investments	9,494	-	9,494
Accrued expenses and other liabilities	18,745	-	18,745
	<u>43,255</u>	<u>-</u>	<u>43,255</u>
		June 30, 2023	
	At amortised cost	At fair value through profit or loss	Total
		(Rupees in '000')	
Financial assets			
Balances with banks	120,136	-	120,136
Investments	-	2,398,010	2,398,010
Receivable against sale of investments	21,150	-	21,150
Deposits and other receivables	3,745	-	3,745
	<u>145,031</u>	<u>2,398,010</u>	<u>2,543,041</u>
Financial liabilities			
Payable to MCB Investment Management Limited - Management Company	13,369	-	13,369
Payable to Central Depository Company of Pakistan Limited - Trustee	324	-	324
Payable against purchase of investments	24,401	-	24,401
Accrued expenses and other liabilities	19,765	-	19,765
	<u>57,859</u>	<u>-</u>	<u>57,859</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

Market risk comprises of three types of risk: currency risk, yield / profit risk and price risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

(i) Currency risk

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

(ii) Yield / Profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis of variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / (loss) for the year and net assets of the Fund would have been higher / lower by Rs. 1.89 million

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in yield / profit rates.

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

The Fund's yield / profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

June 30, 2024					
Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		
(Rupees in '000')					

On-balance sheet financial instruments

Financial assets

Balances with banks	17.00% to 21.30%	189,263	-	-	15,711	204,974
Investments		-	-	-	3,888,223	3,888,223
Receivable against sale of investments		-	-	-	31,284	31,284
Deposits and other receivables		-	-	-	7,348	7,348
		189,263	-	-	3,942,566	4,131,829

Financial liabilities

Payable to MCB Investment Management Limited - Management Company		-	-	-	14,562	14,562
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	454	454
Payable against purchase of investments		-	-	-	9,494	9,494
Accrued expenses and other liabilities		-	-	-	18,745	18,745
		-	-	-	43,255	43,255

On-balance sheet gap (a)

189,263	-	-	3,899,311	4,088,574
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Off-balance sheet financial instruments

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

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

189,263	-	-	-	-
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Cumulative profit rate sensitivity gap

189,263	189,263	189,263	-	-
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

June 30, 2023					
Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		

(Rupees in '000')

On-balance sheet financial instruments

Financial assets

Balances with banks	11.43% - 19.75%	96,966	-	-	23,170	120,136
Investments		-	-	-	2,398,010	2,398,010
Receivable against sale of investments		-	-	-	21,150	21,150
Deposits and other receivables		-	-	-	3,745	3,745
		96,966	-	-	2,446,075	2,543,041

Financial liabilities

Payable to MCB Investment Management Limited - Management Company		-	-	-	13,369	13,369
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	324	324
Payable against purchase of investments		-	-	-	24,401	24,401
Accrued expenses and other liabilities		-	-	-	19,765	19,765
		-	-	-	57,859	57,859

On-balance sheet gap (a)

96,966	-	-	2,388,216	2,485,182
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Off-balance sheet financial instruments

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

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

96,966	-	-		
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Cumulative profit rate sensitivity gap

96,966	96,966	96,966		
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(iii) Price risk

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KSE-100 index on June 30, 2024, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 38.88 million (2023: Rs. 23.98 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the 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 KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE-100 Index.

18.2 Credit risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000'			
Balances with banks	204,975	204,975	120,136	324,500
Investments	3,888,223	-	2,398,010	-
Deposits and other receivables	7,348	7,348	3,745	7,331
Receivable against sale of investments	31,284	31,284	21,150	21,945
	<u>4,131,830</u>	<u>243,607</u>	<u>2,543,041</u>	<u>353,776</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 3,888.22 million (2023: Rs. 2,398.01 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating category	% of financial assets exposed to credit risk	
	2024	2023
AAA	5.78	1.97
AA+	2.42	50.02
AA	29.64	2.59
AA-	0.05	0.02
A	-	45.40
A+	62.11	-
	<u>100.00</u>	<u>100.00</u>

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.

Settlement risk

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

18.3 Liquidity risk

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement, the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

June 30, 2024						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000'						
Financial assets						
Balances with banks	204,975	-	-	-	-	204,975
Investments	-	-	-	-	3,888,223	3,888,223
Receivable against sale of investments	31,284	-	-	-	-	31,284
Deposits and other receivables	3,213	-	-	-	4,135	7,348
	239,472	-	-	-	3,892,358	4,131,830
Financial liabilities						
Payable to MCB Investment Management Limited - Management Company	14,562	-	-	-	-	14,562
Payable to Central Depository Company of Pakistan Limited - Trustee	454	-	-	-	-	454
Payable against purchase of investments	9,494	-	-	-	-	9,494
Accrued expenses and other liabilities	18,745	-	-	-	-	18,745
	43,255	-	-	-	-	43,255
Net assets / (liabilities)	196,217	-	-	-	3,892,358	4,088,575

June 30, 2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000'						
Financial assets						
Balances with banks	120,136	-	-	-	-	120,136
Investments	-	-	-	-	2,398,010	2,398,010
Receivable against sale of investments	21,150	-	-	-	-	21,150
Deposits and other receivables	737	-	-	-	3,008	3,745
	142,023	-	-	-	2,401,018	2,543,041
Financial liabilities						
Payable to MCB Investment Management Limited - Management Company	13,369	-	-	-	-	13,369
Payable to Central Depository Company of Pakistan Limited - Trustee	324	-	-	-	-	324
Payable against purchase of investments	24,401	-	-	-	-	24,401
Accrued expenses and other liabilities	19,765	-	-	-	-	19,765
	57,859	-	-	-	-	57,859

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Fair value hierarchy

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

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

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

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

As at June 30, 2024 and June 30, 2023 the Fund held the following financial instruments measured at fair values:

Financial assets 'at fair value through profit or loss'

Listed equity securities

June 30, 2024			
Level 1	Level 2	Level 3	Total
(Rupees in '000')			
3,888,223	-	-	3,888,223
3,888,223	-	-	3,888,223

Financial assets 'at fair value through profit or loss'

Listed equity securities

June 30, 2023			
Level 1	Level 2	Level 3	Total
(Rupees in '000')			
2,398,010	-	-	2,398,010
2,398,010	-	-	2,398,010

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Details of pattern of unitholding

Details of pattern of unitholding	June 30, 2024			
	Number of	Number of	Investment	Percentage
	unit holders	units held	amount	investment
			(Rupees in '000')	%
Individuals	3,517	37,965,511	574,418	14.08%
Associated companies	8	155,427,496	2,351,618	57.64%
Insurance companies	3	28,762,690	435,179	10.67%
Retirement funds	15	43,580,209	659,369	16.16%
Others	25	3,947,448	59,072.89	1.45%
	3,568	269,683,354	4,079,657	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

June 30, 2023			
Number of unit holders	Number of units held	Investment amount (Rupees in '000')	Percentage investment %
Individuals	2,316	32,295,534	11.74%
Associated companies	7	182,229,231	66.25%
Insurance companies	4	13,734,977	4.99%
Retirement funds	24	42,517,688	15.46%
Others	975	4,304,235	1.56%
	3,326	275,081,665	100%

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

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

		2024 (Percentage)
1	Foundation Securities Limited	9.70%
2	Ismail Iqbal Securities (Private) Limited	7.62%
3	Alfalah CLSA Securities (Private) Limited	6.69%
4	Optimas Capital Management Limited	6.65%
5	Khadim Ali Shah Bukhari Securities Limited	6.54%
6	EFG Hermes Pakistan Limited	6.25%
7	Top Line Securities (Private) Limited	5.54%
8	Akik Capital (Private) Limited	5.46%
9	JS Global Capital Limited	5.27%
10	Alfa Adhi Securities (Private) Limited	5.05%
		2023 (Percentage)
1	Intermarket Securities Limited	6.40%
2	Topline Securities Limited	5.27%
3	Akik Capital (Private) Limited	5.12%
4	Alfalah CLSA Securities (Private) Limited	4.90%
5	JS Global Capital Limited	4.89%
6	Insight Securities Limited	4.85%
7	Ismail Iqbal Securities (Private) Limited	4.73%
8	Optimas Capital Management Limited	4.67%
9	Foundation Securities Limited	4.44%
10	Next Capital Limited	4.35%

23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 189th, 190th, 191th, 192nd, 193rd, 194th, 195th and 196th meeting of the Board of Directors were held on July 21, 2023, July 26, 2023, September 28, 2023, October 12, 2023, October 18, 2023, February 02, 2024, April 19, 2024 and April 22, 2024 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of directors	Designation	Number of meetings held	Number of meetings			Meetings not attended
			Attendance required	Attended	Leave granted	
Mr. Haroon Rashid	Chairman	8	8	8	-	-
Mr. Ahmed Jahangir	Director	8	8	8	-	-
Mr. Syed Savail Meekal Hussain	Director	8	8	7	1	195th
Ms. Mavra Adil Khan	Director	8	8	6	2	192nd, 195th
Mr. Muhammad Saqib Saleem ¹	Chief Executive Officer	8	5	5	-	-
Mr. Fahd Kamal Chinoy	Director	8	8	5	3	190th, 192nd, 195th
Mr. Manzar Mushtaq	Director	8	8	8	-	-
Mr. Shoaib Mumtaz	Director	8	8	5	3	192nd, 193th, 195th
Mr. Khawaja Khalil Shah ²	Chief Executive Officer	8	3	3	-	-

¹ Mr. Muhammad Saqib Saleem resigned from the Board with effect from October 21, 2023.

² Mr. Khawaja Khalil Shah has been appointed on the Board with effect from November 01, 2023.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Khawaja Khalil Shah	Chief Executive Officer	MBA	32
2	Mr. Muhammad Asim	Chief Investment Officer	MBA, CFA	21
3	Mr. Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	13
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	18
5	Mr. Syed Abid Ali	Head of Equities	MBA	16
6	Mr. Usama Iqbal	Fund Manager	Graduate	20

Mr. Syed Abid Ali is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

- Alhamra Islamic Pension Fund;
- Alhamra Opportunity Fund - Dividend Strategy Plan;
- MCB Alhamra KPK Government Employees Pension Fund - Money Market Sub Fund; and
- Alhamra Islamic Asset Allocation Fund.

25 CORRESPONDING FIGURES

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

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 25, 2024 by the Board of Directors of the Management Company.

27 GENERAL

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

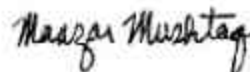
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2024**

No. of Unit Holders	Unit holdings	Total units held
2,052	A. 001-10,000	208,098
924	B. 10,001 – 100,000	2,436,283
457	C. 100,001 – 1000,000	9,393,264
135	D. 1000,001 & Above	257,645,710
<u>3,568</u>		<u>269,683,354</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

Performance Information	2024	2023	2022	2021	2020
Total Net Assets Value – Rs. in million	4,079.6571	2,479.3278	2,430.3032	3,410.1800	2,746.9741
Net Assets value per unit – Rupees	15.13	9.01	9.1000	11.2900	8.6900
Closing Offer Price	15.64	9.32	9.4100	11.6700	8.9800
Closing Repurchase Price	15.13	9.01	9.1000	11.2900	8.4000
Highest offer price per unit	17.85	9.95	12.1200	12.1200	11.1900
Lowest offer price per unit	9.32	8.36	9.1800	9.1500	6.8900
Highest Redemption price per unit	17.26	9.62	11.7200	11.7200	10.8200
Lowest Redemption price per unit	9.01	8.09	8.8800	8.8500	6.6600
Distribution per unit – Rs. *	2.0000	-	-	-	0.1168
Average Annual Return - %					
One year	90.42	(0.99)	(19.40)	29.92	2.36
Two year	44.72	(10.20)	5.26	16.14	(8.93)
Three year	23.34	3.18	4.29	4.02	(9.95)
Net Income for the year – Rs. in million	2,011.2936	(20.1499)	(657.2082)	831.8390	41.0940
Distribution made during the year – Rs. in million	838.5810	-	-	-	34.7680
Accumulated Capital Growth – Rs. in million	1,172.7126	(20.1499)	(657.2082)	831.8390	6.3260

* Date of Distribution

2024	
Date	Rate
26-Jun-24	2

2023	
Date	Rate
Nil	

2022	
Date	Rate
Nil	

2021	
Date	Rate
Nil	

2020	
Date	Rate
July 03, 2020	0.1168

Disclaimer

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

**PROXY ISSUED BY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

The Board of Directors of MCB Investment Management Limited (the Management Company of Alhamra Islamic Stock Fund – ALHISF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company's website (www.mcbfunds.com).

During the financial year ended June 30, 2024, the Management Company on behalf of ALHISF participated in seven (7) shareholders' meetings. The Management Company did not participate in shareholders' meetings in the cases which did not meet the criteria reported in Paragraph No. 8 and 9 of the Proxy Voting Policy and Procedures. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	65	53	12	0	-
(%ages)	100	82	18	0	-

Detailed information regarding actual proxies voted by the Management Company in respect of ALHISF is available without any charges, upon request, to all Unit Holders.

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