



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2020

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



ALHAMRA ISLAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
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.cdcpakistan.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 Silk Bank Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited	
Auditors	Deloitte Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Stock Fund** accounts review for the year ended June 30, 2020.

ECONOMIC OVERVIEW

FY20 was a tale of two halves as macroeconomic consolidation process which was on track during the first half was seriously disrupted by the Covid'19 pandemic in the second half. Global cases topped 17 million, while more than 650,000 people became the morsel of death as the fatal outbreak continued to spread throughout the world. The pandemic wreaked havoc on the global economy as worldwide lockdowns lowered the overall consumption patterns along with causing massive unemployment. The IMF predicts that the global economy will shrink 4.9% this year, which would be the worst annual contraction after the Second World War.

On the local front, the economy was locked down at a large scale till May as the health infrastructure was overwhelmed with number of cases. As a result of the output gap, the forecasts for economic growth were lowered to -0.4%, compared to earlier growth expectations of 2.4%. Large Scale Manufacturing (LSM) and Services sector had to bear the major brunt resulting from lockdowns. LSM contracted by 10.3% during the first eleven months of FY20. Amongst the major industries, Automobiles and Iron & Steel witnessed a sharp downfall, declining by 44.8% and 17.0% respectively. Textile with the largest weight in LSM, also contracted by 11.0% after global lockdowns put a halt on exports. Moreover, the Agriculture sector also disappointed as the production of major crops (Cotton, Wheat and Sugar) remained well below the target levels.

Fiscal consolidation was seriously disrupted after the lockdowns caused massive shortfall in tax collection. FBR managed to collect PKR 4.0 trillion against the earlier envisaged target of PKR 4.8 trillion. Till Feb 2020, the tax collection was growing at a rate of ~16% YoY, however during the last four months of the fiscal year, the tax collection saw a massive contraction of ~20% YoY which resulted in a huge shortfall. Alongside, government rolled out a social safety program to insulate masses from vulnerabilities posed by lockdown, which resulted in more than desired expenditures. As a result of this, it is expected that fiscal deficit will fall north of 9.0% of GDP.

Lagged impacts of policy action in terms of monetary tightening and exchange rate adjustments continued to bear fruits as reflected in improvement in Balance of Payments position. The current account deficit during the year contracted by ~78% on Year on Year basis to USD 2.8 billion. A major portion of reduction in current account deficit was explained by decline in Imports of goods and services as it compressed by ~19%, translating into a reduction of USD ~12 billion. Remittances also remained resilient as they increased by ~6% during the year to USD 23.1 billion. Foreign Direct Investment (FDI) stood at USD ~2.5 billion, up 75% compared to last year as renewal of Telecom Licenses and onset of power sector projects fetched new investments. Debt related flows from IMF and multilateral institutions also kept the overall financial flows in the positive zone. Pakistan received USD 2.4 billion from IMF and more than USD ~5 billion were disbursed by the multilateral institutions for various programs. Overall, the financial account generated a surplus of USD ~7 billion. As a result, foreign exchange reserves of SBP grew by USD 4.9 billion during the year to close at USD 12.1 billion. While import cover improved from 1.7x to 2.6x, it is still below the accepted global benchmarks. PKR saw a nominal depreciation of 3.2% against USD during the year to close at 168.2.

Average CPI for FY20 clocked in at 10.8%, compared to 6.8% witnessed during the preceding year. Food inflation was prominent during the year averaging at 14.5%, after supply side weakness caused a spike in the prices of some essential commodities and perishable food items. Sugar prices increased by ~29%, while Wheat flour saw an increase of ~16% during the year. Among perishable items, onion and potatoes witnessed a hike of ~70% and ~65% respectively. However, the inflationary pressures have started trending downwards with inflation for June clocking in at 8.6% as lower petroleum prices along with easing food inflation have put a break on overall inflation. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 7.9% for the period.

The MPC committee remained proactive throughout the calendar year and reduced the interest rates by record 625 bps to bring the policy rate at 7.0%. Recessionary pressures due to Covid'19 and lower expectation of inflation were the primary drivers behind the unprecedented move. Alongside, the central bank announced various schemes to lessen the burden of financial emergencies in the system. Nearly PKR 650 billion of loans were deferred by commercial banks for one year, while close to PKR 150 billion of loans were restructured.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

EQUITIES MARKET OVERVIEW

Similar to economic story, the equity markets were also a tale of two halves. During the first half, investors cherished the gains posted by macroeconomic consolidation with the benchmark KSE-100 index rallying by 19.8%. However, as panic hit equity markets around the globe post novel coronavirus spread, KSE-100 Index was no different. The benchmark index plunged by ~16% in the second half of the fiscal year, reversing most of the gains of the fiscal year. Notwithstanding, the KSE-100 managed to post a nominal positive return of 1.5% for full year of FY20, breaking the streak of two successive years of negative returns. Foreigners selling remained unabated, as they sold USD 285 million of equities, remaining in the red zone for the fifth successive year. Individuals and Insurance companies remained net buyers adding USD 213 and USD 128 respectively to their positions. Daily traded volumes averaged at 194 mn shares (up 26.2% YoY), while daily traded value averaged PKR 7.2 bn (up 10.4% YoY) during the period.

Pharmaceuticals, Construction & Materials & Fertilizers were the major outperformers during the year, posting returns of ~45%, ~43% and ~23% respectively. Pharmaceutical companies were in limelight as Covid'19 unleashed the potential of the sector. Cement sector companies gained traction as interest rates were lowered and the marketing arrangement between the players strengthened. While, fertilizer plays had a decent run as dividend yielding stocks got highlighted after successive interest rate cuts. On the flip side, the major index heavy weights, Commercial Banks and E&P's underperformed the benchmark by posting negative returns of ~14% and ~10% respectively. Commercial banks underperformed as record monetary easing caused NIMS compression, while E&P's underperformance was explained by a slump in crude oil prices, after Saudi Arabia started a price war as an agreement wasn't reached between OPEC and Russia. Alongside, a weak global demand amidst the contagious virus added fuel to the fire.

FUND PERFORMANCE

During the period, ALHISF delivered a return of 2.36% as compared to benchmark return of 1.62%. Overall equity exposure of the fund stood at 88.8% at the end of the period as compared to 84.1% at June 30, 2019. 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 maintained its sector exposures in Oil and Gas Exploration companies Fertilizer and Power Generation and Distribution Sector.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 2,656 million as compared to Rs. 2,779 million as at June 30, 2019 registering a decrease of 4.43%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 8.69 as compared to opening NAV of Rs. 8.60 per unit as at June 30, 2019 registering an increase of Rs. 0.09 per unit.

FUTURE OUTLOOK

GDP growth for FY21 is projected at 2.0% by government and various institutions. Pakistan has essentially survived the first wave of pandemic, as number of daily cases (~1K) have reduced to one-sixth of the peak daily cases (~6K) witnessed during early June. While most of the sectors have been opened, few sectors are still virtually closed and operating below the potential capacity. Barring a second wave of Covid, we expect the economy to fully gear up by the second quarter of fiscal year. A potential vaccine by the end of the calendar year will also allow the global activities to fully resume in the next calendar year. With a lower base and various stimulus measures, we expect government to meet the annual target for GDP growth. Monetary stimulus announced by central bank will pave the way to revive the growth in cyclical industries. Moreover, government's construction package will also provide the much needed impetus to demand led growth.

Balance of Payment worries are over for now as current account deficit has adjusted to reasonable level since the policy actions taken by the central government. The fall of international oil prices to USD 40/BBL has come as a blessing in disguise. Global economy has started to recover and the news flow suggests that the exports are gaining momentum. Remittances have also been far above the general expectations and in fact 50% YoY growth in June has surprised everyone. Even accounting for a 10% decline in remittances, the overall situation will remain in comfortable zone. We expect CAD to settle at 1.6% of GDP in the FY21, which can be easily financed via flows from foreign investments and debt flows. Swift continuation of IMF program will be a key prerequisite to keep the financial account in positive zone. With the current scenario, we expect foreign exchange reserves to further increase by USD 2 billion during the next year, which will help alleviate any pressure on currency.

CPI is expected to tone down to an average of ~7.5% during the next year assuming average oil prices of USD 40/BBL. Central bank has already adjusted the policy rate to 7.0% in the wake of lower expected inflation. The inflation trajectory would remain below 7.0% during the first half of the fiscal year due to lower petroleum prices, thus causing the policy rate to remain positive. However, during the second half as the impact of low base resumes, inflation will move above the

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

policy rate, which means that central bank will be prompted to adjust the interest rates under the normal economic scenario. However, a better than expected scenario on the balance of payment side will allow central bank to continue the current policy rate.

Fiscal department will remain an Achilles heel for the government as it is expected to remain north of 7.0%. With limited expected growth in taxes, we believe government will not have much room to provide impetus via public development spending. Alongside, government reliance on borrowing via domestic sources will continue to crowd out private sector investment. In an environment where government muscles have been reined in, the importance of private sector will continue to dominate in reviving the overall economic growth.

From capital market perspective, particularly equities, we are getting a much clearer picture now. As covid curve continues to flatten out, the valuations are catching up with historical norms. Barring a second wave of the virus, we think equities have a lot to offer to the investors. Market cap to GDP ratio is at 17.5%, still at a discount of 33% from its historical average. Similarly, risk premiums are close to 4.0%, compared to historical average of 0.9% signifying decent upside for long term investors. We believe a micro view of sectors and stock will remain more important this year and investment selection should focus on companies which trade at a deep discount to their intrinsic value. Similarly, focus should also revert back to companies that are expected to exhibit stellar earnings growth over the medium term.

Corporate Governance

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

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

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	HR&R* Committee
6.	Mr. Mirza Qamar Beg	Independent Director	(i) Audit Committee (Chairman); and (ii) HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	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 particularly with regard to independence of non-executive directors. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

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

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2020, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2020:

1. Meeting of the Audit Committee.

During the year, eight (8) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid (Former Chairman)*	8	5	4	1
2. Mirza Qamar Beg (Chairman)	8	8	8	0
3. Mr. Nasim Beg	8	8	8	0
4. Mr. Ahmed Jahangir	8	8	7	1
5. Mr. Kashif A. Habib	8	3	3	0
6. Syed Savail Meekal Hussain	8	3	3	0

* Mr. Haroun Rashid ceased to be chairmen/member of the committee effective February 07, 2020.

**Syed Savail Meekal Hussain and Ms. Mavra Adil Khan were elected on the Board on February 06, 2020.

2. Meeting of the Human Resource and Remuneration Committee.

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2020

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

* Mr. Haroun Rashid ceased to be member of the committee effective February 07, 2020.

** Ms. Mavra Adil Khan and Syed Savail Meekal Hussain were appointed members of the committee post elections.

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
01	Muhammad Saqib Saleem	Chief Executive Officer	416,023	416,023	-
02	Muhammad Asif Mehdi Rizvi	Chief Operating Officer/ Chief Financial Officer	938,746	852,501	-

External Auditors

The fund's external auditors, Deloitte Yousuf Adil Chartered Accountants, have retired during the year & KPMG Taseer Hadi & Co. Chartered Accountants have been appointed as an external auditors of the fund for financial year ending June 30, 2021. KPMG Taseer Hadi & Co. Chartered Accountants has also expressed their willingness to act as the fund 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,



Muhammad Saqib Saleem
Chief Executive Officer
August 22, 2020



Nasim Beg
Director / Vice Chairman

ڈائریکٹرز رپورٹ

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
					یونٹس کی تعداد
۱	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	416,023	416,023	-
۲	محمد آصف مہدی رضوی	چیف آپریٹنگ آفیسر / چیف فنانسئل آفیسر	938,746	852,501	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز "ڈیلائٹ یوسف عادل" چارٹرڈ اکاؤنٹنٹس دوران سال ریٹائر ہو گئے ہیں اور 30 جون 2021 کا اختتام پذیر ہونے والے سال کے لئے فنڈ کے خارجی آڈیٹرز کے طور پر "پی ایم جی" چارٹرڈ اکاؤنٹنٹس کی تقرری کی گئی ہے۔ "پی ایم جی" چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے آڈیٹرز کے طور پر کام کرنے کے لئے رضامندی کا اظہار کیا ہے۔

اظہار تشکر

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

من جانب ڈائریکٹرز،



نیم بیگ
ڈائریکٹر / اوکس چیئرمین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
22 اگست 2020ء

ڈائریکٹرز رپورٹ

۱۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی آٹھ (8) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
1	4	5	8	۱۔ جناب ہارون رشید (سابقہ چیئرمین)*
0	8	8	8	۲۔ مرزا محمد قمر بیگ (چیئرمین)
0	8	8	8	۳۔ جناب نسیم بیگ
1	7	8	8	۴۔ جناب احمد جہانگیر
0	3	3	8	۵۔ جناب کاشف اے حبیب
0	3	3	8	۶۔ سید ساویل میکال حسین**

* جناب ہارون رشید 07 فروری 2020ء سے کمیٹی کے چیئرمین اُرکن نہیں ہیں۔

** سید ساویل میکال حسین کا 06 فروری 2020ء کو بورڈ میں انتخاب ہوا۔

۲۔ ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	4	4	4	۱۔ جناب مرزا قمر بیگ
-	4	4	4	۲۔ جناب ہارون رشید*
-	4	4	4	۳۔ جناب احمد جہانگیر
-	4	4	4	۴۔ جناب نسیم بیگ
-	-	-	4	۵۔ محترمہ ماوراء عادل خان**
-	-	-	4	۶۔ سید ساویل میکال حسین**
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

* جناب ہارون رشید 07 فروری 2020ء سے کمیٹی کے چیئرمین اُرکن نہیں ہیں۔

** محترمہ ماوراء عادل خان اور سید ساویل میکال حسین کی بعد از انتخابات کمیٹی کے رکن کی حیثیت سے تقرری کی گئی۔

- بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔
- ذیل میں کارپوریٹ گورننس کے ضابطہء اخلاق کی شرائط کی تعمیل کے لئے خصوصی بیانات دیئے جا رہے ہیں:
- a. مالیاتی گوشوارے فنڈ کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقدی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔
- b. فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔
- c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں۔
- d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیار (پاکستان میں اطلاق کی حد تک)، نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) 2003ء اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیلیجنز ریگولیشنز 2008ء کی دفعات، متعلقہ ٹرسٹ ڈیڈ کی شرائط اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔
- e. انٹرئل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں۔
- f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں۔
- g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔
- h. واجب الاداء ٹیکسز، ڈیوٹیز، محصولات اور چارجز کو (اگر کوئی ہیں تو) مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ / گریجویٹ فنڈ اور پنشن فنڈ میں سرمایہ کاریوں کی مالیت کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں بلکہ مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی معلومات ظاہر نہیں کی گئی ہیں۔
- j. 30 جون 2020ء کو کمپنی کوڈ آف کارپورٹ گورننس کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر تعمیل پیرا ہے۔
- k. این بی ایف سی کے قواعد و ضوابط کے تحت مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ ملحق ہے۔
- l. بورڈ آف ڈائریکٹرز کی میننگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ 30 جون 2020ء کو ختم ہونے والے سال کے دوران ہونے والی کمیٹی میننگز کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز رپورٹ

دوران افراط زر کی رفتار پٹرولیم کی کم تر قیمتوں کے باعث 7.0 فیصد سے کافی کم رہے گی اور پالیسی شرح کو مثبت رکھنے میں کردار ادا کرے گی۔ تاہم نصف آخر کے دوران چونکہ کم تر base کا اثر بحال ہوگا چنانچہ افراط زر پالیسی شرح سے اوپر جائے گی، جس کا مطلب ہے کہ عمومی معاشی صورتحال کے تحت مرکزی بینک کو انٹریسٹ کی شرحوں میں ترمیم کرنا ہوگی۔ تاہم اگر ادائیگیوں کے توازن کی صورتحال متوقع سے بہتر ہوگئی تو مرکزی بینک موجودہ پالیسی شرح کو جاری رکھ سکے گا۔

مالیاتی محکمہ حکومت کے لیے ڈھکتی رگ بنا رہے گا کیونکہ اس کا 7.0 فیصد کے شمال میں رہنا متوقع ہے۔ ٹیکسوں میں محدود متوقع اضافے کے باعث ہم سمجھتے ہیں کہ حکومت کے پاس عوامی ترقیاتی خرچ کے ذریعے محرک فراہم کرنے کی زیادہ گنجائش نہیں ہوگی۔ ساتھ ساتھ، مقامی ذرائع سے حصول قرض پر حکومتی انحصار سے پرائیویٹ سیکٹر میں سرمایہ کاری متاثر ہوگی۔ حکومت پر بڑھتے ہوئے بوجھ کے ماحول میں مجموعی معاشی ترقی کی تجدید کے لیے پرائیویٹ سیکٹر کی اہمیت بدستور حاوی رہے گی۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نظریے سے ہمیں اب کافی واضح صورتحال نظر آرہی ہے۔ جہاں کووڈ کے غم کے ہموار ہونے کا سلسلہ جاری ہے وہاں valuations بتدریج پرانے رجحانات کے ساتھ ہم آہنگ ہو رہی ہیں۔ وائرس کی دوسری لہر کا سد باب کرتے ہوئے ہم سمجھتے ہیں کہ ایکویٹیز میں سرمایہ کاروں کے لیے بہت فوائد مضمر ہیں۔ مارکیٹ کیپیٹلائزیشن کا جی ڈی پی کے ساتھ تناسب 17.5 فیصد ہے، جواب بھی اپنے پرانے اوسط سے 33 فیصد کم ہے۔ اسی طرح رسک پریمیم 0.4 فیصد کے قریب ہیں جو اپنے پرانے اوسط 0.9 فیصد کے مقابلے میں طویل المیعاد سرمایہ کاروں کے لیے قابل قبول بہتری ہے۔ ہم سمجھتے ہیں کہ سیکٹرز اور اسٹاک کی خوردقصور اس سال زیادہ اہم رہے گی اور سرمایہ کاری کے انتخاب کا انحصار ایسی کمپنیوں پر ہونا چاہیے جو اپنی اندرونی قدر میں گہری رعایت پر تجارت کرتی ہیں۔ اسی طرح ایسی کمپنیوں کی طرف بھی توجہ دوبارہ مرکوز ہونی چاہیے جن کی درمیانی مدت کی آمدنی میں زبردست ترقی متوقع ہے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات نافذ کرنے کے لئے پُر عزم ہے۔ چار (4 Non) ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر کے ساتھ بورڈ، مینجمنٹ کمپنی کے انتظامی ادارے کی حیثیت سے، عمدہ کارپوریٹ گورننس کے لئے یونٹ ہولڈرز کو جوابدہ ہے۔ بورڈ 1 خاتون اور 7 حضرات ڈائریکٹرز پر مشتمل ہے۔ تفصیلات درج ذیل ہیں:

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

* ایچ آر اینڈ آر : ہیومن ریسورس اینڈ ریمونڈیشن

انتظامیہ بہترین طریقوں، خاص طور پر Non ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے کارپوریٹ گورننس کے ضابطہ اخلاق کی دفعات کی

نے اوپیک اور روس کے درمیان معاہدہ نہ ہونے پر قیمت کی ایک جنگ کا آغاز کر دیا۔ ساتھ ساتھ، وباء کے تناظر میں عالمی سطح پر مانگ میں کمی نے صورتحال کو ابتر کر دیا۔

فنڈ کی کارکردگی

دورانِ مدت فنڈ نے 2.36 فیصد منافع دیا جبکہ بیچ مارک منافع 1.62 فیصد تھا۔

اختتامِ مدت پر فنڈ کی ایکویٹیز میں مجموعی سرمایہ کاری 88.8 فیصد تھی جبکہ 30 جون 2019ء کو 84.1 فیصد تھی۔ فنڈ کی سرمایہ کاری کی حکمتِ عملی کو دورانِ سہ ماہی متعدد مرتبہ تبدیل کیا گیا تا کہ سیکٹر اور کمپنی کی سطح پر ہونے والی بنیادی ترقیاتی پیش رفت کے شانہ بشانہ رہا جاسکے۔ دورانِ مدت فنڈ کی مختلف سیکٹرز میں سرمایہ کاری کو تیل اور گیس کی دریافت کی کمپنیوں، کھاد، اور بجلی کی پیداوار اور تقسیم کے شعبے میں برقرار رکھا۔

30 جون 2020ء کو فنڈ کے net اثاثہ جات 2,656 ملین روپے تھے جو 30 جون 2019ء کو 2,779 ملین روپے کے مقابلے میں 4.43 فیصد کمی ہے۔ 30 جون 2020ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 8.69 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 8.6 روپے فی یونٹ کے مقابلے میں 0.09 روپے فی یونٹ اضافہ ہے۔

مستقبل کا منظر نامہ

حکومت اور مختلف اداروں کے مطابق مالی سال 2020-21ء کے لیے مجموعی ملکی پیداوار (جی ڈی پی) میں متوقع ترقی 2.0 فیصد ہے۔ پاکستان وباء کی پہلی لہر سے نمٹنے میں کامیاب ہوا ہے اور متاثرہ افراد کی یومیہ تعداد (ایک ہزار) ماہ جون کے اوائل میں بلند ترین یومیہ تعداد (چھ ہزار) کا چھٹا حصہ رہ گئی ہے۔ اگرچہ اکثر شعبے کھول دیئے گئے ہیں لیکن کچھ تاحال بالکل بند ہیں اور کچھ استعداد سے کم کام کر پارہے ہیں۔ کووڈ کی دوسری لہر کا سد باب کرتے ہوئے ہم پُر اُمید ہیں کہ مالی سال کی دوسری سہ ماہی تک معیشت مکمل بحال ہو جائے گی۔ علاوہ ازیں، متوقع طور پر دسمبر تک ویکسین کے منظرِ عام پر آ جانے سے جنوری سے عالمی سطح پر سرگرمیاں بھی مکمل بحال ہو جائیں گی۔ ہم اُمید کرتے ہیں کہ حکومت کم تر base اور مختلف محکمہ کا نہ اقدامات کے ساتھ جی ڈی پی میں ترقی کا سالانہ ہدف حاصل کر سکے گی۔ مرکزی بینک کا اعلان کردہ مالیاتی محرک گردشِ صنعتوں میں ترقی بحال کرنے کی راہ ہموار کرے گا۔ علاوہ ازیں، حکومت کے تعمیرات سے متعلق پیکیج سے مانگ پر مبنی ترقی کو مطلوبہ محرک حاصل ہوگا۔

ادائیگی کے توازن کی پریشانیاں فی الوقت ختم ہو گئی ہیں کیونکہ کرنٹ اکاؤنٹ خسارہ مرکزی حکومت کے پالیسی اقدامات کے بعد معقول سطح تک آ گیا ہے۔ تیل کی بین الاقوامی قیمتوں کا 40 ڈالر فی بیرل تک کم ہو جانا زحمت کے بھیس میں رحمت ثابت ہوا ہے۔ عالمی معیشت بحال ہونا شروع ہو گئی ہے اور جو خبریں گردش میں ہیں اُن کے مطابق برآمدات میں تیزی آرہی ہے۔ ترسیلاتِ زر بھی عمومی متوقع سطح سے کافی زیادہ ہوئی ہیں، بلکہ ماہ جون میں 50 فیصد YoY ترقی نے سب کو حیران کر دیا ہے۔ ترسیلاتِ زر میں 10 فیصد کمی کو شامل کرنے کے باوجود مجموعی صورتحال قابلِ قبول رہے گی۔ ہمیں اُمید ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2020-21ء میں مجموعی ملکی پیداوار کے 1.6 فیصد پر رہے گا، اور اس کے لیے غیر ملکی سرمایہ کاریوں اور قرضہ جاتی آمدات سے بآسانی رقم فراہم کی جاسکتی ہے۔ مالی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے آئی ایم ایف پروگراموں کا سبک رفتاری کے ساتھ جاری رہنا کلیدی شرط ہے۔ موجودہ صورتحال میں ہمیں اُمید ہے کہ غیر ملکی زرمبادلہ کے ذخائر میں اگلے سال کے دوران 2 بلین ڈالر کا مزید اضافہ ہوگا جس سے روپے پر کسی قسم کے دباؤ کو ختم کرنے میں مدد ملے گی۔

اگلے سال کے دوران تیل کی قیمتوں کے اوسط 40 فی بی بی ایل کے مفروضے پر صارفی قیمت کے انڈیکس (سی پی آئی) کا متوقع اوسط 7.5 فیصد ہوگا۔ مرکزی بینک نے افراطِ زر میں متوقع کمی کے تناظر میں پہلے ہی پالیسی شرح میں ترمیم کر کے اسے 7.0 فیصد کر دیا ہے۔ مالی سال کے نصفِ اول کے

گئے۔ اگرچہ درآمدات کے cover میں بہتری آئی، یعنی $1.7x$ سے $2.6x$ ، لیکن یہ اب بھی مقبول عالمی معیارات سے کم ہے۔ ڈالر کے مقابلے میں روپے کی قدر دوران سال 3.2 فیصد کم ہو کر 168.2 ہو گئی۔

مالی سال 2020ء کے لیے صارفی قیمت کے انڈیکس (سی پی آئی) کا اوسط 10.8 فیصد جبکہ دوران سال گزشتہ 6.8 فیصد تھا۔ دوران سال اشیائے خورد و نوش کا افراط زر نمایاں تھا جس کا اوسط 14.5 فیصد تھا کیونکہ رسد کی جہت میں کمزوری کے باعث کچھ ضروری اشیاء اور جلد خراب ہو جانے والی اشیاء کی قیمتوں میں اضافہ ہو گیا۔ چینی کی قیمتوں میں دوران سال 29 فیصد جبکہ گندم کے آٹے کی قیمت میں 16 فیصد اضافہ ہوا۔ جلد خراب ہو جانے والی اشیاء میں پیاز اور آلو کی قیمتوں میں بالترتیب 70 فیصد اور 65 فیصد اضافہ ہوا۔ تاہم افراط زر کے دباؤ میں کمی آغاز ہو گیا ہے اور جون میں افراط زر 6.8 فیصد تھی کیونکہ پٹرولیم کی کم تر قیمتوں کے ساتھ ساتھ اشیائے خورد و نوش کی افراط زر میں تسہیل سے مجموعی افراط زر کم گئی۔ بہر حال، اہم ترین افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے شعبے کے علاوہ ہوتی ہے، پھر بھی محدود تھی اور زیر جائزہ مدت کے لیے اس کا اوسط 7.9 فیصد تھا۔

مانیٹری پالیسی کمیٹی (ایم پی سی) سارا سال متحرک رہی اور اس نے انٹریسٹ کی شرحوں میں 625 بیسیس پوائنٹس (بی پی ایس) کی ریکارڈ کی کر کے پالیسی کی شرح کو 7.0 فیصد تک پہنچا دیا۔ کووڈ 19 کے باعث مندی کے دباؤ اور افراط زر کی کم تر توقع اس اہم اقدام کے بنیادی اسباب تھے۔ ساتھ ساتھ مرکزی بینک نے نظام میں مالیاتی ہنگامی صورتحال کے بوجھ کو کم کرنے کے لیے مختلف اسکیموں کا اعلان کیا۔ کمرشل بینکوں نے تقریباً 650 بلین روپے کے قرضہ جات ایک سال کے لیے ملتوی کیے، جبکہ تقریباً 150 بلین ڈالر کے قرضہ جات کی تشکیل نو کی گئی۔

ایکویٹیز مارکیٹ کا مجموعی جائزہ

معاشی صورتحال کی طرح ایکویٹیز مارکیٹوں کی صورتحال بھی سال کے نصف اول اور نصف آخر کے دوران بہت مختلف تھی۔ نصف اول کے دوران سرمایہ کاروں نے گلاں معاشی یکجائی کے حاصل کردہ منافع جات کا خیر مقدم کیا اور بیچ مارک KSE-100 انڈیکس میں 19.8 فیصد کا زبردست اضافہ ہوا۔ تاہم کورونا وائرس کے وُرد کے بعد ایکویٹی مارکیٹیں بد حالی سے دوچار ہو گئیں اور KSE-100 انڈیکس بھی متاثر ہوا۔ بیچ مارک انڈیکس مالی سال کے نصف آخر میں 16 فیصد گر گیا جس سے نصف اول میں حاصل کیے گئے منافع جات بے اثر ہو گئے۔ بہر حال KSE-100 نے مجموعی طور پر پورے سال کے لیے 1.5 فیصد معمولی منافع پوسٹ کیا اور گزشتہ دو متواتر سالوں سے منفی منافعوں کا رجحان ختم ہوا۔ غیر ملکیوں کی جانب سے ہونے والی ایکویٹیز کی فروخت کمی سے محفوظ رہی اور 285 ملین ڈالر مالیت کی ایکویٹیز کی فروخت کے ساتھ پانچویں متواتر سال ریڈ زون میں رہی۔ افراد اور بیمہ کمپنیاں بالترتیب 213 ڈالر اور 128 ڈالر مالیت کی ایکویٹیز خرید کر net خریدار رہے۔ خرید و فروخت کے یومیہ حجم کا اوسط دوران مدت 194 ملین حصص تھا (26.2 فیصد YoY اضافہ)، جبکہ یومیہ قدر کا اوسط 7.2 بلین روپے (10.4 فیصد YoY اضافہ) تھا۔

دوران سال دو اساسی تعمیرات اور مواد، اور کھاد کے شعبے بالترتیب 45 فیصد، 43 فیصد اور 23 فیصد منافع جات پوسٹ کر کے سبقت لے گئے۔ دوسرا کمپنیاں مرکز نگاہ تھیں کیونکہ کووڈ 19 نے اس شعبے کی استعداد میں اضافہ کر دیا تھا۔ سیمنٹ کے شعبے میں تحریک ہوئی جس کے اسباب انٹریسٹ کی شرحوں میں کمی اور فریقوں کے درمیان مارکیٹنگ انتظام کا استحکام تھے۔ کھاد کے شعبے نے قابل قبول کارکردگی کا مظاہرہ کیا کیونکہ انٹریسٹ کی شرح میں متواتر کمی کے بعد ڈیویڈنڈ دینے والے اسٹاکس منظر عام پر آ گئے۔ دوسری جانب کمرشل بینکوں اور دریافت اور پیداوار (ای اینڈ پی) کے شعبے کی کارکردگی انڈیکس کے مضبوط فریق ہونے کے باوجود بیچ مارک سے کم تھی۔ بالترتیب 14 فیصد اور 10 فیصد منفی منافع۔ کمرشل بینکوں کی کمزور کارکردگی کی وجہ اب تک کی سب سے زیادہ مالیاتی تسہیل کے باعث NIMS میں سنکڑن تھی، جبکہ ای اینڈ پی کی کمزور کارکردگی کی وجہ خام تیل کی قیمتوں میں گراوٹ تھی کیونکہ سعودی عرب

بورڈ آف ڈائریکٹرز کی طرف سے الحمد للہ اسلامک اسٹاک فنڈ کے گوشواروں برائے مدتِ مختتمہ 30 جون 2020ء کا جائزہ پیش خدمت ہے۔

معاشی مجموعی جائزہ

مالی سال 2020ء کے نصف اول کی صورتحال نصف آخر کے حالات سے کافی مختلف تھی۔ گلاں معاشیاتی یکجائی، جو نصف اول میں صحیح راہ پر گامزن تھی، کو وڈ ۱۹ کے باعث نصف آخر میں شدید متاثر ہوئی۔ اس قاتل وباء سے جہاں عالمی سطح پر 17 ملین سے زائد افراد متاثر ہوئے اور 650,000 سے زائد لقمہ اجل بنے وہیں عالمی معیشت بھی تباہی سے دوچار ہوئی کیونکہ دنیا بھر میں لاک ڈاؤن کے باعث صرفی رجحان میں کمی ہوئی اور بڑے پیمانے پر بے روزگاری پھیلی۔ انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے مطابق اس سال عالمی معیشت 4.9 فیصد سکڑ جائے گی جو دوسری جنگ عظیم کے بعد ایک سال کے دوران بدترین تنزلی ہے۔

مقامی سطح پر معیشت میں ماہی تک بڑے پیمانے پر لاک ڈاؤن رہا اور صحت عامہ کے شعبے میں متاثر افراد کا دفر رہا۔ ماحصل میں فرق کے نتیجے میں معاشی ترقی میں -0.4 فیصد تک کمی کی پیش گوئی کی گئی بالمقابل سابقہ متوقع ترقی کے جو 2.4 فیصد تھی۔ بڑے پیمانے کی مینوفیکچرنگ (ایل ایس ایم) اور خدمات کے شعبے لاک ڈاؤن سے سب سے زیادہ متاثر ہوئے۔ ایل ایس ایم مالی سال 2020ء کے پہلے گیارہ ماہ کے دوران 10.3 فیصد سکڑ گیا۔ بڑی صنعتوں میں گاڑیوں اور لوہے اور اسٹیل کی صنعتیں سنگین متاثر ہوئیں اور ان میں بالترتیب 44.8 فیصد اور 17.0 فیصد تنزلی ہوئی۔ ایل ایس ایم کی سب سے بڑی فریق ٹیکسٹائل صنعت بھی عالمی لاک ڈاؤن کے نتیجے میں برآمدات رُک جانے کے باعث 11.0 فیصد سکڑ گئی۔ مزید براں، زراعت کے شعبے کی کارکردگی بھی مایوس کن رہی کیونکہ اہم فصلوں (کپاس، گندم اور گنا) ہدف سے کافی پست سطح پر رہیں۔

لاک ڈاؤن کے باعث ٹیکس وصولی میں سنگین کمی کے نتیجے میں مالی یکجائی شدید متاثر ہوئی۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) سابقہ متوقع ہدف 4.8 ٹریلین روپے کے مقابلے میں 0.4 ٹریلین روپے جمع کر سکا۔ فروری 2020ء تک ٹیکس وصولی 16 فیصد سال در سال (YoY) کی شرح سے بڑھ رہی تھی، تاہم مالی سال کے آخری چار ماہ کے دوران 20 فیصد YoY کی خطیر شرح سے سکڑ گئی جس کے نتیجے میں شدید کمی پیدا ہو گئی۔ مزید براں، حکومت نے لاک ڈاؤن سے پیدا ہونے والے خطرات سے عوام کی حفاظت کے مقصد سے ایک سماجی تحفظ کار پروگرام شروع کیا لیکن اس میں مطلوبہ سے زیادہ اخراجات ہو گئے جس کے نتیجے میں مالیاتی خسارے کا مجموعی ملکی پیداوار (جی ڈی پی) سے 9.0 فیصد زیادہ ہونا متوقع ہے۔

پالیسی اقدام کے تحت رفتار اثرات بحوالہ مالیاتی سختی اور زرمبادلہ کی شرح میں ترمیم کے ثمرات حاصل ہونے کا سلسلہ جاری رہا جس کی عکاسی ادائیگیوں کے توازن کی صورتحال میں بہتری میں ہوئی۔ کرنٹ اکاؤنٹ خسارہ دوران سال 78 فیصد YoY بنیاد پر سکڑ کر 2.8 بلین ڈالر ہو گیا۔ کرنٹ اکاؤنٹ خسارے میں کمی کی بڑی وجہ اشیاء کی درآمدات میں کمی ہے جو 19 فیصد سکڑ گئیں جس کے نتیجے میں 12 بلین ڈالر کی کمی ہوئی۔ ترسیلات زر بھی لچکدار رہیں اور دوران سال 6 فیصد بڑھ کر 23.1 بلین ڈالر ہو گئیں۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) 2.5 بلین ڈالر کی سطح پر تھی جو سال گزشتہ کے مقابلے میں 75 فیصد زیادہ ہے کیونکہ ٹیلی کام لائسنسوں کی تجدید اور بجلی کے شعبے میں منصوبوں کے آغاز کی بدولت نئی سرمایہ کاریاں آئیں۔ آئی ایم ایف اور کثیر الجہتی اداروں سے قرضوں سے متعلقہ آمدات نے بھی مجموعی مالیاتی آمدات کو مثبت سمت میں قائم رکھا۔ پاکستان کو آئی ایم ایف سے 2.4 بلین روپے موصول ہوئے اور کثیر الجہتی اداروں نے مختلف منصوبوں کے لیے 5 بلین ڈالر سے زائد جاری کیے۔ مجموعی طور پر مالی اکاؤنٹ نے 7 بلین ڈالر منافع حاصل کیا۔ نتیجتاً اسٹیٹ بینک آف پاکستان کے غیر ملکی زرمبادلہ کے ذخائر دوران سال 4.9 بلین ڈالر بڑھ کر 12.1 بلین ڈالر تک پہنچ

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

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 2.36% as compared to benchmark return of 1.62%. Overall equity exposure of the fund stood at 88.8% at the end of the period as compared to 84.1% at June 30, 2019. 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 maintained its sector exposures in Oil and Gas Exploration companies, Fertilizer and Power Generation and Distribution Sector.

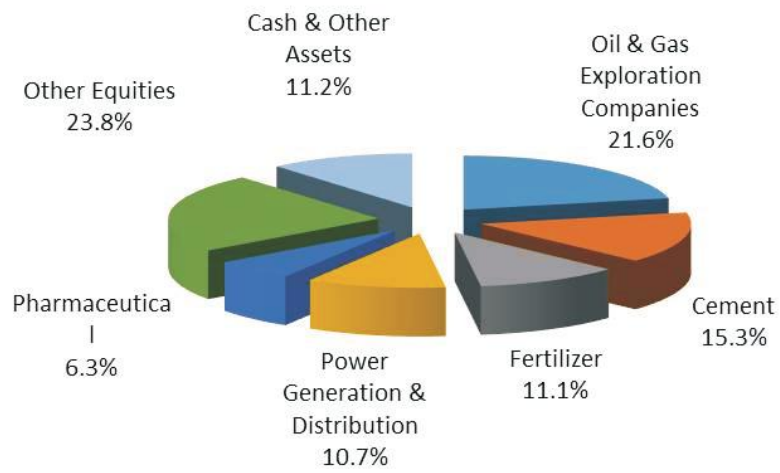
The Net Assets of the Fund as at June 30, 2020 stood at Rs. 2,656 million as compared to Rs. 2,779 million as at June 30, 2019 registering a decrease of 4.43%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 8.69 as compared to opening NAV of Rs. 8.60 per unit as at June 30, 2019 registering an increase of Rs. 0.09 per unit.

Asset Allocation as on June 30, 2020 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-20
Stock / Equities	88.8%
Cash	10.9%
Others including receivables	0.3%

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

Sector Allocation (%age of Total Asset)



Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Stock Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2020



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
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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, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with 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 and Management Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA 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.

S. No.	Key audit matter	How the matter was addressed in our audit
1	Valuation and existence of investments As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss amounted to Rs. 2,438.432 million as at June 30, 2020, consisting of listed equity shares, which represent a significant item of the statement of asset and liabilities of the Fund.	We performed the following procedures during our audit of investments: <ul style="list-style-type: none">evaluated design and implementation of controls in place related to purchases and sales of investments;

Y.A.

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Deloitte Yousuf Adil
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	<p>The Fund's primary activity is, inter alia, to invest in shari'ah compliant equity securities which is the main driver of the Fund's performance.</p> <p>Considering the above factors the existence and valuation are significant areas during our audit due to which we have considered this as a Key Audit Matter.</p>	<ul style="list-style-type: none">• independently tested valuations using the prices quoted on Pakistan Stock Exchange (PSX) for equity shares;• independently matched securities held by the Fund with the securities appearing in the Central Deposit Company's account statement;• tested purchases and sales on a sample basis to obtain evidence regarding movement of the securities; and• any differences identified during our testing that were over our acceptable threshold were investigated further.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company 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 Company and Those Charged with Governance for the Financial Statements

Management Company 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 the Management Company 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 Company 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 Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance of the Management Company are responsible for overseeing the Fund's financial reporting process.

P/A

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Deloitte Yousuf Adil
Chartered Accountants

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.
- 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company'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 Those Charged with Governance 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 Those Charged with Governance 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 Those Charged with Governance 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

Member of
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Deloitte Yousuf Adil
Chartered Accountants

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: September 17, 2020

Member of
Deloitte Touche Tohmatsu Limited

REPORT OF THE SHARIAH ADVISORY BOARD

Karachi: September 18, 2020

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

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

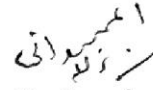
- We have reviewed and approved the modes of investment of ALHISF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHISF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHISF for the period from July 01, 2019 to June 30, 2020 have been in compliance with Shariah principles.

During the year an amount of Rupees 2,780,217.23 was transferred to charity account. The total amount of charity payable as at 30 June 2020 amounts to Rs. 2,780,217.23.

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



Dr Ejaz Samadani

For and on behalf of Shariah Advisory Board

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	298,097	396,625
Investments	5	2,438,432	2,374,513
Dividend, Markup and other receivables	6	6,618	18,209
Receivable against sale of investments		601	30,019
Advance and deposits	7	3,227	3,227
Total assets		2,746,975	2,822,593
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	13,305	8,439
Payable to Central Depository Company of Pakistan Limited - Trustee	9	333	354
Payable to the Securities and Exchange Commission of Pakistan	10	530	2,941
Dividend payable		12,236	12,236
Payable against purchase of investments		42,998	-
Accrued expenses and other liabilities	11	21,300	19,914
Total liabilities		90,702	43,884
NET ASSETS		2,656,273	2,778,709
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,656,273	2,778,709
CONTINGENCIES AND COMMITMENTS			
	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		305,676,886	322,935,483
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		8.69	8.60

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


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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019
INCOME			
Gain / (loss) on sale of investments		87,780	(204,250)
Dividend income		109,125	152,843
Markup on bank deposits		28,618	33,147
Unrealised diminution on re-measurement of investments 'at fair value through profit or loss' - net	5.2	(69,654)	(512,808)
Other income		-	735
Total loss		155,869	(530,333)
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	52,965	61,917
Sindh Sales Tax on remuneration of Management Company	8.2	6,886	8,050
Allocated expenses	8.3	2,648	3,096
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,649	4,096
Sindh Sales Tax on remuneration of Trustee	9.2	474	532
Annual fee of Securities and Exchange Commission of Pakistan	10	530	2,941
Selling and marketing expenses	8.4	28,789	12,383
Auditors' remuneration	13	506	436
Brokerage, settlement and bank charges		13,651	13,824
Provision against Sindh Workers' Welfare Fund	11.1	839	-
Fees and subscription		40	51
Legal and professional charges		76	187
Shariah advisory fee		900	900
Printing and related costs		42	55
Donation / charity		2,780	2,517
Total expenses		114,775	110,985
Net income / (loss) for the year from operating activities		41,094	(641,318)
Taxation	15	-	-
Net income / (loss) for the year after taxation		41,094	(641,318)
Allocation of net income for the year:			
Net Income / (loss) for the period		41,094	(641,318)
Income already paid on units redeemed		(112)	-
		40,982	(641,318)
Accounting income available for distribution:			
Relating to capital gains		18,010	-
Excluding capital gains		22,972	-
		40,982	-
Earnings per unit	3.10		

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

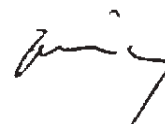
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Net income / (loss) for the year after taxation	41,094	(641,318)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	41,094	(641,318)

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

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2020

	For year ended June 30,						
	2020			2019			
	(Rupees in '000)						
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Unrealised (losses) / gains on available for sale investment	Total
Net assets at beginning of the year	3,310,085	(531,376)	2,778,709	3,440,214	31,452	78,490	3,550,156
Impact of adoption of IFRS 9	-	-	-	-	78,490	(78,490)	-
Issue of 436,174,939 units (2019: 504,958,482 units):							
- Capital value (at net asset value per unit at the beginning of the year)	3,751,104	-	3,751,104	5,443,452	-	-	5,443,452
- Element of income	195,900	-	195,900	(357,085)	-	-	(357,085)
	3,947,004	-	3,947,004	5,086,367	-		5,086,367
Redemption of 453,433,536 units (2019: 511,472,288 units):							
- Capital value (at net asset value per unit at the beginning of the year)	(3,899,528)	-	(3,899,528)	(5,513,672)	-	-	(5,513,672)
- Amount paid out of element of income	(175,612)	(112)	(175,724)	297,176	-	-	297,176
- Relating to 'Net income for the period after taxation'	(4,075,140)	(112)	(4,075,252)	(5,216,496)	-		(5,216,496)
Total comprehensive income for the year	-	41,094	41,094	-	(641,318)	-	(641,318)
Final distributions for the year ended June 30, 2020 (including additional units) at the rate of Rs. 0.1168 per unit (Declared on July 3, 2020)	(514)	(34,768)	(35,282)	-	-	-	-
Net income / (loss) for the year less distribution	(514)	6,326	5,812	-	(641,318)	-	(641,318)
Net assets as at the end of the year	3,181,435	(525,162)	2,656,273	3,310,085	(531,376)	-	2,778,709
Undistributed income brought forward							
- Realised		(18,568)			281,264		
- Unrealised		(512,808)			(249,812)		
		(531,376)			31,452		
Adoption of IFRS 9		-			78,490		
Accounting income available for distribution							
- Relating to capital gains		18,010			-		
- Excluding capital gains		22,972			-		
		40,982			-		
Net loss for the year after taxation		-			(641,318)		
Distributions during the year		(34,768)			-		
Undistributed income carried forward		(525,162)			(531,376)		
Undistributed income carried forward							
- Realised		(455,508)			(18,568)		
- Unrealised		(69,654)			(512,808)		
		(525,162)			(531,376)		
	(Rupees)			(Rupees)			
Net assets value per unit as at beginning of the year	8.60			10.78			
Net assets value per unit as at end of the year	8.69			8.60			

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


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



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	41,094	(641,318)
Adjustments for:		
Unrealised diminution in fair value of investments classified as 'at fair value through profit or loss' - net	69,654	512,808
Dividend income	(109,125)	(152,843)
(Loss) / gain on sale of investments	(87,780)	204,250
	<u>(86,157)</u>	<u>(77,103)</u>
(Increase) / decrease in assets		
Investments	(45,793)	205,610
Dividend, markup and other receivables	(614)	(14,086)
Receivable against sale of investments	29,418	(30,019)
Advances and deposits	-	(1)
	<u>(16,989)</u>	<u>161,504</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	4,866	(2,096)
Payable to the Trustee	(21)	(65)
Payable to the Securities and Exchange Commission of Pakistan	(2,411)	(119)
Payable against purchase of investments	-	(164)
Payable against redemption of units	42,998	(69,158)
Accrued expenses and other liabilities	1,386	(1,058)
	<u>46,818</u>	<u>(72,660)</u>
Net cash (used in) / generated from operating activities	<u>(56,328)</u>	<u>11,741</u>
Dividend received	121,330	-
	<u>65,002</u>	<u>11,741</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts from issuance of units	3,946,490	5,086,367
Payments on redemption of units	(4,075,252)	(5,216,496)
Distributions made during the year	(34,768)	-
Net cash used in financing activities	<u>(163,530)</u>	<u>(130,129)</u>
Net decrease in cash and cash equivalents during the year	<u>(98,528)</u>	<u>(118,388)</u>
Cash and cash equivalent at beginning of the year	396,625	515,013
Cash and cash equivalent at end of the year	<u>298,097</u>	<u>396,625</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Stock Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on May 26, 2004. Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited. The formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund. The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.2 The Fund is categorised as "Shariah Compliant Islamic Equity Scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in listed equity securities.
- 1.3 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of 'AM2++' dated October 08, 2019 to the Management Company.
- 1.5 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 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 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
- 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 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 Deed have been followed.

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Effective from Accounting period beginning on or after:
IFRS 16 Leases	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts	July 01, 2019
Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

2.3 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2022
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgement in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and valuation of financial assets (notes 3.1 and 5)
- Impairment of financial assets (notes 3.1.1.3)
- Taxation (notes 3.6 and 15)
- Classification and measurement of financial liabilities (note 3.1.2.1)

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Basis of measurement

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

2.6 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. Amounts presented in the financial statements have been round off to the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

'A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

'Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

3.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses from changes in fair value are recognised in other comprehensive income and are accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to income statement on disposal of the equity investments, instead, it is transferred to undistributed income. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Dividends are recognised as income in the income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

The Fund elected not to classify irrevocably any of the equity investments under this category on initial recognition.

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

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

The Fund elected to classify all of the equity investments at fair value through profit or loss on initial recognition.

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of equity instruments:

The fair value of equity instruments is determined by using closing rate of securities at day end available on the Pakistan Stock Exchange website.

3.1.1.3 Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss. The Fund does not have any financial liabilities designated as fair value through profit or loss.

3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Provisions

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

3.4 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

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

3.6 Issue and redemption of units

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

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

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

3.7 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 issue at the year end.

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised appreciation / diminution arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Markup on bank balances is recognised on a time proportionate basis using bank's approved rates.
- Dividend income is recognised on an accrual basis.

3.9 Expenses

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

3.10 Earnings per unit

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

4. BANK BALANCES	Note	June 30, 2020	June 30, 2019
		----- (Rupees in '000) -----	
In savings accounts	4.1	282,430	382,529
In current accounts	4.2	15,667	14,096
		<u>298,097</u>	<u>396,625</u>

4.1 These carry profit at rates ranging between 6.75% to 7.5% (2019: 10% to 12.25%) per annum. These include Rs. 0.035 million (2019: Nil) held with MCB Islamic Bank Limited (related parties).

4.2 These include Rs. 8.357 million (2019: Rs.6.786 million) held with MCB Bank Limited and Rs. 0.028 million (2019: Rs. 0.018 million) held with MCB Islamic Bank Limited (related parties).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

June 30, 2020	June 30, 2019
-----	-----
(Rupees in '000)	(Rupees in '000)
5.1	2,438,432
2,438,432	2,374,513

5. INVESTMENTS

'At fair value through profit or loss'

Ordinary shares - listed

5.1 Ordinary shares - listed

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

Name of the Investee Company	Number of shares					Balance as at June 30, 2020			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2020	Carrying value	Market Value	Unrealised appreciation / (diminution)	As a percentage of net assets	As a percentage of total investments	
----- (Rupees in '000) ----- % -----											
Oil & gas exploration companies											
Mari Petroleum Company Limited	-	125,060	4,324	12,800	116,584	128,710	144,174	15,464	5.43	5.91	0.09
Oil & Gas Development Company Limited ****	2,410,700	1,788,400	-	1,967,780	2,231,320	268,106	243,214	(24,892)	9.16	9.97	0.05
Pakistan Oilfields Limited	415,120	428,200	-	696,767	146,553	54,471	51,386	(3,085)	1.94	2.11	0.05
Pakistan Petroleum Limited	1,972,840	3,475,700	389,068	4,042,000	1,795,608	200,012	155,823	(44,189)	5.87	6.39	0.07
						651,299	594,597	(56,702)			
Oil & gas marketing companies											
Attock Petroleum Limited	76,500	82,600	-	20,000	139,100	42,848	42,453	(395)	1.60	1.74	0.14
Hascol Petroleum Limited	1,910	-	-	-	1,910	131	26	(105)	0.00	0.00	0.001
Hi-Tech Lubricants Limited	229,300	758,500	-	987,605	195	5	6	1	-	-	0.0002
Pakistan State Oil Company Limited	219,840	535,000	-	754,840	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,890,200	1,849,500	-	1,976,000	1,563,700	105,906	85,378	(20,528)	3.21	3.50	0.25
						148,890	127,863	(21,027)			
Engineering											
International Industries Limited	-	135,000	-	-	135,000	15,028	12,384	(2,644)	0.47	0.51	0.10
Ittefaq Iron Industries Limited	19,040	-	-	19,040	-	-	-	-	-	-	-
						15,028	12,384	(2,644)			
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	42,400	158,500	-	-	200,900	91,414	133,194	41,780	5.01	5.46	0.21
AGP Limited	705	475,000	-	100,705	375,000	39,181	41,153	1,972	1.55	1.69	0.13
Ferozsons Laboratories Limited	-	230,000	-	230,000	-	-	-	-	-	-	-
Glaxosmithkline Pakistan	202,700	-	-	202,700	-	-	-	-	-	-	-
The Searle Company Limited	522	130,000	-	130,308	214	41	43	2	0.00	0.00	0.0001
						130,636	174,390	43,754			
Textile composite											
Interloop Limited	772,672	282,500	-	192,000	863,172	42,121	37,911	(4,210)	1.43	1.56	0.10
Kohinoor Textile Mills Limited	747,300	-	-	-	747,300	18,720	26,537	7,817	1.00	1.09	0.25
Nishat Mills Limited ***	3,500	500,000	-	503,500	-	-	-	-	-	-	-
						60,841	64,448	3,607			
Refinery											
Attock Refinery Limited	-	300,000	-	300,000	-	-	-	-	-	-	-
National Refinery Limited	-	160,000	-	80,000	80,000	13,110	8,582	(4,528)	0.32	0.35	0.10
						13,110	8,582	(4,528)			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Name of the Investee Company	Number of shares					Balance as at June 30, 2020			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at July 01, 2019	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2020	Carrying value	Market Value	Unrealised appreciation / (diminution)	As a percentage of net assets	As a percentage of total investments	
(Rupees in '000)											
Fertilizer											
Engro Fertilizers Limited	2,947,000	2,888,000	-	5,073,000	762,000	44,455	45,933	1,478	1.73	1.88	0.06
Engro Corporation Limited	711,330	1,010,600	-	938,145	783,785	242,242	229,586	(12,656)	8.64	9.42	0.14
Falima Fertilizer Company Limited ***	2,116,000	-	-	1,055,500	1,060,500	31,656	28,347	(3,309)	1.07	1.16	0.05
						318,353	303,866	(14,487)			
Cement											
Cherat Cement Company Limited	-	617,500	-	617,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited ***	-	1,465,000	-	1,465,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	4,980,000	-	-	4,980,000	86,136	84,062	(2,074)	3.17	3.45	0.36
Kohat Cement Limited	472,550	165,000	-	330,000	307,550	18,902	42,273	23,371	1.59	1.73	0.15
Lucky Cement Limited	58,400	974,571	-	483,200	549,771	239,552	253,763	14,211	9.55	10.41	0.17
Maple Leaf Cement Factory Limited	752,500	8,070,000	457,725	7,778,725	1,501,500	39,019	39,009	(10)	1.47	1.60	0.14
Pioneer Cement Limited	-	569,000	-	569,000	-	-	-	-	-	-	-
Thatta Cement	308,500	-	-	308,500	-	-	-	-	-	-	-
						383,609	419,107	35,498			
Chemical											
Archroma Pakistan Limited	39,650	-	-	-	39,650	18,840	23,370	4,530	0.88	0.96	0.12
Engro Polymer & Chemicals Limited	5,074,114	1,236,500	-	2,552,500	3,758,114	105,528	93,878	(11,650)	3.53	3.85	0.41
Lotte Chemical Pakistan Limited	3,045,500	933,000	-	3,978,500	-	-	-	-	-	-	-
						124,368	117,248	(7,120)			
Paper and board											
Century Paper & Board Mills Limited	814,400	-	-	814,400	-	-	-	-	-	-	-
Cherat Packaging Limited	33,595	-	-	33,595	-	-	-	-	-	-	-
Packages Limited	1,200	-	-	1,200	-	-	-	-	-	-	-
Security Paper Limited	-	30,900	-	-	30,900	4,229	4,386	157	0.17	0.18	0.05
						4,229	4,386	157			
Food and personal care products											
Al-Shaheer Corporation	1,162,000	-	-	1,162,000	-	-	-	-	-	-	-
National Foods Limited **	152,400	-	30,480	50,000	132,880	20,393	33,280	12,887	1.25	1.37	0.09
						20,393	33,280	12,887			
Sugar and allied industries											
Faran Sugar Mills Limited	101,500	-	-	-	101,500	4,121	4,009	(112)	0.15	0.16	0.41
						4,121	4,009	(112)			
Technology and telecommunication											
Pakistan Telecommunication Company Limited	2,095,000	-	-	-	2,095,000	17,326	18,604	1,278	0.70	0.76	0.06
Systems Limited	694,100	-	-	654,700	39,400	3,781	7,237	3,456	0.27	0.30	0.03
						21,107	25,841	4,734			
Power generation and distribution											
Hub Power Company Limited ****	2,928,673	3,276,644	-	3,044,000	3,161,317	262,483	229,195	(33,288)	8.63	9.40	0.24
K-Electric Limited *	-	6,400,000	-	-	6,400,000	31,270	19,264	(12,006)	0.73	0.79	0.02
Lalpir Power Limited	-	4,000,000	-	50,000	3,950,000	53,918	46,097	(7,821)	1.74	1.89	1.04
						347,671	294,556	(53,115)			
Commercial banks											
Meezan Bank Limited	1,223,858	850,000	-	659,500	1,414,358	102,332	97,379	(4,953)	3.67	3.99	0.11
						102,332	97,379	(4,953)			
Automobile assemblers											
Honda Atlas Cars (Pakistan) Limited	-	139,300	-	139,300	-	-	-	-	-	-	-
Millat tractors Limited	-	55,500	-	-	55,500	38,859	39,192	333	1.48	1.61	0.11
						38,859	39,192	333			

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ALHAMRA ISLAMIC STOCK FUND

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 High Court of Sindh in favor of CISs.

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 that year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the 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 favor of the CISs.

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

As at June 30, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.069 million.

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 that year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP-4653 dated July 11, 2019. In this regard, on July 15, 2019, the 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 F-funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favor of the CISs.

F-funds have included 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 per cent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the Year were not withheld by the investee companies.

As at June 30, 2020, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.069 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
5.2 Unrealised diminution on re-measurement of investments 'at fair value through profit or loss' - net			
Market value as at June 30	5.1	2,438,432	2,374,513
Carrying value as at June 30	5.1	(2,508,086)	(2,887,321)
		<u>(69,654)</u>	<u>(512,808)</u>
6. DIVIDEND, MARKUP AND OTHER RECEIVABLES			
Dividend receivable		2,121	14,326
Markup receivable on deposits with banks	6.1	1,888	2,902
Other receivables		<u>2,609</u>	<u>981</u>
		<u>6,618</u>	<u>18,209</u>
6.1 This includes a balance of Rs. 0.06 million (2019: Nil) million receivable on a balance held with MCB Islamic Bank Limited (a related party).			
		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
7. ADVANCE AND DEPOSITS			
Security deposit with National Clearing Company of Pakistan Limited	7.1	2,500	2,500
Security deposit with the Central Depository Company of Pakistan Limited	7.2	300	300
Advance tax		<u>427</u>	<u>427</u>
		<u>3,227</u>	<u>3,227</u>
7.1 This represents deposit with NCCPL in respect of trading of listed securities.			
7.2 This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.			
		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	4,261	4,610
Sindh Sales Tax payable on management remuneration	8.2	554	599
Payable against allocated expenses	8.3	213	231
Payable against marketing and selling expenses	8.4	8,148	2,873
Sales load payable		54	51
Payable against Shariah advisory fee		<u>75</u>	<u>75</u>
		<u>13,305</u>	<u>8,439</u>
8.1 The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.			
8.2 Sales tax on management remuneration has been charged at the rate of 13% (2019: 13%).			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

- 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).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

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

- 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) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

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

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

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	295	313
Sales tax on remuneration payable	9.2	38	41
		<u>333</u>	<u>354</u>

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

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

- 9.2** Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2018: 13%).

		June 30, 2020	June 30, 2019
	Note	----- (Rupees in '000) -----	
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to the SECP	10.1	<u>530</u>	<u>2,941</u>

- 10.1** Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs, Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period. Previously, the rate of annual fee applicable to Aggressive fixed income scheme was 0.075%.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 ----- (Rupees in '000) -----	June 30, 2019 -----
11. ACCRUED AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	10,787	9,948
Provision for Federal Excise Duty and related tax on:			
- Management fee	11.2	5,689	5,689
- Sales load		125	125
Auditors' remuneration		381	298
Brokerage payable		1,138	1,102
Withholding tax payable		281	63
Charity / donation payable		2,780	2,517
Others		119	172
		21,300	19,914

11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

The Supreme Court of Pakistan passed a judgment on November 10, 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments through Finance Acts 2006 and 2008 pertaining to Workers' Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a petition in the Supreme Court against the said judgment, which is pending hearing.

Mutual Fund Association of Pakistan (MUFAP), on behalf of all Asset Management Companies (AMCs), obtained a legal opinion dated December 5, 2016 on the matter, according to which there is no longer any basis in law to claim WWF payments from the mutual funds under the WWF Ordinance. After deliberating the position, MUFAP decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no SWWF is payable by them. SRB on November 11, 2016 responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

MUFAP has also obtained a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The aggregate balance of SWWF provision in the book of accounts of the Fund as on June 30, 2020 is Rs. 10.787 million. Had this provision not been made, the NAV of the Fund would have been higher by Re. 0.04 per unit (June 30, 2019: Re. 0.03 per unit).

The SECP has also concurred with the directions issued by MUFAP through its letter no. SCD/AMCW/MUFAP/2017 - 405 dated February 01, 2017.

11.2 Federal Excise Duty on remuneration to the Management Company

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

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

On July 16, 2016, 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.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2020 aggregates to Rs. 5.689 (June 30, 2019: Rs. 5.689) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2020 would have been higher by Re. 0.02 per unit (June 30, 2019: Re 0.02 per unit).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at June 30, 2020 and June 30, 2019.

13. AUDITORS' REMUNERATION

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Annual audit fee	225	225
Half yearly review fee	105	105
Other certification and services	50	50
	<u>380</u>	<u>380</u>
Sales tax	30	30
Out of pocket expenses	96	26
	<u>506</u>	<u>436</u>

14. TOTAL EXPENSE RATIO

The total expense ratio of the Fund is 4.33% (2019: 3.56%) and this includes 0.33% (2019: 0.35%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% (2019: 4.5%) prescribed under the NBFC Regulations for a collective investment scheme categorized as a " Shariah Compliant Equity Scheme".

15. TAXATION

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

16. TRANSACTIONS 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 and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

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

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

	For the Year Ended June 30, 2020							
	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020	As at July 01, 2019	Issued for cash	Redeemed	As at June 30, 2020
	Units			(Rupees in '000)				
Group / associated companies / undertakings:								
Nishat Mills Limited	1,108,715	12,696	-	1,121,411	9,535	110	-	9,745
D.G. Khan Cement Company Limited - Employees Provident Fund	456,190	6,146	-	462,336	3,923	53	-	4,018
Adamjee Life Assurance Company Limited - Non-Utilised Investment Linked Fund	7,224,171	1,717,026	-	8,941,197	62,128	15,030	-	77,699
Adamjee Life Assurance Company Limited - IMF	65,377,724	28,632,839	-	94,010,563	562,248	265,834	-	816,952
Adamjee Life Assurance Company Limited - ISF	-	-	-	-	-	-	-	-
Adamjee Life Assurance Company Limited - Amanat Fund	17,833,909	10,981,849	6,089,053	22,726,705	153,372	86,119	55,000	197,495
Adamjee Life Assurance Company Limited - MAZAAF	16,712,894	10,872,888	-	27,585,782	143,731	98,125	-	239,720
Asghari Beg Memorial Trust	423,563	4,850	-	428,413	3,643	-	-	3,723
Alhamra Islamic Active Allocation Plan I	45,343,343	19,136,675	64,480,018	-	389,953	194,000	580,934	-
Alhamra Islamic Active Allocation Plan II	42,329,805	5,202,563	47,532,368	-	364,036	51,000	421,475	-
Key management personnel *	1,746,477	11,802,973	10,510,951	3,038,499	15,020	105,931	94,243	26,405
Mandate under discretionary portfolio services *	9,419,118	25,900,017	18,971,055	16,348,080	81,004	227,081	170,658	142,065

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

For the Year Ended June 30, 2019

Group / associated companies / undertakings:	Units				(Rupees in '000)			
	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019
Nishat Mills Limited	1,108,715	-	-	1,108,715	9,790	-	-	9,535
D.G. Khan Cement Company Limited - Employees Provident Fund	456,190	-	-	456,190	4,028	-	-	3,923
Adamjee Life Assurance Company Limited - Non-Unitised Investment Linked Fund	6,355,054	3,196,864	2,327,747	7,224,171	56,115	33,000	25,000	62,128
Adamjee Life Assurance Company Limited - IMF	66,136,949	25,777,088	26,536,313	65,377,724	583,989	251,676	285,000	562,248
Adamjee Life Assurance Company Limited - ISF	3,864,958	6,562,109	10,427,067	-	34,128	65,000	41,566,993	-
Adamjee Life Assurance Company Limited - Amanat Fund	14,762,954	4,302,501	1,231,546	17,833,909	130,357	45,000	13,350	153,372
Adamjee Life Assurance Company Limited - MAZAAF	8,522,504	8,190,390	-	16,712,894	75,254	75,000	-	143,731
Asghari Beg Memorial Trust	423,563	-	-	423,563	3,740	-	-	3,643
Alhamra Islamic Active Allocation Plan I	55,988,653	186,031,119	196,676,428	45,343,344	494,380	1,897,500	2,038,940	389,953
Alhamra Islamic Active Allocation Plan II	32,195,679	86,261,001	76,126,874	42,329,806	284,288	857,500	768,302	364,036
Key management personnel	1,248,689	2,588,391	2,001,790	1,835,290	11,026	25,827	20,119	15,784
Mandate under discretionary portfolio services	18,949,714	15,702,731	23,977,571	10,674,874	167,326	151,642	229,997	91,804

* During the year, Mandate under Discretionary Portfolio Services and key management personnel have changed, therefore, their relative opening units have been updated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

June 30, June 30,
2020 2019
----- (Rupees in '000) -----

16.2 Details of transactions with related parties / connected persons during the year:

MCB Arif Habib Savings and Investment Limited - Management Company

Remuneration including indirect taxes	59,851	69,967
Allocated expenses	2,648	3,096
Shariah advisory fee	900	900
Selling and marketing expenses	28,789	12,383

Central Depository Company of Pakistan Limited - Trustee

Remuneration including indirect taxes	4,123	4,628
Central Depository Service (CDS) settlement charges	280	396

Arif Habib Limited - Subsidiary of Associated Company

Brokerage expense *	1,145	886
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Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited

Brokerage expense *	163	130
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MCB Bank Limited - Parent of the Management Company

Bank charges	32	30
Markup Received	-	30

MCB Islamic Bank Limited - Subsidiary of Parent of Management Company

Markup on bank deposits	427	-
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Silkbank Limited - Common Directorship **

Bank charges	1	13
Markup on Bank Balances	1,366	6,303

Nishat Mills Limited - Group Company of Parent Company

Purchase of 500,000 shares (2019: 385,000 shares)	53,223	52,518
Sales of 503,500 shares (2019: 1,455,400 shares)	55,917	197,435
Dividend income	-	1,515

Fatima Fertilizer Company Limited - Group Company of Associated Company

Purchase of Nil shares (2019: 2,474,500 shares) shares	-	83,044
Sales of 1,055,500 shares (2019: 750,000 shares)	27,860	25,232
Dividend Income	2,121	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
D.G. Khan Cement Company Limited - Group Company of Parent Company		
Purchase of 1,465,000 shares (2019: 850,000 shares)	109,654	78,037
Sales of 1,465,000 shares (2019: 1,450,000 shares)	112,194	160,524
16.3 Balances outstanding at year end:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	4,261	4,610
Sindh Sales Tax payable on management remuneration	554	599
Payable against allocated expenses	213	231
Sales load payable	54	51
Payable against Shariah advisory fee	75	75
Payable against marketing and selling expenses	8,148	2,873
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including indirect taxes	333	313
Security deposit	300	300
Arif Habib Limited - Subsidiary of Associated Company		
Brokerage payable *	191	47
Next Capital Limited - Joint Venture of MCB Bank Limited & Arif Habib Corporation Limited		
Brokerage payable *	-	30
MCB Bank Limited - Parent of the Management Company		
Balances with bank	8,357	6,786
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Balances with bank	63	18
Markup receivable	6	-
Nishat Mills Limited - Group Company of Parent Company		
Shares held by the Fund Nil (2019: 3500)	-	327
Fatima Fertilizer Company Limited - Group Company of Associated Company		
1,060,500 shares (June 30, 2019: 2,116,000 shares) held	28,347	63,163
Silkbank Limited - Common Directorship **		
Bank balances	-	130,283
Markup receivable on bank balances	-	178

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

** This was a related party from July 01, 2019 to September 05, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

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

	June 30, 2020						
	Carrying amount		Fair value				
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Ordinary shares - listed	2,438,432	-	2,438,432	2,438,432	-	-	2,438,432
	<u>2,438,432</u>	<u>-</u>	<u>2,438,432</u>	<u>2,438,432</u>	<u>-</u>	<u>-</u>	<u>2,438,432</u>
Financial assets not measured at fair value							
Bank balances	-	298,097	298,097				
Dividend, markup and other receivables	-	6,618	6,618				
Receivable against sale of investments	-	601	601				
Deposits	-	2,800	2,800				
	<u>-</u>	<u>308,116</u>	<u>308,116</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	12,751	12,751				
Payable to the Trustee	-	295	295				
Payable against purchase of investments	-	42,998	42,998				
Accrued expenses and other liabilities	-	4,418	4,418				
	<u>-</u>	<u>60,462</u>	<u>60,462</u>				

June 30, 2019

During the year ended June 30, 2020, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

18. FINANCIAL RISK MANAGEMENT

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.

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

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

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

18.1.1 Currency risk

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

18.1.2 Yield / Profit rate risk

Markup 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, 2020, the Fund is exposed to such risks on bank balances that expose the Fund to profit rate risk.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2020, the Fund does not hold any variable profit based investment except balances with banks in deposit account amounting to Rs. 282.43 million (2019: Rs.382.529 million) exposing the Fund to cash flow markup rate risk. In case of 100 basis points increase / decrease as on June 30, 2020, with all other variables held constant, the net assets of the Fund and net income for the year would have been higher / lower by Rs. 2.824 million (2019: Rs.3.825 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2020 the Fund does not hold any fixed rate instruments, therefore, the Fund is not exposed to fair value profit rate risk.

Markup rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Particulars	As at June 30, 2020					
	Effective yield / rate	Exposed to yield / profit risk			Not exposed to yield rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
	%					

On-balance sheet financial instruments

Financial assets

Bank Balances	6.75 - 7.50	282,430	-	-	15,667	298,097
Investments		-	-	-	2,438,432	2,438,432
Dividend, markup and other receivables		-	-	-	6,618	6,618
Receivable against sale of investments		-	-	-	601	601
Deposits		-	-	-	2,800	2,800
Sub total		282,430	-	-	2,464,118	2,746,548

Financial liabilities

Payable to the Management Company		-	-	-	12,751	12,751
Payable to the Trustee		-	-	-	295	295
Payable against purchase of investments		-	-	-	42,998	42,998
Accrued expenses and other liabilities		-	-	-	4,418	4,418
Sub total		-	-	-	60,462	60,462

On-balance sheet gap

	282,430	-	-	2,403,656	2,686,086
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Total profit rate sensitivity gap

	282,430	-	-	2,403,656	2,686,086
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Cumulative profit rate sensitivity gap

	282,430	282,430	282,430
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Particulars	As at June 30, 2019				
	Effective yield / rate	Exposed to yield / profit risk			Total
		Upto three months	More than three months and up to one year	More than one year	
	%				(Rupees in '000)
On-balance sheet financial instruments					
Financial assets					
Bank Balances	10.00 - 12.25	382,529	-	-	14,096
Investments		-	-	-	2,374,513
Dividend, markup and other receivables		-	-	-	18,209
Receivable against sale of investments		-	-	-	30,019
Deposits		-	-	-	2,800
Sub total		382,529	-	-	2,439,637
Financial liabilities					
Payable to the Management Company		-	-	-	7,840
Payable to the Trustee		-	-	-	313
Accrued and other liabilities		-	-	-	4,089
Sub total		-	-	-	12,242
On-balance sheet gap		382,529	-	-	2,427,395
Total profit rate sensitivity gap		382,529	-	-	2,427,395
Cumulative profit rate sensitivity gap		382,529	382,529	382,529	

18.1.3 Price risk

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

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs. 121.922 million (2019: Rs. 118.726 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

18.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on profit receivables, other receivables and balances with banks. The credit risk for the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

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

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

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2020		June 30, 2019	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	(Rupees in '000)			
Balances with banks	298,097	298,097	396,625	396,625
Dividend, markup and other receivables	6,618	6,618	18,209	18,209
Deposits	2,800	2,800	2,800	2,800
	307,515	307,515	417,634	417,634

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2020.

Bank Balances by rating category

Rating	2020		2019	
	Rupees in '000	%	Rupees in '000	%
AAA	182,657	61.27	16,516	4.16
AA	108,871	36.52	-	-
AA+	5,034	1.69	4,974	1.25
AA-	-	-	244,122	61.55
A+	1,418	0.48	730	0.18
A-	55	0.02	130,283	32.85
A	62	0.02	-	-
	298,097	100	396,625	100

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formerly JCR-VIS Credit Rating Company Limited) as of June 30, 2020.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

Advances and deposits

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

Concentration of credit risk

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

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

18.3 Liquidity risk

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

2020	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- (Rupees in '000') -----						

Financial assets

Bank balances	298,097	-	-	-	-	298,097
Investments	2,438,432	-	-	-	-	2,438,432
Dividend, markup and other receivables	6,618	-	-	-	-	6,618
Receivable against sale of investments	601	-	-	-	-	601
Deposits	2,800	-	-	-	-	2,800
	2,746,548	-	-	-	-	2,746,548

Financial liabilities

Payable to the Management Company	12,751	-	-	-	-	12,751
Payable to the Trustee	295	-	-	-	-	295
Payable against purchase of investments	42,998	-	-	-	-	42,998
Accrued expenses and other liabilities	4,418	-	-	-	-	4,418
	60,462	-	-	-	-	60,462
	2,686,086	-	-	-	-	2,686,086

2019	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	Over 1 to 5 years	Total
----- (Rupees in '000') -----						

Financial assets

Bank balances	396,625	-	-	-	-	396,625
Investments	2,374,513	-	-	-	-	2,374,513
Dividend, markup and other receivables	18,209	-	-	-	-	18,209
Receivable against sale of investments	30,019	-	-	-	-	30,019
Deposits	2,800	-	-	-	-	2,800
	2,822,166	-	-	-	-	2,822,166

Financial liabilities

Payable to the Management Company	7,840	-	-	-	-	7,840
Payable to the Trustee	313	-	-	-	-	313
Accrued expenses and other liabilities	4,089	-	-	-	-	4,089
	12,242	-	-	-	-	12,242
	2,809,924	-	-	-	-	2,809,924

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

19. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	23
Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
Mr. Awais Abdul Sattar	Head of Research & Fund Manager	MBA & CFA	9
Mr. Saad Ahmed	Head of Fixed Income	MBA	15
Mr. Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	7
Mr. Syed Abid Ali	Head of Equities	MBA	12

19.1 Mr. Awais Abdul Sattar is the fund manager. Details of the other funds being managed by him are as follows:

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

20. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2020 (Percentage)
1 Arif Habib Limited	10.59
2 Foundation Securities (Private) Limited	8.74
3 Alfalah CLSA Securities (Private) Limited	6.25
4 DJM Securities (Private) Limited	6.18
5 Taurus Securities Limited	5.94
6 Khadim Ali Shah Bukhari Securities (Private) Limited	5.73
7 Ismail Iqbal Securities (Private) Limited	5.07
8 EFG Hermes Pakistan Limited	4.88
9 JS Global Capital Limited	4.70
10 AKD Securities Limited	4.61
	June 30, 2019 (Percentage)
1 Al Falah Securities (Private) Limited	9.00
2 Arif Habib Limited	8.18
3 Foundation Securities Limited	7.82
4 JS Global Capital Limited	6.98
5 AKD Securities Limited	5.59
6 BMA Capital Management Limited	5.47
7 Insight Securities Limited	5.33
8 EFG Hermes Pakistan Limited	5.29
9 Taurus Securities Limited	5.14
10 Top Line Securities (Private) Limited	4.54

21. PATTERN OF UNIT HOLDINGS

	June 30, 2020			
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,537	72,926,280	633,715	23.86
Associated companies	7	155,276,407	1,349,322	50.80
Insurance companies	4	31,255,783	271,607	10.23
Bank / DFIs	3	1,350,419	11,735	0.44
NBFCs	2	335,753	2,918	0.11
Retirement funds	27	18,873,043	164,003	6.17
Others	271	25,659,201	222,973	8.39
	2,851	305,676,886	2,656,273	100.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2019			
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage investment %
Individuals	2,623	62,131,816	534,615	19.24
Associated companies	8	195,701,600	1,683,921	60.60
Insurance companies	6	28,570,162	245,833	8.85
Bank / DFIs	3	1,332,469	11,465	0.41
NBFCs	2	332,616	2,862	0.10
Retirement funds	27	11,940,513	102,743	3.70
Others	156	22,926,307	197,270	7.10
	2,825	322,935,483	2,778,709	100.00

22. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 151st, 152nd, 153rd, 154th, 155th and 156th meetings of the Board of Directors were held on August 1, 2019, September 13, 2019, October 24, 2019, February 06, 2020, February 21, 2020 and April 20, 2020 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mian Muhammad Mansha*	Former Chairman	6	4	1	3	151, 153 & 154
Mr. Haroun Rashid	Chairman	6	6	5	1	154
Mr. Nasim Beg	Director	6	6	6	-	-
Mr. Ahmed Jahangir	Director	6	6	6	-	-
Mr. Samad A. Habib*	Director	6	4	1	3	151, 153 & 154
Mr. Mirza Qamar Beg	Director	6	6	6	-	-
Syed Savail Meekal Hussain****	Director	6	5	5	-	-
Mr. Kashif A. Habib**	Director	6	2	1	1	156
Ms. Mavra Adil Khan**	Director	6	2	2	-	-
Mr. Muhammad Saqib Saleem	Chief Executive Officer	6	6	6	-	-

* Retired on completion of term on February 06, 2020.

** New Directors elected on the Board of Directors on February 06, 2020.

*** An election of Directors was held in an EOGM conducted on February 06, 2020 wherein all retiring directors except for Mian Muhammad Mansha and Mr. Samad A. Habib were re-elected.

**** New Director appointed on the Board of Directors on September 04, 2019.

23. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

24. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

25. IMPACT OF COVID-19

A novel strain of Coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including lock-downs, travel bans, quarantines, social distancing, and closures of non-essential services and factories triggered significant disruptions to businesses worldwide and in Pakistan, resulting in an economic slowdown. During the lockdown that lasted from March to May 2020, the funds continued their activity, as the Pakistan Stock Exchange and the money markets continued trading. Management Company is of the view that while COVID-19 and its resulting containment measures have affected the economy, investors' confidence and adequate steps from the government and regulators have spearheaded recovery and subsequent events reflect that in due course, things would be normalised.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 18, 2020 by the Board of Directors of the Management Company.

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



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2020**

No. of Unit Holders	Unit Holdings	Total Units Held
1116	001-10,000	293,648
1014	10,001 – 100,000	4,652,921
543	100,001 – 1000,000	21,616,583
178	1000,001+	279,113,734
2851		305,676,886

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2020

Performance Information	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	2656.27	2778.709	2,599	2,915
Net Assets value per unit – Rupees	8.690	8.6	10.78	12.25
Closing Offer Price	8.980	8.89	11.15	12.67
Closing Repurchase Price	8.400	8.6	10.78	12.25
Highest offer price per unit	11.190	11.35	12.71	15.62
Lowest offer price per unit	6.890	8.59	10.27	11.20
Highest Redemption price per unit	10.820	11.1	12.29	15.11
Lowest Redemption price per unit	6.660	8.31	9.93	10.82
Distribution per unit – Rs. *	0.1168	0	0	1.50
Average Annual Return - %				
One year	2.36	-20.22	-12.00	29.97
Two year	-8.93	-16.11	8.99	16.94
Three year	-9.95	-0.75	7.29	17.69
Net Income for the year – Rs. in million	41.094	(641.318)	(410.50)	472.59
Distribution made during the year – Rs. in million	35.282		-	193.14
Accumulated Capital Growth – Rs. in million	24.321	(641.318)	(410.50)	279.46

*** Date of Distribution**

2020	
Date	Rate
July 3, 2020	0.1168

2019	
Date	Rate
Nil	

2018	
Date	Rate
Nil	

2017	
Date	Rate
June 21, 2017	1.5

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, 2020**

The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of the fund) has the overall responsibility for the implementation of Proxy Voting Policy and Procedures, which is available on Management Company's website (www.mcbah.com). Based on the threshold defined by the investment committee of the Management Company, the Management Company, on behalf of the Company, decided to attend and vote in the Annual General Meetings / Extra Ordinary General Meetings of certain companies and details of summarized proxies voted are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	24	24	0	0	-
(%ages)	100	100	0	0	-

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

MCB-Arif Habib Savings and Investments Limited

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