



ANNUAL REPORT 2020

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

ALHAMRA ISLAMIC PENSION FUND

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Vision

To become synonymous with Savings

Mission

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

Core Values

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

FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited 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 Faysal Bank Limited Bank Al-Habib Limited Silk Bank Limited MCB Islamic Bank Limited Habib Bank Limited National Bank of Pakistan Askari Bank Limited Bank Islamic Pakistan Limited Meezan Bank Limited Dubai Islamic Bank Limited	
Auditors	Ernst & Young Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM2++ Asset Manager Rating assigned by PACRA	

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

Dear Investor,

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

ECONOMY AND MONEY MARKET 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.

Yield curve started to slope downward during the first half of FY20 before the monetary easing started, in anticipation of lower inflation. As the pandemic struck during the start of the calendar year and the recessionary pressures became imminent, central bank pursued aggressive monetary easing and reduced the policy rate by cumulative 625 bps in several meetings. As a result the yield curve further shifted downwards during the period. 3Y, 5Y and 10Y bonds eased off by

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

632, 577 and 503 bps respectively during the year. The yield curve has again started to slope upwards as the market participants are expecting the interest rates to bottom out.

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

Debt Fund

The debt sub-fund generated an annualized return of 9.06% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk was at 18.7%, Commercial Paper was 12.8% while exposure in cash stood at 38.7%.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 301 million as compared to Rs. 254.59 million as at June 30, 2019 registering an increase of 18.2%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 229.07 as compared to opening NAV of Rs. 210.04 per unit as at June 30, 2019 registering an increase of Rs. 19.03 per unit.

Money Market Fund

The money market sub-fund generated an annualized return of 8.63% during the period under review. The sub-fund's exposure in cash stood at 77.7% while it was 8.0% invested in Commercial Paper.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 217.19 million as compared to Rs. 130.00 million as at June 30, 2019 registering an increase of 67.1%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 208.32 as compared to opening NAV of Rs. 191.77 per unit as at June 30, 2019 registering an increase of Rs. 16.55 per unit.

Equity Fund

The Equity sub-fund generated a return of 12.12%. The sub-fund increased exposure to equities from 86.3% to 93.0% during the period. It was mainly invested in Oil & Gas Exploration Companies, Cement and Fertilizer.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 539.59 million as compared to Rs. 428.39 million as at June 30, 2019 registering an increase of 26%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 466.58 as compared to opening NAV of Rs. 416.13 per unit as at June 30, 2019 registering an increase of Rs. 50.45 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

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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 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.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

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
Aug 22, 2020

ڈائریکٹرز رپورٹ

فیصد کم ہے۔ اسی طرح ریسک پر میٹرم 4.0 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 خورد و تصویر 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۔

Debt حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ پالیسی شرحوں کی عکاسی بلا رکاوٹ سال بھر جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز دوران سال پہلے ہی کچھ حد تک متوقع مالیاتی تسہیل میں کردار ادا کر چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈیٹا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

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 شکریہ ادا ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

22 اگست 2020ء

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 و بآء 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 رہے 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 منظر 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 گردش 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 پریشانیوں 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۔ ترسیلات 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۔ ترسیلات زر میں 10 فیصد کمی کو شامل کرنے کے باوجود مجموعی صورتحال قابل قبول رہے گی۔ ہمیں اُمید ہے کہ کرنٹ اکاؤنٹ کا خسارہ مالی سال 2020-21ء میں مجموعی ملکی پیداوار کے 1.6 فیصد پر رُکے گا، اور اس کے لیے غیر ملکی سرمایہ کاریوں اور قرضہ جاتی آمدات سے باسانی 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 افراط 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 نصف اوّل کے 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 دُکھتی رگ بن رہا ہے 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 نظریئے سے ہمیں اب کافی واضح صورتحال نظر آ رہی 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

کمپنیاں مرکز نگاہ تھیں کیونکہ کووڈ ۱۹ 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 سکڑن تھی، جبکہ ای اینڈ پی کی کمزور کارکردگی کی وجہ خام تیل کی قیمتوں میں گراوٹ تھی کیونکہ سعودی عرب 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

Debt فنڈ

زیر جائزہ مدت کے دوران Debt ذیلی فنڈ نے 9.06 فیصد ایک سال پر محیط منافع دیا۔ ذیلی فنڈ کی سرمایہ کاری 18.7 فیصد حکومت پاکستان کے اجارہ سٹک میں، 12.8 فیصد کمرشل پیپر میں جبکہ 38.7 فیصد نقد میں تھی۔ 30 جون 2020ء کو فنڈ کے net اثاثہ جات 301 ملین روپے تھے جو 30 جون 2019ء کو 254.59 ملین روپے کے مقابلے میں 18.2 فیصد اضافہ ہے۔ 30 جون 2020ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 229.07 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 210.04 روپے فی یونٹ کے مقابلے میں 19.03 روپے فی یونٹ اضافہ ہے۔

منی مارکیٹ فنڈ

زیر جائزہ مدت کے دوران منی مارکیٹ ذیلی فنڈ نے 8.63 فیصد ایک سال پر محیط منافع دیا۔ ذیلی فنڈ کی سرمایہ کاری 77.7 فیصد نقد میں جبکہ 8.0 فیصد کمرشل پیپر میں تھی۔ 30 جون 2020ء کو فنڈ کے net اثاثہ جات 217.19 ملین روپے تھے جو 30 جون 2019ء کو 130.00 ملین روپے کے مقابلے میں 67.1 فیصد اضافہ ہے۔ 30 جون 2020ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 208.32 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 191.77 روپے فی یونٹ کے مقابلے میں 16.55 روپے فی یونٹ اضافہ ہے۔

ایکویٹی فنڈ

زیر جائزہ مدت کے دوران ایکویٹی ذیلی فنڈ نے 12.12 فیصد منافع دیا۔ دوران مدت ذیلی فنڈ کی ایکویٹیز میں سرمایہ کاری 86.3 فیصد سے بڑھا کر 93.0 فیصد کر دی گئی۔ اس سرمایہ کاری کا اکثر حصہ تیل اور گیس کی دریافت کی کمپنیوں، سیمنٹ اور کھاد کے شعبے میں تھی۔ 30 جون 2020ء کو فنڈ کے net اثاثہ جات 539.59 ملین روپے تھے جو 30 جون 2019ء کو 428.39 ملین روپے کے مقابلے میں 26 فیصد اضافہ ہے۔ 30 جون 2020ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 466.58 روپے تھی جو 30 جون 2019ء کو ابتدائی این اے وی 416.13 روپے فی یونٹ کے مقابلے میں 50.45 روپے فی یونٹ اضافہ ہے۔

ڈائریکٹر ز پورٹ

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 8.6 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 پیسے پوائنٹس (بی پی ایس) کی ریکارڈ کمی 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 ہوئی گئی۔

مالی سال 2020ء کے نصف اول کے دوران مالیاتی تسہیل سے قبل کم تر افراط زر کی توقعات کے باعث پیداواری خم میں جھکاؤ آنا شروع ہو گیا۔ سال کے آغاز کے دوران وباء کے سر اٹھانے کے باعث مندی کے دباؤ قریب الورود ہو گئے اور مرکزی بینک نے متحرک انداز میں مالیاتی تسہیل کر کے متعدد میٹنگز میں پالیسی شرح کو 625 بی پی ایس کم کر دیا۔ اس کے نتیجے میں پیداواری خم دوران مدت مزید نیچے ہو گیا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈ میں دوران سال بالترتیب 632، 577 اور 503 بی پی ایس کی تسہیل ہوئی۔ پیداواری خم دوبارہ بلندی کی طرف جانا شروع ہو گیا ہے کیونکہ بازار کے فریق انٹریسٹ کی شرحوں کے کم ترین سطح تک جانے کی توقع کر رہے ہیں۔

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 ورود 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 سازی، تعمیرات اور مواد، اور کھاد کے شعبے بالترتیب 45 فیصد، 43 فیصد اور 23 فیصد منافع جات پوسٹ کر کے سبقت لے گئے۔ دوساز

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

معیشت اور بازار زر کا 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 دوا و فور رہا۔ ماحاصل 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 رک جانے کے باعث 11.0 فیصد سکڑ گئی۔ مزید برآں، 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 برآں، حکومت نے لاک ڈاؤن سے پیدا ہونے والے خطرات سے عوام کی حفاظت کے مقصد سے ایک سماجی تحفظ کا 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 سبب رفتار اثرات بحوالہ مالیاتی سختی اور زرمبادلہ کی شرح میں ترمیم کے اثرات 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 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 کثیرالجہتی 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 کثیرالجہتی 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۔ نتیجہً 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 PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2020

Fund Type and Category

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

Investment Objective:

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

Investment Strategy:

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

Manager's Review

Equity Sub- Fund

The Equity sub-fund generated a return of 12.12%. The sub-fund increased exposure to equities from 86.3% to 93.0% during the period. It was mainly invested in Oil & Gas Exploration Companies, Cement and Fertilizer.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 539.59 million as compared to Rs. 428.39 million as at June 30, 2019 registering an increase of 26%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 466.58 as compared to opening NAV of Rs. 416.13 per unit as at June 30, 2019 registering an increase of Rs. 50.45 per unit.

Money Market Sub-Fund

The money market sub-fund generated an annualized return of 8.63% during the period under review. The sub-fund's exposure in cash stood at 77.7% while it was 8.0% invested in Commercial Paper.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 217.19 million as compared to Rs. 130.00 million as at June 30, 2019 registering an increase of 67.1%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 208.32 as compared to opening NAV of Rs. 191.77 per unit as at June 30, 2019 registering an increase of Rs. 16.55 per unit.

Debt Sub-fund

The debt sub-fund generated an annualized return of 9.06% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk was at 18.7%, Commercial Paper was 12.8% while exposure in cash stood at 38.7%.

The Net Assets of the Fund as at June 30, 2020 stood at Rs. 301 million as compared to Rs. 254.59 million as at June 30, 2019 registering an increase of 18.2%. The Net Asset Value (NAV) per unit as at June 30, 2020 was Rs. 229.07 as compared to opening NAV of Rs. 210.04 per unit as at June 30, 2019 registering an increase of Rs. 19.03 per unit.

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

Asset Allocation (MM sub-fund) as on June 30, 2020 (% of Total Assets)

ALHIPF -Money Market (%age of Total Assets)	Jun-20
Cash	77.7%
GoP Ijara Sukuk	13.7%
Certificate of Modaraba	0.0%
Others including receivables	0.6%
Shariah Compliant Commercial Paper	8.0%

Asset Allocation (Debt sub-fund) as on June 30, 2020 (% of Total Assets)

ALHIPF-Debt (%age of Total Assets)	Jun-20
Cash	38.7%
GoP Ijara Sukuk	18.7%
Others including receivables	2.5%
Sukuk	8.6%
Government Backed / Guaranteed Securities	18.7%
Shariah Compliant Bank Deposits	0.0%
Shariah Compliant Commercial Paper	12.8%

Asset Allocation (Equity sub-fund) as on June 30, 2020 (% of Total Assets)

ALHIPF-Equity (%age of Total Assets)	Jun-20
Oil & Gas Exploration Companies	23.7%
Cement	14.7%
Fertilizer	11.2%
Power Generation & Distribution	6.7%
Chemicals	6.4%
Other equity sectors	26.7%
Cash	10.1%
Others including receivables	0.5%

Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT TO THE PARTICIPANTS

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
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Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
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TRUSTEE REPORT TO THE PARTICIPANTS

ALHAMRA ISLAMIC PENSION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Pension Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 22, 2020



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

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

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

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

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

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

In the light of the above scope, we hereby certify that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the period ended 30th June 2020 are in compliance with the Shariah principles.

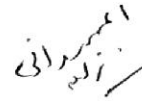
The pension fund manager has been directed to set aside as charity, amount earned as interest from conventional banks, In addition, there are investments made by the fund where investee companies have earned a part of their income from non-complaint sources (e.g. interest income). In such cases, the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

During the year an amount of Rupees 498,628.49 was transferred to the charity account. The total amount of charity payable as at June 30, 2020 amounts to Rs. 498,628.49.

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

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PARTICIPANTS



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

1. Introduction

We were engaged by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Pension Fund Manager) to report on the Sharia compliance of **Alhamra Islamic Pension Fund** (the Fund), as set out in the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments for the year ended 30 June 2020, in the form of an independent reasonable assurance conclusion. Our engagement was carried out as required under clause 3.4.8 of the Trust Deed of the Fund.

2. Applicable Criteria

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

3. Responsibilities of the Pension Fund Manager

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

4. Our Independence and Quality Control

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

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

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

5. Our Responsibility and Summary of Work Performed

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

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

SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PARTICIPANTS



-: 2 :-

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

Amongst others, our scope included procedures to:

- Check compliance of Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments.
- Check that the Sharia Advisor has certified that all the provisions of the scheme and investments made by the Fund (including all three sub funds) for the year ended 30 June 2020 are in compliance with the Sharia principles.

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

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

6. Conclusion

In our opinion, the Fund was, in all material respects, in compliance with the Sharia guidelines duly approved by Sharia advisor in respect of Fund's investments during the year ended 30 June 2020.

Date: 23 September 2020
Karachi

Signature
Chartered Accountants

Shaikh Ahmed Salman
Assurance Engagement Partner

AUDITOR'S REPORT TO THE PARTICIPANTS



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AUDITORS' REPORT TO THE PARTICIPANTS OF ALHAMRA ISLAMIC PENSION FUND

We have audited the annexed financial statements comprising:

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

of Alhamra Islamic Pension Fund (the Fund) as at 30 June 2020 and for the year ended 30 June 2020 together with the notes forming part thereof for the year then ended.

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

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

Opinion

In our opinion:

- a) the financial statements prepared for the year have been properly drawn in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at 30 June 2020 and of the transactions of the fund for the year ended 30 June 2020;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund or the financial statements prepared are in agreement with the Fund's books and records, that fact;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of the audit; and
- g) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Chartered Accountants

Audit Engagement Partner: Shaikh Ahmed Salman

Date: 18 September 2020

Karachi

A member firm of Ernst & Young Global Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2020

June 30, 2020					June 30, 2019				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Note	(Rupees in '000) --								
Assets									
Balances with banks	5	56,735	145,255	170,049	372,039	49,760	75,382	101,668	226,810
Investments	6	499,930	220,201	47,658	767,789	374,405	175,866	27,923	578,194
Dividend receivable		-	-	-	-	2,211	-	-	2,211
Profit receivable	7	227	3,118	990	4,335	298	5,338	1,277	6,913
Receivable against sale of investments		-	-	-	-	4,227	-	-	4,227
Advances, deposits and other receivables	8	2,821	6,227	227	9,275	2,817	331	267	3,415
Total assets		559,713	374,801	218,924	1,153,438	433,718	256,917	131,135	821,770
Liabilities									
Payable to the Pension Fund Manager	9	722	403	288	1,413	604	350	170	1,124
Payable to the Trustee	10	71	40	28	139	60	35	17	112
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	133	79	51	263	153	80	32	265
Payable against purchase of investments		13,285	70,113	-	83,398	-	-	-	-
Accrued expenses and other liabilities	12	5,916	3,167	1,369	10,452	4,507	1,863	912	7,282
Total liabilities		20,127	73,802	1,736	95,665	5,324	2,328	1,131	8,783
Net assets		539,586	300,999	217,188	1,057,773	428,394	254,589	130,004	812,987
Participants' sub funds (as per statement attached)		539,586	300,999	217,188		428,394	254,589	130,004	
		----- (Number of units) -----				----- (Number of units) -----			
Number of units in issue		1,156,481	1,314,013	1,042,594		1,029,464	1,212,101	677,931	
		----- (Rupees) -----				----- (Rupees) -----			
Net assets value per unit		466.58	229.07	208.32		416.13	210.04	191.77	

Contingencies and commitments 15

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

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



Chief Executive Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

		June 30, 2020				June 30, 2019			
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note		(Rupees in '000)							
Income									
Net capital gain / (loss) on sale of investments		28,420	(2,125)	(788)	25,507	(15,970)	17	(1)	(15,954)
Dividend income		20,903	-	-	20,903	21,404	-	-	21,404
Income from Government securities		-	6,718	246	6,964	-	4,982	1,157	6,139
Income from sukuk certificates		-	5,736	-	5,736	-	3,245	-	3,245
Mark-up on bank accounts and other deposits		3,719	16,353	18,008	38,080	3,377	10,807	7,195	21,379
Income from commercial paper		-	2,575	857	3,432	-	1,515	321	1,836
Unrealised gain / (loss) on revaluation of investments - net		10,182	334	69	10,585	(95,924)	(2,593)	-	(98,517)
Total income / (loss)		63,224	29,591	18,392	111,207	(87,113)	17,973	8,672	(60,468)
Expenses									
Remuneration of Pension Fund Manager	9.1	6,966	4,133	2,670	13,769	6,999	3,680	1,488	12,167
Sindh sales tax on remuneration of Pension Fund Manager	9.2	906	537	347	1,790	910	478	193	1,581
Remuneration of Trustee	10.1	696	413	267	1,376	700	368	149	1,217
Sales tax on remuneration of trustee	10.2	90	54	35	179	91	48	19	158
Annual fee - Securities and Exchange Commission of Pakistan (SECP)	11	133	79	51	263	153	80	32	265
Auditors' remuneration	16	285	170	110	565	294	151	59	504
Custody and settlement charges		378	6	6	390	419	7	8	434
Securities transaction cost		1,061	6	-	1,067	771	5	1	777
Provision for Sindh Workers' Welfare Fund	12.2	1,182	515	356	2,053	-	267	167	434
Bank charges		32	45	58	135	38	60	45	143
Donation and charity		498	-	-	498	340	-	-	340
Total expenses		12,227	5,958	3,900	22,085	10,715	5,144	2,161	18,020
Net income / (loss) from operating activities		50,997	23,633	14,492	89,122	(97,828)	12,829	6,511	(78,488)
Element of income and capital gains included in the prices of units sold less those in units redeemed - net		6,877	1,613	2,980	11,470	(2,505)	234	1,660	(611)
Net income / (loss) for the year before taxation		57,874	25,246	17,472	100,592	(100,333)	13,063	8,171	(79,099)
Taxation	18	-	-	-	-	-	-	-	-
Net income / (loss) for the year		57,874	25,246	17,472	100,592	(100,333)	13,063	8,171	(79,099)

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

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

M. Jari Sah

Chief Executive Officer

7

Director

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

	June 30, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----							
Net income / (loss) for the year after taxation	57,874	25,246	17,472	100,592	(100,333)	13,063	8,171	(79,099)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	<u>57,874</u>	<u>25,246</u>	<u>17,472</u>	<u>100,592</u>	<u>(100,333)</u>	<u>13,063</u>	<u>8,171</u>	<u>(79,099)</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 Pension Fund Manager)



Chief Executive Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020


Note	June 30, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
CASH FLOWS FROM OPERATING ACTIVITIES								
Net income / (loss) before taxation	57,874	25,246	17,472	100,592	(100,333)	13,063	8,171	(79,099)
Adjustments for non cash items:								
Net capital gain / (loss) on sale of investments	(28,420)	2,125	788	(25,507)	15,970	(17)	1	15,954
Net unrealised gain / (loss) on revaluation of investments classified as - at fair value through profit or loss	(10,182)	(334)	(69)	(10,585)	95,924	2,593	-	98,517
Element of income and capital gains included in the prices of units sold less those in units redeemed - net	(6,877)	(1,613)	(2,980)	(11,470)	2,505	(234)	(1,660)	611
	(45,479)	178	(2,261)	(47,562)	114,399	2,342	(1,659)	115,082
(Increase) / decrease in assets								
Investments	(73,638)	6,309	(30,789)	(98,118)	(81,149)	(25,713)	2,007	(104,855)
Dividend receivable	2,211	-	-	2,211	(1,965)	-	-	(1,965)
Receivable against sale of investments	4,227	-	-	4,227	(4,227)	-	-	(4,227)
Profit receivable	71	2,220	287	2,578	(90)	(3,875)	(778)	(4,743)
Advances, deposits and other receivables	(4)	(5,896)	40	(5,860)	(2)	(104)	(145)	(251)
	(67,133)	2,633	(30,462)	(94,962)	(87,433)	(29,692)	1,084	(116,041)
Increase / (decrease) in liabilities								
Payable to the Pension Fund Manager	118	53	118	289	(38)	42	50	54
Payable to the Trustee	11	5	11	27	(4)	4	5	5
Annual fee payable to the Securities and Exchange Commission of Pakistan	(20)	(1)	19	(2)	10	9	6	25
Accrued expenses and other liabilities	1,409	1,304	457	3,170	(13)	213	147	347
	1,518	1,361	605	3,484	(45)	268	208	431
Net cash (used in) / generated from operating activities	(53,220)	29,418	(14,646)	(38,448)	(73,412)	(14,019)	7,804	(79,627)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipt from issuance of units	179,098	144,104	149,795	472,997	136,006	98,452	66,961	301,419
Payments on redemption of units	(118,903)	(121,327)	(77,103)	(317,333)	(64,919)	(85,421)	(33,372)	(183,712)
Net cash generated from financing activities	60,195	22,777	72,692	155,664	71,087	13,031	33,589	117,707
Net increase / (decrease) in cash and cash equivalents	6,975	52,195	58,046	117,216	(2,325)	(988)	41,393	38,080
Cash and cash equivalents at beginning of the year	49,760	141,038	129,592	320,390	52,085	142,026	88,199	282,310
Cash and cash equivalents at end of the year	56,735	193,233	187,638	437,606	49,760	141,038	129,592	320,390

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

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



Chief Executive Officer



Director

STATEMENT OF MOVEMENT IN PARTICIPANTS FUNDS FOR THE YEAR ENDED JUNE 30, 2020

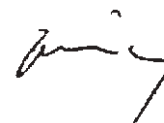
	June 30, 2020				June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000) ----							
Net assets at the beginning of the year	428,394	254,589	130,004	812,987	455,135	228,729	89,905	773,769
Amount received on issue of units	179,098	144,104	149,795	472,997	136,006	98,452	66,960	301,418
Amount paid on redemption of units	(118,903)	(121,327)	(77,103)	(317,333)	(64,919)	(85,421)	(33,372)	(183,712)
	60,195	22,777	72,692	155,664	71,087	13,031	33,588	117,706
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(6,877)	(1,613)	(2,980)	(11,470)	2,505	(234)	(1,660)	611
Unrealised diminution during the year in the market value of investments classified as available for sale - net	-	-	-	-	-	-	-	-
Net income / (loss) for the year	57,874	25,246	17,472	100,592	(100,333)	13,063	8,171	(79,099)
Net assets at the end of the year	539,586	300,999	217,188	1,057,773	428,394	254,589	130,004	812,987

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

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



Chief Executive 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 The Alhamra Islamic Pension Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as Pension Fund Manager and Muslim Commercial Financial Services (Private) Limited (MCFSL) as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 24, 2007 and was executed on June 04, 2007 under the Voluntary Pension System Rules, 2005 (the VPS Rules). Habib Metropolitan Bank Limited (HMBL) was appointed as the new Trustee in place of MCFSL through a revised Trust Deed dated June 16, 2011 which was approved by SECP on July 07, 2011. Central Depository Company of Pakistan Limited was appointed as the new Trustee in place of HMBL through a revised Trust Deed dated July 21, 2014 which was approved by SECP on July 23, 2014.
- 1.2 The Fund is an open-end pension fund consisting of three sub-funds namely; Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund. Units are offered for public subscription on a continuous basis. The number of units of any sub-fund purchased out of contributions depends on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager.
- 1.3 MCB-Arif Habib Savings and Investments Limited has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by the SECP. The registered office of the Management Company has been changed from 24th Floor, Centre Point, Off Shaheed-e-Millat Expressway, Near KPT Interchange, Karachi to 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM2++' dated October 08, 2019.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

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

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

3 BASIS OF PREPARATION

3.1 Accounting convention

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

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial years.

4.1 New / Revised Standards, Interpretations and Amendments

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

IFRS 16 – Leases

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRS 3 – Business Combinations – Previously held interests in a joint operation

IFRS 9 – Financial instruments – Prepayment Features with Negative Compensation (Amendments)

IAS 28 – Long-term Interests in Associates and Joint Ventures (Amendments)

IFRS 11 – Joint Arrangements – Previously held interests in a joint operation

IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 – Borrowing Costs - Borrowing costs eligible for capitalisation

IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement (Amendments)

IFRS 14 – Regulatory Deferral Accounts

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017 which became effective in the current period.

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

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

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

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of a Business - Amendments to IFRS 3	January 01, 2020
Interest rate benchmark reform - Amendment to IFRS 9, IAS 39 and IFRS 7	January 01, 2020
IAS – 1: Definition of Material – Amendments to IAS 1 and IAS 8	January 01, 2020
Covid-19-Related Rent Concessions – Amendment to IFRS 16	June 01, 2020
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	January 01, 2020
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2020
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

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

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

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17 – Insurance Contracts	January 01, 2023

4.3 Financial assets

Classification

Business model assessment

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

to achieve its business objective.

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

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

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

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

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

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

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

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

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

Debt instruments

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

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

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

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

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

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

Equity instruments

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

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

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

Initial Measurement

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

Subsequent Measurement

Debt instruments at fair value through profit or loss

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

Debt instruments at fair value through other comprehensive income

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Equity instruments at fair value through other comprehensive income

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

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss. Dividend income from equity securities measured at FVTPL is recorded in profit or loss when the right to the payment has been established.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 will be followed.

Derecognition

The Fund derecognises a financial asset when the contractual right to the cash flows from the financial asset expires or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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

Offsetting of financial assets and liabilities

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

4.4 Financial liabilities

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

4.5 Issue, allocation, reallocation and redemption of units

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

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

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

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

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

4.7 Provisions

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

4.8 Net asset value per unit

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

4.9 Earnings per unit

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

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

4.10 Taxation

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

4.11 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss 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.
- Dividend income is recognised when the right to receive dividend is established.
- Profit / mark-up on bank balances and government securities is recognised on an effective interest rate method.

4.12 Cash and cash equivalents

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

4.13 Basis of allocation of expenses to each sub-fund

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

June 30, 2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)			
Current accounts	5.1	1,892	-	1,892
Savings accounts	5.2	54,843	145,255	170,049
		56,735	145,255	170,049
		56,735	145,255	372,039

5. BALANCES WITH BANKS

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

		June 30, 2019			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	
				Sub-Fund	Total
Note		(Rupees in '000)			
Current accounts	5.1	195	-	-	195
Savings accounts	5.2	49,565	75,382	101,668	226,615
		49,760	75,382	101,668	226,810

5.1 This includes balance with MCB Bank Limited, a related party

5.2 These carry interest at the rates of ranging from 6.75% to 7.50% (June 30, 2019: 10.00% to 13.50%) per annum. These include a balance of Rs.0.022 (June 30, 2019: Rs.0.011) million in Equity Sub-Fund and Rs.0.082 (June 30, 2019: Rs.0.011) million in Debt Sub-Fund, held with MCB Islamic Bank Limited, a related party.

		June 30, 2020			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	
				Sub-Fund	Total
		(Rupees in '000)			

6. INVESTMENTS

At fair value through profit or loss

Listed equity securities	6.1	499,930	-	-	499,930
GoP Ijarah Sukuk Bonds	6.2	-	70,161	30,069	100,230
Debt securities - Sukuks	6.3	-	102,062	-	102,062
Commercial paper	6.4	-	47,978	17,589	65,567
Term deposit receipt	6.5	-	-	-	-
		499,930	220,201	47,658	767,789

		June 30, 2019			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	
				Sub-Fund	Total
		(Rupees in '000)			
Listed equity securities		374,405	-	-	374,405
GoP Ijarah Sukuk Bonds		-	67,270	-	67,270
Debt securities - Sukuks		-	42,941	-	42,941
Commercial paper		-	17,655	3,923	21,578
Term deposit receipt		-	48,000	24,000	72,000
		374,405	175,866	27,923	578,194

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

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

Equity Sub-Fund

Name of the Investee Company	(Number of shares)					As at June 30, 2020			Market value as a % of net assets of the sub-fund	% of 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 (loss) / gain		
						(Rupees in '000)			(%)	
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile assembler										
HinoPak Motors Limited	190	-	-	190	-	-	-	-	0.00%	0.00%
Millat tractors Limited	-	14,600	-	-	14,600	10,517	10,310	(207)	1.91%	0.03%
						10,517	10,310	(207)	1.91%	0.03%
Automobile parts and accessories										
Atlas Battery Limited	14,560	-	-	14,560	-	-	-	-	0.00%	0.00%
Agriauto Industries Limited (Par value of Rs.5)	18,900	9,000	-	-	27,900	5,596	5,078	(518)	0.94%	0.10%
Honda Atlas Cars (Pakistan) Limited	-	27,000	-	27,000	-	-	-	-	0.00%	0.00%
Thall Limited	-	6,900	-	-	6,900	2,623	2,242	(381)	0.42%	0.02%
						8,219	7,320	(899)	1.36%	0.12%
Cement										
Cherat Cement Company Limited	-	84,000	-	40,000	44,000	2,524	3,835	1,311	0.71%	0.02%
Kohat Cement Company Limited	91,000	-	-	32,500	58,500	3,073	8,041	4,968	1.49%	0.03%
Fauji Cement Company Limited	-	915,000	-	-	915,000	15,628	15,445	(183)	2.86%	0.07%
Lucky Cement Limited	27,750	92,700	-	25,000	95,450	39,680	44,058	4,378	8.17%	0.03%
Maple Leaf Cement Factory Limited	150,000	680,000	212,500	842,500	200,000	5,265	5,196	(69)	0.96%	0.03%
Bestway Cement Limited	-	50,700	-	-	50,700	5,513	5,513	0	1.02%	0.01%
						71,683	82,088	10,405	15.21%	0.19%
Commercial banks										
Meezan Bank Limited	183,685	110,000	-	55,000	238,685	19,135	16,433	(2,702)	3.05%	0.02%
Engineering										
International Industries Limited	48,400	-	4,840	48,000	5,240	367	481	114	0.09%	0.00%
						367	481	114	0.09%	0.00%
Fertilizer										
Engro Fertilizers Limited	497,500	523,000	-	720,580	299,920	16,558	18,079	1,521	3.35%	0.02%
Engro Corporation Limited	129,690	84,700	-	62,500	151,890	43,770	44,492	722	8.25%	0.03%
						60,328	62,571	2,243	11.60%	0.05%
Glass and ceramics										
Shabbir Tiles & Ceramics Limited	200,000	-	-	200,000	-	-	-	-	0.00%	0.00%
Tariq Glass Industries Limited	119,500	23,500	11,500	154,500	-	-	-	-	0.00%	0.00%
						-	-	-	0.00%	0.00%
Oil and gas exploration companies										
Mari Petroleum Company Limited	18	23,920	230	18	24,150	26,492	29,865	3,373	5.53%	0.02%
Oil and Gas Development Company Limited	291,000	143,100	-	6,600	427,500	53,181	46,598	(6,583)	8.64%	0.01%
Pakistan Oilfields Limited	64,560	52,000	-	68,400	48,160	17,903	16,886	(1,017)	3.13%	0.02%
Pakistan Petroleum Limited	242,788	270,300	55,917	118,000	451,005	52,863	39,138	(13,725)	7.25%	0.02%
						150,439	132,487	(17,952)	24.55%	0.07%
Oil and gas marketing companies										
Sui Northern Gas Pipeline Limited	265,500	85,000	-	90,000	260,500	17,872	14,223	(3,649)	2.64%	0.04%
Pakistan State Oil Company Limited	43,200	-	8,640	51,840	-	-	-	-	0.00%	0.00%
Attock Petroleum Limited	4,000	10,500	-	-	14,500	4,423	4,425	2	0.82%	0.01%
						22,295	18,648	(3,647)	3.46%	0.05%
Paper and board										
Century Paper & Board Mills Limited	111,500	-	-	111,500	-	-	-	-	0.00%	0.00%
Cherat Packaging Limited	6,361	-	-	6,361	-	-	-	-	0.00%	0.00%
Packages Limited	50	-	-	50	-	-	-	-	0.00%	0.00%
Security papers limited	-	20,000	-	-	20,000	2,414	2,839	425	0.53%	0.03%
						2,414	2,839	425	0.53%	0.03%
Pharmaceuticals										
AGP Limited	68,661	36,000	-	50,000	54,661	4,197	5,998	1,802	1.11%	0.02%
IBL HealthCare Limited	5,507	-	-	4,767	740	25	57	33	0.01%	0.00%
The Searle Company Limited	16,786	-	-	16,587	199	29	40	10	0.01%	0.00%
Ferozsons Laboratory Limited	-	20,000	-	20,000	-	-	-	-	0.00%	0.00%
Abbott Laboratories (Pakistan) Limited	-	36,500	-	-	36,500	17,098	24,200	7,102	4.48%	0.04%
						21,349	30,295	8,946	5.61%	0.06%
Power generation and distribution										
The Hub Power Company Limited	570,003	220,000	-	270,000	520,003	42,543	37,700	(4,843)	6.99%	0.04%
Textile composite										
Kohinoor Textile Mills Limited	105,470	-	-	-	105,470	2,642	3,745	1,103	0.69%	0.04%
Miscellaneous										
Shifa International Hospitals Limited	51	24,000	-	51	24,000	5,424	5,601	177	1.04%	0.04%
Food and personal care products										
Al Shaheer Corporation Limited	7,000	-	-	7,000	-	-	-	-	0.00%	0.00%
National Foods Limited	40,800	-	8,160	-	48,960	7,514	12,262	4,748	2.27%	0.07%
Nestle Pakistan Limited	240	-	-	-	240	1,600	1,616	16	0.30%	0.00%
						9,114	13,878	4,764	2.57%	0.07%
Chemical										
Engro Polymer & Chemicals Limited	606,828	156,000	-	-	762,828	20,544	19,055	(1,488)	3.53%	0.08%
Lotte Chemical Pakistan Limited	290,000	275,000	-	565,000	-	-	-	-	0.00%	0.00%
Archroma Pakistan Limited	9,500	-	-	-	9,500	4,514	5,599	1,085	1.04%	0.03%
I.C.I Pakistan Limited	-	7,700	-	-	7,700	5,267	5,349	82	0.99%	0.01%
Ittehad Chemicals Limited	-	190,500	-	-	190,500	3,980	5,020	1,040	0.93%	0.22%
						34,305	35,023	718	6.49%	0.34%
Cable and electric good										
Pak Elektron Limited	300,000	100,000	-	-	400,000	8,517	9,173	656	1.70%	0.08%
Sugar and allied industries										
Faran Sugar Mills Limited	33,500	-	-	-	33,500	1,360	1,323	(37)	0.25%	0.13%

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

Technology and communications

Avanceon Limited	2,520	-	252	-	2,772	124	98	(26)	0.02%	0.00%
Systems Limited	181,500	-	-	60,000	121,500	11,660	22,317	10,657	4.14%	0.10%
Pakistan Telecommunication Company limited	239,000	-	-	-	239,000	1,977	2,123	146	0.39%	0.01%
						<u>13,761</u>	<u>24,538</u>	<u>10,777</u>	<u>4.55%</u>	<u>0.11%</u>

Leather & Tanneries

Bata (Pakistan) Limited	2,820	-	-	-	2,820	3,892	3,788	(104)	0.70%	0.04%
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Textile Spinning

Tata Textile Mills Limited	54,500	-	-	-	54,500	1,444	1,689	245	0.31%	0.31%
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Total as at June 30, 2020

<u>489,748</u>	<u>499,930</u>	<u>10,182</u>
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Total as at June 30, 2019

<u>470,329</u>	<u>374,405</u>	<u>(95,924)</u>
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6.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as security against settlement of the Sub-Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	---- (Number of shares) ----		----- (Rupees in '000) -----	
Pakistan Petroleum Limited	25,000	25,000	2,169	3,611
The Hub Power Company Limited	65,484	65,484	4,748	5,157
	<u>90,484</u>	<u>90,484</u>	<u>6,917</u>	<u>8,768</u>

6.1.2 As at June 30, 2020, the bonus shares of the Equity Sub - Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.0.195 million.

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

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

Name of security	Issue date	Maturity date	Face value				Balance as at June 30, 2020			Market value as a % of net asset of the sub fund
			As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying value	Market value	Unrealised gain / (loss)	
(Rupees in '000)										%
Debt Sub-Fund										
GoP Ijarah Sukuk XXX - 3 years	30-Jun-17	30-Jun-20	70,000	-	70,000	-	-	-	-	0.00%
GoP Ijarah Sukuk - 5 years	30-Apr-20	30-Apr-25	50,000	-	50,000	-	-	-	-	0.00%
GoP Ijarah Sukuk - 5 years	24-Jun-20	24-Jun-25	-	70,000	-	70,000	70,000	70,161	161	23.31%
Total as at June 30, 2020							70,000	70,161	161	23.31%
Total as at June 30, 2019							69,623	67,270	(2,353)	
Money Market Sub-Fund										
GoP Ijarah Sukuk - 5 years	30-Apr-20	30-Apr-25	3,500	-	4	3,496	-	-	-	0.00%
GoP Ijarah Sukuk - 5 years	24-Jun-20	24-Jun-25	-	30,000	-	30,000	30,000	30,069	69	13.84%
Total as at June 30, 2020							30,000	30,069	69	13.84%
Total as at June 30, 2019							-	-	-	

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

Debt Sub-Fund

Name of security	Note	Issue date	Number of certificates				Balance as at June 30, 2020			Market value as % of net assets of sub-funds
			As at July 01, 2019	Purchased during the year	Sold / matured during the year	As at June 30, 2020	Carrying Value	Market value	Unrealised gain / (loss)	
----- (Rupees in '000) -----										
Aspin Pharma (Private) Limited		30-Nov-17	50	-	-	50	3,456	3,535	79	1.17%
Dubai Islamic Bank Pakistan Limited - Tier II		14-Jul-17	5	-	-	5	5,094	5,131	37	1.70%
Ghani Chemical Industries Limited	6.3.3	2-Feb-17	40	-	-	40	1,838	1,548	(290)	0.51%
International Brands Limited	6.3.2 - 6.3.3	15-Nov-17	50	-	-	50	3,501	3,538	37	1.18%
The Hub Power Company Limited		27-Feb-19	3,600	-	3,600	-	-	-	-	-
Meezan Bank Limited - Tier II		22-Sep-16	8	-	-	8	8,000	8,200	200	2.72%
Meezan Bank Limited - Tier II (2nd Issue)		9-Jan-20	-	10	-	10	10,000	10,110	110	3.36%
Pakistan Energy Sukuk - II	6.3.4	21-May-20	-	14,000	-	14,000	70,000	70,000	-	23.26%
Total as at June 30, 2020							101,889	102,062	173	33.90%
Total as at June 30, 2019							43,181	42,940	(241)	

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

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

Name of security	Number of certificates	Face / redemption value (Rupees)		Interest rate per annum	Maturity	Secured / unsecured	Rating
		Per certificate	Total				
Un-listed							
Aspin Pharma (Private) Limited	50	70,000	3,500,000	3M KIBOR + 1.50%	30-Nov-23	Secured	A
Dubai Islamic Bank Pakistan Limited - Tier II	5	1,000,000	5,000,000	6M KIBOR + 0.50%	14-Jul-27	Unsecured	AA-
Ghani Chemical Industries Limited	40	45,833	1,833,320	3M KIBOR + 1.00%	2-Feb-23	Secured	A-
International Brands Limited	50	71,478	3,573,900	3M KIBOR + 0.50%	14-Nov-21	Unsecured	AA
Meezan Bank Limited	8	1,000,000	8,000,000	6M KIBOR + 0.50%	22-Sep-26	Unsecured	AA
Meezan Bank Limited - Tier II (2nd Issue)	10	1,000,000	10,000,000	6M KIBOR + 0.90%	9-Jan-30	Unsecured	AA
Pakistan Energy Sukuk - II	14,000	5,000	70,000,000	6M KIBOR - 0.10%	21-May-30	Secured	Un-rated

6.3.2 International Brands Limited has proposed reshuffling which has resulted in revision of principal and profit payment of its sukuk from annual to monthly and quarterly payment respectively.

6.3.3 During the year, International Brands Limited and Ghani Chemical Industries Limited defer the principal payment on their sukuk from April 2020 and May 2020 respectively. However, in accordance with SECP circular 11 of 2020 dated April 09, 2020, these sukuk are treated as performing.

6.3.4 This is secured by Government of Pakistan and measured at their initial investment value, as their market values are not available.

6.4 Commercial paper - at fair value through profit and loss

Name of security	Issue date	Number of certificates				Market value as at June 30, 2020
		As at July 01, 2019	Purchased during the year	Matured during the year	As at June 30, 2020	
						(Rupees in '000)
<u>Debt Sub-Fund</u>						
K-Electric Limited - ICP 2	March 1, 2019	18	-	18	-	-
K-Electric Limited - ICP 5	February 14, 2020	-	20		20	19,671
K-Electric Limited - ICP 6	February 26, 2020	-	7		7	6,853
K-Electric Limited - ICP 7	March 10, 2020	-	22		22	21,454
						<u>47,978</u>
Total as at June 30, 2019						<u>17,655</u>
<u>Money Market Sub-Fund</u>						
K-Electric Limited - ICP 2	March 1, 2019	4	-	4	-	-
K-Electric Limited - ICP 6	February 26, 2020	-	9	-	9	8,812
K-Electric Limited - ICP 7	March 10, 2020	-	9	-	9	8,777
						<u>17,589</u>
Total as at June 30, 2019						3,923

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

Name of security	Interest / mark-up rates	Maturity date	Carrying value as a % of net assets of sub-funds
Debt Sub-Fund			
K-Electric Limited - ICP 5	14.64%	August 14, 2020	6.54%
K-Electric Limited - ICP 6	14.64%	August 26, 2020	2.28%
K-Electric Limited - ICP 7	13.64%	September 10, 2020	7.13%
Money Market Sub-Fund			
K-Electric Limited - ICP 6	14.64%	August 26, 2020	4.06%
K-Electric Limited - ICP 7	13.64%	September 10, 2020	4.04%

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

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

Debt Sub-Fund

Name of the investee company	Rate of return per annum	Maturity	Rating	Face value				Face value as percentage of net assets (%)
				As at July 01, 2019	Purchased during the year	Matured during the year	As at June 30, 2020	
				(Rupees in '000)				
Bank Islami Pakistan Limited	13.30%	July 29, 2019	A+/A1	24,000	-	24,000	-	-
Bank Islami Pakistan Limited	13.30%	September 06, 2019	A+/A1	-	25,000	25,000	-	-
Bank Islami Pakistan Limited	13.00%	October 07, 2019	A+/A1	-	32,000	32,000	-	-
Total as at June 30, 2020				24,000	57,000	81,000	-	
Total as at June 30, 2019				-	48,000	-	48,000	

Money Market Sub-Fund

				Face value				
Name of the investee company	Rate of return per annum	Maturity	Rating	As at July 01, 2019	Purchased during the year	Matured during the year	As at June 30, 2020	Face value as percentage of net assets
					(Rupees in '000)			(%)
Bank Islami Pakistan Limited	13.30%	July 29, 2019	A+/A1	48,000	-	48,000	-	-
Total as at June 30, 2020				48,000	-	48,000	-	
Total as at June 30, 2019				-	24,000	-	24,000	

7. PROFIT RECEIVABLE

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

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
227	890	948	2,065
-	2,228	42	2,270
227	3,118	990	4,335

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

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
298	2,251	1,277	3,826
-	3,087	-	3,087
298	5,338	1,277	6,913

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

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

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
201	200	200	601
2,500	-	-	2,500
93	60	10	163
27	5,967	17	6,011
2,821	6,227	227	9,275

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

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Security deposit with Central Depository Company of Pakistan Limited (CDC)	201	200	200	601
Security deposit with National Clearing Company of Pakistan Limited (NCCPL)	2,500	-	-	2,500
Advance tax	92	114	50	256
Other receivables	24	17	17	58
	<u>2,817</u>	<u>331</u>	<u>267</u>	<u>3,415</u>

9. PAYABLE TO PENSION FUND MANAGER

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)			
9.1 Remuneration payable	639	357	254	1,250
9.2 Sindh sales tax payable on remuneration payable	83	46	34	163
	<u>722</u>	<u>403</u>	<u>288</u>	<u>1,413</u>

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
9.1 Remuneration payable	535	310	150	995
9.2 Sindh sales tax payable on remuneration payable	69	40	20	129
	<u>604</u>	<u>350</u>	<u>170</u>	<u>1,124</u>

9.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% (2019: 1.5%) of the average amount of net assets of each sub-fund.

9.2 This represents sales tax on remuneration payable at the rate of 13% (2019: 13%).

10. PAYABLE TO THE TRUSTEE

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)			
10.1 Remuneration payable	63	35	25	123
10.2 Sales tax on remuneration payable	8	5	3	16
	<u>71</u>	<u>40</u>	<u>28</u>	<u>139</u>

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
10.1 Remuneration payable	53	31	15	99
10.2 Sales tax on remuneration payable	7	4	2	13
	<u>60</u>	<u>35</u>	<u>17</u>	<u>112</u>

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

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

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

10.2 Sales tax at the rate of 13% (2019: 13%) on the remuneration of the Trustee is applied under the provisions of Sindh Sales Tax on Services Act, 2011.

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

This represents annual fee to the SECP at the rate of one twenty-fifth of one percent (2019: one thirtieth of one percent) of average annual net assets of each sub-fund, revised as per SRO 260(I)/2019 dated December 24, 2019.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.1	1,451	1,032	548	3,031
Donation / charity payable		499	-	-	499
Auditors' remuneration		235	144	88	467
Withholding tax payable		42	10	-	52
Provision for Sindh Workers' Welfare Fund	12.2	3,532	1,241	676	5,449
Brokerage payable		157	6	-	163
Other Payable		-	734	57	791
		5,916	3,167	1,369	10,452

		June 30, 2019			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	Total
		(Rupees in '000)			
Provision for Federal Excise Duty on remuneration of Pension Fund Manager	12.1	1,451	1,032	548	3,031
Donation / charity payable		340	-	-	340
Auditors' remuneration		204	104	43	351
Withholding tax payable		134	1	1	136
Provision for Sindh Workers' Welfare Fund	12.2	2,351	726	320	3,397
Brokerage payable		27	-	-	27
		4,507	1,863	912	7,282

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

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

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

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Pension Fund Manager with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2019 aggregates to Rs.1.45 (2019: Rs.1.45) million, Rs.1.03 (2019: Rs.1.03) million, and Rs.0.55 (2019: Rs.0.55) million in Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund is being retained in the financial statements of the Sub-Funds, respectively as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the financial statements of the Sub-Funds, the net assets value of the Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund as at June 30, 2020 would have been higher by Rs.1.25 (2019: Rs.1.41) per unit, Re.0.78 (2019: Re.0.85) per unit and Re.0.52 (2019: Rs.1.80) per unit respectively.

12.2 Provision for Sindh Workers' Welfare Fund

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

The provision for SWWF is now being made on a daily basis. The cumulative net effect of the above two adjustments, had they not been made, would have resulted in an increase in the net assets value per unit by Rs.3.05 (2019: Rs.2.29) per unit in respect of equity sub-fund, Re.0.94 (2019: Re.0.60) per unit in respect of debt sub-fund and Re.0.64 (2019: Re.0.47) per unit in respect of money market sub-fund as at June 30, 2020.

13. NUMBER OF UNITS IN ISSUE

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Units)			
Total units outstanding at beginning of the year	1,029,464	1,212,101	677,931	2,919,496
Add: Units issued during the year	397,646	653,725	748,500	1,799,871
Less: Units redeemed during the year	(270,629)	(551,813)	(383,837)	(1,206,279)
Total units in issue at the end of the year	1,156,481	1,314,013	1,042,594	3,513,088

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

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Units)			
Total units outstanding at beginning of the year	886,195	1,147,018	499,903	2,533,116
Add: Units issued during the year	281,995	492,012	366,820	1,140,827
Less: Units redeemed during the year	(138,726)	(426,929)	(188,792)	(754,447)
Total units in issue at the end of the year	1,029,464	1,212,101	677,931	2,919,496

14. CONTRIBUTION TABLE

	June 30, 2020						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	(Rupees in '000)
Opening balance	1,029,464	326,771	1,212,101	188,653	677,931	94,725	610,149
Issue of units	397,646	179,098	653,725	144,104	748,500	149,795	472,997
Redemption of units	(270,629)	(118,903)	(551,813)	(121,327)	(383,837)	(77,103)	(317,333)
Closing balance	1,156,481	386,966	1,314,013	211,430	1,042,594	167,417	765,813

	June 30, 2019						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	(Rupees in '000)
Opening balance	886,195	255,684	1,147,018	175,622	499,903	61,137	492,443
Issue of units	281,995	136,006	492,012	98,452	366,820	66,960	301,418
Redemption of units	(138,726)	(64,919)	(426,929)	(85,421)	(188,792)	(33,372)	(183,712)
Closing balance	1,029,464	326,771	1,212,101	188,653	677,931	94,725	610,149

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

15. CONTINGENCIES AND COMMITMENTS

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

16. AUDITORS' REMUNERATION

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Audit fee	145	87	56	288
Half yearly review fee	63	38	24	125
Other certifications and services	38	22	15	75
	246	147	95	488
Sales tax	21	13	8	42
Out of pocket expenses	18	10	7	35
	285	170	110	565

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Audit fee	148	74	28	250
Half yearly review fee	72	38	15	125
Other certifications and services	43	23	9	75
	263	135	52	450
Sales tax	21	11	4	36
Out of pocket expenses	10	5	2	17
	294	151	58	503

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Note				

17. CASH AND CASH EQUIVALENTS

Bank balances	5	56,735	145,255	170,049	372,039
Commercial Paper	6.4	-	47,978	17,589	65,567
		56,735	193,233	187,638	437,606

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances	49,759	75,382	101,668	226,809
Term Deposit Receipts				
maturing within 3 months	-	48,000	24,000	72,000
Commercial Paper	-	17,656	3,924	21,580
	49,759	141,038	129,592	320,389

18. TAXATION

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

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

19. TRANSACTIONS WITH CONNECTED PERSONS

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

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

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provision of the VPS Rules and constitutive documents of the Fund respectively.

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

19.1 Transactions during the year:

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration (include indirect taxes)	7,872	4,670	3,017	15,559
Central Depository Company of Pakistan Limited - Trustee				
Remuneration (include indirect taxes)	786	467	302	1,555
Settlement charges	29	6	6	41
MCB Islamic Bank Limited				
Markup on Bank deposit	1	195	-	196
MCB Bank Limited				
Bank charges	1	3	1	5
Arif Habib Limited - Brokerage House				
Brokerage expense*	74	-	-	74
Next Capital Limited - Brokerage House				
Brokerage expense*	12	-	-	12
	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager				
Remuneration (include indirect taxes)	7,909	4,158	1,682	13,749
Central Depository Company of Pakistan Limited - Trustee				
Remuneration (include indirect taxes)	791	416	168	1,375
Arif Habib Limited - Brokerage House				
Brokerage expense*	50	-	-	50
Next Capital Limited - Brokerage House				
Brokerage expense*	10	-	-	10

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

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

19.2 Balances outstanding at year end:

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *				
Remuneration payable	639	357	254	1,250
Sindh sales tax payable on remuneration	83	46	34	163
Investment in seed capital of				
- Equity Sub-Fund: 305,160 (June 2019: 305,160) units	142,382	-	-	142,382
- Debt Sub-Fund: 289,051 (June 2019: 289,051) units	-	66,213	-	66,213
- Money Market Sub-Fund: 281,918 (June 2019: 281,918) units	-	-	58,729	58,729
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	63	35	25	123
Sindh sales tax payable on remuneration	8	5	3	16
Security deposit	201	200	200	601
MCB Islamic Bank Limited				
Bank balance	22	82	-	104
MCB Bank Limited				
Bank balance	1,408	1,374	1,524	4,306
Arif Habib Limited - Brokerage House				
Brokerage payable	30,000	-	-	30,000
Next Capital Limited - Brokerage House				
Brokerage payable	6,534	-	-	6,534

	June 30, 2019			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *				
Remuneration payable	535	310	150	995
Sindh sales tax payable on remuneration	69	40	20	129
Investment in seed capital of				
- Equity Sub-Fund: 305,160 (June 2018: 305,160) units	126,986	-	-	126,986
- Debt Sub-Fund: 289,051 (June 2018: 289,051) units	-	60,712	-	60,712
- Money Market Sub-Fund: 281,918 (June 2018: 218,918) units	-	-	54,063	54,063
Central Depository Company of Pakistan Limited - Trustee				
Remuneration payable	53	31	15	99
Sindh sales tax payable on remuneration	7	4	2	13
Security deposit	201	200	200	601
MCB Islamic Bank Limited				
Bank balance	11	11	-	22

19.3 Participant Fund

	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)			
Key management personnel								
Equity Sub-Fund	47,818	30,878	(24,612)	54,084	19,899	13,046	(10,769)	25,235
Debt Sub-Fund	8,665	4,770	(8,824)	4,611	1,820	1,047	(1,938)	1,056
Money Market Sub-Fund	738	10,285	(8,731)	2,292	142	2,009	(1,710)	477

	June 30, 2019							
	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019	As at July 01, 2018	Issued for cash	Redeemed	As at June 30, 2019
	(Units)				(Rupees in '000)			
Key management personnel								
Equity Sub-Fund	21,197	44,467	(16,294)	49,370	6,906	21,194	(7,556)	20,544
Debt Sub-Fund	10,295	7,251	(7,667)	9,879	2,169	1,486	(1,580)	2,075
Money Market Sub-Fund	724	9,499	(9,486)	737	141	1,732	(1,732)	141

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

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

20. FINANCIAL RISK MANAGEMENT

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

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

The Fund's primary financial assets comprise of balances with banks, at fair value through profit and loss investments, comprising of Shariah compliant investments, in equity securities of listed companies, Government of Pakistan Ijarah Sukuks, spread transactions, Certificates of Investment, commercial paper and other Islamic investment instrument. The Fund also has dividend receivable, profit receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Pension Fund Manager, Trustee and SECP and accrued and other liabilities.

20.1 Market risk

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

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

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

20.1.1 Currency risk

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

20.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based interest bearing sukuk certificates exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR and in rates announced by MUFAP (Mutual Funds Association of Pakistan) on the last repricing date of these sukuk, 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.1.02 (2019: Rs.0.43) million.

The Fund is also exposed to mark-up rate risk on bank deposits. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets attributable to unit holders of the Fund and net income for the year would be higher / lower by Rs.3.72 (2019: Rs.2.26) million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2020, the Fund holds Government Ijara Sukuk which are classified 'at fair value through profit or loss, exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association of Pakistan (FMAP) on June 30, 2020, with all other variables held constant, total comprehensive income for the year and net assets would be lower / higher by Rs.1.00 (2019: Rs.0.67) million.

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by MUFAP are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

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

Yield / effective interest rate (%)	June 30, 2020									
	Equity Sub-Fund					Debt Sub-Fund				
	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		
	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	More than one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	More than one year
Total	9,112	-	2,728	-	-	148,373	47,978	172,223	6,167	17,049
1,153,275	55,070	-	504,550	-	-	148,373	47,978	172,223	6,167	17,049
372,039	54,843	-	1,892	-	-	145,255	-	-	-	-
767,789	-	-	499,930	-	-	-	47,978	172,223	-	-
4,335	227	-	-	-	-	3,118	-	-	990	-
9,112	-	-	2,728	-	-	-	-	-	-	-
1,153,275	55,070	-	504,550	-	-	148,373	47,978	172,223	6,167	17,049
1,250	-	-	639	-	-	-	-	-	-	-
123	-	-	63	-	-	-	-	-	-	-
83,398	-	-	13,285	-	-	-	-	-	-	-
1,885	-	-	874	-	-	-	-	-	-	-
86,656	-	-	14,861	-	-	-	-	-	-	-
1,066,619	55,070	-	489,689	-	-	148,373	47,978	172,223	(65,211)	30,069

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2020

Yield / effective interest rate (%)	June 30, 2019									
	Equity Sub-Fund					Debt Sub-Fund				
	Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk			Exposed to yield / interest rate risk		Not exposed to yield / interest rate risk		
	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	More than one year	Upto three months	More than three months and up to one year	Upto three months	More than three months and up to one year	More than one year
Total	3,159	-	2,725	-	-	80,720	17,655	110,210	217	102,945
745,286	50,058	-	379,341	-	-	80,720	17,655	110,210	217	102,945
226,810	49,760	-	-	-	-	75,382	-	-	-	-
506,193	-	-	374,405	-	-	-	17,655	110,210	-	-
2,211	-	-	2,211	-	-	-	-	-	-	-
6,913	298	-	-	-	-	5,338	-	-	-	-
3,159	-	-	2,725	-	-	-	-	-	-	-
745,286	50,058	-	379,341	-	-	80,720	17,655	110,210	217	102,945
995	-	-	535	-	-	-	-	-	-	-
112	-	-	60	-	-	-	-	-	-	-
678	-	-	547	-	-	-	-	-	-	-
1,785	-	-	1,142	-	-	-	-	-	-	-
743,501	50,058	-	378,199	-	-	80,720	17,655	110,210	(220)	3,923

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

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

20.1.3 Price risk

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

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

In case of 5% increase / decrease in KSE 100 index on June 30, 2020, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.25.00 (2019: Rs.18.72) million as a result of gains / losses on equity securities classified as at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of KSE 100 index.

20.2 Credit risk

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

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

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

The Fund's maximum exposure to credit risk related to receivables at June 30, 2020 and June 30, 2019 is the carrying amounts of following financial assets.

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

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
----- (Rupees in '000) -----			
Bank balances	56,735	145,255	170,049
Investments	-	150,040	17,589
Profit receivable	227	3,005	990
Deposits and other receivables	2,728	6,167	217
	<u>59,690</u>	<u>304,467</u>	<u>188,845</u>
			<u>553,002</u>

June 30, 2019			
Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
----- (Rupees in '000) -----			
Bank balances	49,760	75,382	101,668
Investments	-	108,596	27,923
Dividend receivable	2,211	-	-
Profit receivable	298	3,499	1,277
Deposits and other receivables	2,725	217	217
	<u>54,994</u>	<u>187,694</u>	<u>131,085</u>
			<u>373,773</u>

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

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2020 and June 30, 2019.

	June 30, 2020	June 30, 2019
	----- (%) -----	
Bank balances by rating category		
AA+/A1+	22.47%	30.30%
A+/A1	14.17%	0.71%
AAA/A1+	23.55%	42.41%
AA/A-1+	0.00%	26.53%
A/A1	0.03%	0.01%
A-/A-2	0.01%	0.04%
AA/A1+	39.77%	0.00%
Sukuks by rating category		
A+	0.00%	11.41%
A	3.46%	17.87%
AA	21.40%	29.66%
A1+	0.00%	41.06%
AA-	5.03%	0.00%
A-	1.52%	0.00%
Commercial Papers by rating category		
A1	0.00%	100.00%
A1+	30.00%	0.00%
AA/A1+	70.00%	0.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2020 is the carrying amount of the financial assets.

Concentration of credit risk

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

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

20.3 Liquidity risk

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

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

	As at June 30, 2020								
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year

(Rupees in '000)

Financial Liabilities

Payable to the Pension Fund Manager	1,250	639	-	-	357	-	-	254	-	-
Payable to the Trustee	123	63	-	-	35	-	-	25	-	-
Payable against purchase of investments	83,398	13,285	-	-	70,113	-	-	-	-	-
Accrued and other liabilities	1,885	656	218	-	740	133	-	57	81	-
Total	86,656	14,643	218	-	71,245	133	-	336	81	-

	As at June 30, 2019								
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund		
	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year	Upto one month	More than one month upto three months	More than three months and upto one year

(Rupees in '000)

Financial Liabilities

Payable to the Pension Fund Manager	995	535	-	-	310	-	-	150	-	-
Payable to the Trustee	99	53	-	-	31	-	-	15	-	-
Accrued and other liabilities	678	367	180	-	-	92	-	-	39	-
Total	1,772	955	180	-	341	92	-	165	39	-

21. Financial instruments by category

Financial Assets
Bank balances
Investments
Profit receivable
Deposits and other receivables

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

Financial Assets
Bank balances
Investments
Dividend receivable
Profit receivable
Deposits and other receivables

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

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

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

As at June 30, 2020 and June 30, 2019, the Fund held the following instruments measured at fair values:

	Note	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----					
June 30, 2020					
Equity Sub-Fund					
Listed equity securities		499,930	-	-	499,930
Debt Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	70,161	-	70,161
Debt securities - Sukuks	22.1.1	-	32,062	-	32,062
Commercial paper	22.2.2	-	47,978	-	47,978
Money Market Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	30,069	-	30,069
Commercial paper	22.2.2	-	17,589	-	17,589
		499,930	197,859	-	697,789
June 30, 2019					
Equity Sub-Fund					
Listed equity securities		374,405	-	-	374,405
Debt Sub-Fund					
GoP Ijarah Sukuk Bonds	22.1.1	-	67,270	-	67,270
Debt securities - Sukuks	22.1.1	8,000	34,940	-	42,940
Term deposit receipt	22.1.1	-	-	48,000	48,000
Commercial paper	22.1.1	-	17,655	-	17,655
Money Market Sub-Fund					
Term deposit receipt	22.2.1	-	-	24,000	24,000
Commercial paper	22.2.2	-	-	3,923	3,923
		382,405	119,865	75,923	578,193

During the year ended June 30, 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

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

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

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

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

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

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

23. PERFORMANCE TABLE

Equity Sub-Fund					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	----- (Rupees in '000) -----				
Performance Information					
Net income after taxation	57,874	(100,333)	13,258	87,074	20,204
Realised capital gains / (losses)	28,420	(15,970)	(20,233)	69,453	11,266
Unrealised gains / (losses)	10,182	(95,924)	(43,665)	15,913	18,875
Dividend income	-	-	-	-	-
and profit income	24,622	24,781	19,904	16,566	11,423
Net assets value per unit	466.58	416.13	513.58	584.69	438.91
Transactions in securities					
- Purchases	340,883	399,992	423,653	590,715	384,020
- Sales	255,448	318,841	368,987	517,558	363,932
Total contribution received	179,098	136,006	105,825	134,808	53,021

Debt Sub-Fund					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	----- (Rupees in '000) -----				
Performance Information					
Net income after taxation	25,246	13,063	15,889	8,671	6,492
Realised capital (losses) / gains	(2,125)	17	(379)	703	186
Unrealised gains / (losses)	334	(2,593)	(348)	1,387	375
Profit income	31,382	20,548	6,753	2,543	9,123
Net assets value per unit	229.07	210.04	199.41	193.63	185.37
Transactions in securities					
- Purchases	176,322	249,139	15,000	86,903	213,896
- Sales	48,193	15,370	78,154	82,365	111,616
Total contribution received	144,104	98,452	65,211	71,997	51,310

Money Market Sub-Fund					
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	----- (Rupees in '000) -----				
Performance Information					
Net income after taxation	17,472	8,171	9,003	2,648	1,628
Realised capital (losses) / gains	(788)	(1)	(55)	152	41
Unrealised gains / (losses)	69	-	9	190	(198)
Profit income	19,111	8,673	3,858	2,748	3,394
Net assets value per unit	208.32	191.77	179.84	174.03	167.69
Transactions in securities					
- Purchases	75,748	73,186	12,015	19,975	59,079
- Sales	34,416	4,099	32,116	24,297	50,303
Total contribution received	149,795	66,961	29,378	10,684	9,279

Lowest and highest issue price of units during the year

AHIPF Equity Sub-Fund		AHIPF Debt Sub-Fund		AHIPF Money Market Sub-	
Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price	Lowest Issue price	Highest Issue price
----- (Rupees) -----					
348.88	542.27	210.04	229.45	191.77	208.32

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

24. PARTICIPANTS' FUND RISK MANAGEMENT

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

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

25. GENERAL

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

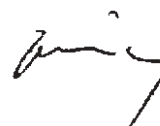
26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 18, 2020 by the Board of Directors of the Pension Fund Manager.

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



Chief Executive Officer



Director

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