



MCB-ARIF HABIB  
Savings and Investments Limited

# ANNUAL REPORT 2021

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

<b>Management Company</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	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
<b>Audit Committee</b>	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	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
<b>Chief Executive Officer</b>	Mr. Muhammad Saqib Saleem	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> 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	
<b>Bankers</b>	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 Soneri Bank Limited	
<b>Auditors</b>	<b>Ernst &amp; Young Ford Rhodes</b> Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Transfer Agent</b>	<b>MCB-Arif Habib Savings &amp; Investments Limited</b> Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	

# REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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**Dear Investor,**

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Pension Fund** accounts review for the year ended **June 30, 2021**.

## **Economy and Money Market Review**

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to Covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

## **Equity Market Review**

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election. However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a laggard with 11 per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528 million shares compared to 196 million shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120 million compared to USD 46 million a year back.

## REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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Foreign investors continued their selling spree in FY21 as well with net selling of USD 387 million compared to USD 285 million a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332 million and USD 138 million, respectively.

### FUND PERFORMANCE

#### *Debt Fund*

The debt sub-fund generated an annualized return of 5.87 per cent during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk was at 25.5 per cent while exposure in cash stood at 28.6 per cent.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 348.89 million as compared to Rs. 301.00 million as at June 30, 2020 registering an increase of 15.91 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 242.52 as compared to opening NAV of Rs. 229.07 per unit as at June 30, 2020 registering an increase of Rs. 13.45 per unit.

#### *Money Market Fund*

The money market sub-fund generated an annualized return of 4.82 per cent during the period under review. The sub-fund's exposure in Shariah Compliant Bank Deposit was 0 per cent. On the other hand, exposure in cash stood at 69.0 per cent.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 283.37 million as compared to Rs. 217.19 million as at June 30, 2020 registering an increase of 30.47 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 218.36 as compared to opening NAV of Rs. 208.32 per unit as at June 30, 2020 registering an increase of Rs. 10.04 per unit.

#### *Equity Fund*

The Equity sub-fund generated a return of 37.00 per cent while the KMI-30 posted a return of 39.32 per cent. The sub-fund increased exposure in equities to 92.6 per cent at the end of the period.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 721.87 million as compared to Rs. 539.59 million as at June 30, 2020 registering an increase of 33.78 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 639.22 as compared to opening NAV of Rs. 466.58 per unit as at June 30, 2020 registering an increase of Rs. 172.64 per unit.

SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. On August 13, 2021 the management in consultation with MUFAP and after concurrence for prospective reversal of provision of SWWF from SECP, reversed the cumulative provision for SWWF recognized in the fund for the period from May 21, 2015 to August 12, 2021. Accordingly, going forward, no provision for SWWF would be recognized in the fund. This reversal of provision has contributed towards an unusual increase in NAV of the Fund on August 13, 2021. This is one-off event and is not likely to be repeated in the future. For further details, refer note 12.2 to the financial statements.

### Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8 per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

## REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach up to 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

From capital market perspective, particularly equities, markets are watchful of the 4<sup>th</sup> wave of Covid cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is right now at 3.6 per cent, compared to historical average of 1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

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.

### Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

### Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

### External Auditors

The fund's external auditors, **Ernst & Young Ford Rhodes Chartered Accountants** have retired during the year & **Yousuf Adil Chartered Accountants** have been appointed as an external auditors of the fund for financial year ending June 30, 2022. **Yousuf Adil Chartered Accountants** has also expressed their willingness to act as the fund auditors.



## REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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### 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,



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Muhammad Saqib Saleem  
Chief Executive Officer  
September 15, 2021

## ڈائریکٹرز رپورٹ

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اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیوں کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ ڈائریکٹرز انتظامیہ ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز



محمد ثاقب سلیم  
چیف ایگزیکٹو آفیسر  
15 ستمبر 2021ء

## ڈائریکٹرز رپورٹ

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو ڈی چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریکٹسٹم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محسوس ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جاسکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (مورگن اسٹینلی کیپیٹل انٹرنیشنل) امرجنگ مارکیٹ انڈیکس سے ایم ایس سی آئی فرنٹیسٹ مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازار کی رفتار میں کردار ادا کریں گے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازارز کے فنڈ سال بھر بلار کاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری ختم میں شامل ہو 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۔

### میوچل فنڈ صنعت کا جائزہ

اپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

### میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلار کاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکیں گے۔

### خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز 'Ernst & Young Ford Rhodes' چارٹرڈ اکاؤنٹنٹس، دوران سال ریٹائر ہو گئے ہیں اور Yousf Adil چارٹرڈ اکاؤنٹنٹس، کو فنڈ کے خارجی آڈیٹرز برائے سال مختتمہ 30 جون 2022ء مقرر کر دیا گیا ہے۔ Yousf Adil چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے آڈیٹرز کے طور پر کام کرنے کے لیے اپنی رضامندی کا اظہار کر دیا ہے۔

## ڈائریکٹر رپورٹ

ایس آر بی نے اپنے خط مؤرخہ 12 اگست 2021ء کے ذریعے، جو MUFAP کو 13 اگست 2021ء کو موصول ہوا، MUFAP کو مطلع کر دیا ہے کہ میوچل فنڈ ز مالیاتی اداروں / صنعتی اسٹیل شمنٹس کے طور پر اہل نہیں ہیں اور چنانچہ SWWF کے شرکتی حصے ان پر واجب الاداء نہیں ہیں۔ 13 اگست 2021ء کو انتظامیہ نے MUFAP سے مشورے کے بعد اور ایس ای سی پی سے SWWF کے پراویشن کی متوقع تقلیب پر اتفاق رائے کے بعد فنڈ میں 21 مئی 2015ء تا 12 اگست 2021ء کی مدت تک کے لیے کیے گئے SWWF کے مجموعی پراویشن کی تقلیب کر دی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویشن نہیں کیا جائے گا۔ پراویشن کی تقلیب کے باعث 13 اگست 2021ء کو فنڈ کی net اثاثہ جاتی قدر (این اے وی) میں غیر معمولی اضافہ ہوا۔ یہ واقعہ صرف ایک مرتبہ ہوا ہے اور اس کے دوبارہ ہونے کا امکان نہیں ہے۔ مزید تفصیلات کے لیے مالیاتی گوشواروں کا نوٹ 12.2 ملاحظہ فرمائیے۔

### ایکویٹی فنڈ

ایکویٹی مارکیٹ ذیلی فنڈ نے 37.00 فیصد منافع حاصل کیا جبکہ KMI-30 نے 39.32 فیصد منافع پوسٹ کیا۔ ذیلی فنڈ نے ایکویٹی میں شمولیت میں اضافہ کیا جو اختتام مدت پر 92.6 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 721.87 ملین روپے تھے جو 30 جون 2020ء کی سطح 539.59 ملین روپے کے مقابلے میں 33.78 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 639.22 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 466.58 روپے فی یونٹ کے مقابلے میں 172.64 روپے فی یونٹ اضافہ ہے۔

### معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سنگ میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آسکتی ہے۔

## ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سیٹیٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی چلک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سیمنٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای اینڈ پی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص منافع ہوا جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

## فنڈ کی کارکردگی

### Debt فنڈ

زیر جائزہ مدت کے دوران Debt ذیلی فنڈ کا ایک سال پر محیط منافع 5.87 فیصد تھا۔ ذیلی فنڈ کی حکومت پاکستان کے اجارہ سسٹم میں شمولیت 25.5 فیصد تھی جبکہ نقد میں شمولیت 28.6 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 348.89 ملین روپے تھے جو 30 جون 2020ء کی سطح 301.00 ملین روپے کے مقابلے میں 15.91 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 242.52 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 229.07 روپے فی یونٹ کے مقابلے میں 13.45 روپے فی یونٹ اضافہ ہے۔

### منی مارکیٹ فنڈ

زیر جائزہ مدت کے دوران منی مارکیٹ ذیلی فنڈ کا ایک سال پر محیط منافع 4.82 فیصد تھا۔ ذیلی فنڈ کی شریعہ کمپلائنس بینک ڈپازٹ میں شمولیت 0 فیصد تھی جبکہ نقد میں شمولیت 69.0 فیصد تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 283.37 ملین روپے تھے جو 30 جون 2020ء کی سطح 217.19 ملین روپے کے مقابلے میں 30.47 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 218.36 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 208.32 روپے فی یونٹ کے مقابلے میں 10.04 روپے فی یونٹ اضافہ ہے۔



بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک پینشن فنڈ کے گوشواروں مختتمہ 30 جون 2021ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سیمنٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پہیوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں پلچ کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گزشتہ شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6 فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7 فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دھتکی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

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### 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 37.0%. The sub-fund increased exposure to equities from 89.3% to 92.6% during the period. It was mainly invested in Oil & Gas Exploration Companies and Cement.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 721.87 million as compared to Rs. 539.59 million as at June 30, 2020 registering an increase of 33.8%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 639.22 as compared to opening NAV of Rs. 466.58 per unit as at June 30, 2020 registering an increase of Rs. 172.64 per unit.

#### Money Market Sub-Fund

The money market sub-fund generated an annualized return of 4.82% during the period under review. The sub-fund's exposure in cash stood at 69.0% while it was 13.6% invested in Ijarah Sukuk.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 283.37 million as compared to Rs. 217.19 million as at June 30, 2020 registering an increase of 30.5%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 218.36 as compared to opening NAV of Rs. 208.32 per unit as at June 30, 2020 registering an increase of Rs. 10.04 per unit.

#### Debt Sub-fund

The debt sub-fund generated an annualized return of 5.87% during the period under review. The sub-fund's exposure in GoP Ijarah Sukuk was at 25.5%, Commercial Paper was 8.9% while exposure in cash stood at 28.6%.

## REPORT OF THE PENSION FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 348.89 million as compared to Rs. 301.00 million as at June 30, 2020 registering an increase of 15.9%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 242.52 as compared to opening NAV of Rs. 229.07 per unit as at June 30, 2020 registering an increase of Rs. 13.45 per unit.

### Asset Allocation (MM sub-fund) as on June 30, 2021 (% of Total Assets)

<b>ALHIPF -Money Market ( %age of Total Assets)</b>	<b>Jun-21</b>
Cash	69.0%
GoP Ijara Sukuk	13.6%
Shariah Compliant Bank Deposits	0.0%
Others including receivables	0.6%
Shariah Compliant Commercial Paper	8.3%
Sukuks	8.5%

### Asset Allocation (Debt sub-fund) as on June 30, 2021 (% of Total Assets)

<b>ALHIPF-Debt (%age of Total Assets)</b>	<b>Jun-21</b>
Cash	28.6%
GoP Ijara Sukuk	25.5%
Others including receivables	0.8%
Sukuks	16.3%
Shariah Compliant Commercial Paper	8.9%
Government Backed/ Guaranteed Securities	19.9%

### Asset Allocation (Equity sub-fund) as on June 30, 2021 (% of Total Assets)

<b>ALHIPF-Equity (%age of Total Assets)</b>	<b>Jun-21</b>
Oil & Gas Exploration Companies	19.8%
Cement	23.5%
Oil and Gas Marketing Companies	4.7%
Commercial Banks	6.7%
Pharmaceuticals	5.3%
Other equity sectors	32.6%
Cash	4.4%
Others including receivables	3.0%

**Awais Abdul Sattar, CFA**  
Fund Manager



## TRUSTEE REPORT TO THE PARTICIPANTS

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### CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

#### Head Office:

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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, 2021 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 10, 2021



## REPORT OF THE SHARIAH ADVISORY BOARD

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Karachi: September 10, 2021

### 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 compliant 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 2021 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 993,942.34 was transferred to the charity account. The total amount of charity payable as at June 30, 2021 amounts to Rs. 993,942.34.

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



Dr Muhammad Zubair Usmani  
(Shariah Advisor)



Dr Ejaz Ahmed Samadani  
(Shariah Advisor)

For and on behalf of Shariah Advisory Board

# SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE PARTICIPANTS



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

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Tel: +9221 3565 0007-11  
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## Independent Reasonable Assurance Report to the Participants in respect of Shariah 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 Shariah compliance of **Alhamra Islamic Pension Fund** (the Fund), as set out in the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments for the year ended **30 June 2021**, 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 Shariah Compliance of the Fund is assessed is the Shariah guidelines duly approved by Shariah 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 Shariah compliance with Shariah guidelines duly approved by Shariah 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 Shariah guidelines duly approved by Shariah 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 Shariah 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 Shariah 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 Shariah Compliant in accordance with its Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments, in all material respects.

محرم

A member firm of Ernst & Young Global Limited



# 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 Shariah guidelines duly approved by Shariah 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 Shariah guidelines duly approved by Shariah 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 Shariah guidelines duly approved by Shariah 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 Shariah guidelines duly approved by Shariah advisor in respect of Fund's Investments, and consequently cannot provide absolute assurance that the objective of compliance with the Shariah guidelines duly approved by Shariah 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 Shariah guidelines duly approved by Shariah advisor in respect of Fund's Investments.
- Check that the Shariah 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 2021 are in compliance with the Shariah principles.

In performing our audit procedures necessary guidance on Shariah matters was provided by the Internal Shariah 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 Shariah guidelines duly approved by Shariah advisor in respect of Fund's Investments during the year ended 30 June 2021.

Date: 22 September 2021  
Karachi

Signature  
Chartered Accountants

Shaikh Ahmed Salman  
Assurance Engagement Partner

# AUDITOR'S REPORT TO THE PARTICIPANTS



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
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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 2021 and for the year ended 30 June 2021 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 2021 and of the transactions of the fund for the year ended 30 June 2021;
- 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: 21 September 2021

Karachi

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

June 30, 2021					June 30, 2020				
	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) --								
<b>Assets</b>									
Balances with banks	5	32,829	101,490	203,948	338,267	56,735	145,255	170,049	372,039
Investments	6	685,385	250,605	89,916	1,025,906	499,930	220,201	47,658	767,789
Dividend receivable		802	-	-	802	-	-	-	-
Profit receivable	7	53	2,179	1,495	3,727	227	3,118	990	4,335
Receivable against sale of investments		18,140	-	-	18,140	-	-	-	-
Advances, deposits and other receivables	8	3,108	334	227	3,669	2,821	6,227	227	9,275
<b>Total assets</b>		<b>740,317</b>	<b>354,608</b>	<b>295,586</b>	<b>1,390,511</b>	<b>559,713</b>	<b>374,801</b>	<b>218,924</b>	<b>1,153,438</b>
<b>Liabilities</b>									
Payable to the pension fund manager	9	993	481	400	1,874	722	403	288	1,413
Payable to the trustee	10	90	44	36	170	71	40	28	139
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	164	79	64	307	133	79	51	263
Payable against purchase of investments		6,630	-	-	6,630	13,285	70,113	-	83,398
Accrued expenses and other liabilities	12	10,568	5,114	11,712	27,394	5,916	3,167	1,369	10,452
<b>Total liabilities</b>		<b>18,445</b>	<b>5,718</b>	<b>12,212</b>	<b>36,375</b>	<b>20,127</b>	<b>73,802</b>	<b>1,736</b>	<b>95,665</b>
<b>Net assets</b>		<b>721,872</b>	<b>348,890</b>	<b>283,374</b>	<b>1,354,136</b>	<b>539,586</b>	<b>300,999</b>	<b>217,188</b>	<b>1,057,773</b>
Participants' sub funds (as per statement attached)		<b>721,872</b>	<b>348,890</b>	<b>283,374</b>		<b>539,586</b>	<b>300,999</b>	<b>217,188</b>	
		(Number of units)				(Number of units)			
Number of units in issue		<b>1,129,300</b>	<b>1,438,602</b>	<b>1,297,722</b>		<b>1,156,481</b>	<b>1,314,013</b>	<b>1,042,594</b>	
		(Rupees)				(Rupees)			
Net assets value per unit		<b>639.22</b>	<b>242.52</b>	<b>218.36</b>		<b>466.58</b>	<b>229.07</b>	<b>208.32</b>	

Contingencies and commitments 15

The annexed notes from 1 to 27 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, 2021

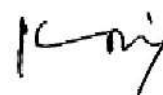
		June 30, 2021				June 30, 2020				
		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
Note		(Rupees in '000)								
<b>Income</b>										
Mark-up on										
		-	8,065	2,827	10,892	-	6,718	246	6,964	
	- Government securities	-	8,065	2,827	10,892	-	6,718	246	6,964	
	- Sukuk certificates	-	9,196	820	10,016	-	5,736	-	5,736	
	- Bank accounts and other deposits	777	3,870	12,574	17,221	3,719	16,353	18,008	38,080	
	- Commercial paper	-	2,147	1,077	3,224	-	2,575	857	3,432	
	Dividend income	27,902	-	-	27,902	20,903	-	-	20,903	
	Net capital gain / (loss) on sale of investments	102,054	143	31	102,228	28,420	(2,125)	(788)	25,507	
	Unrealised gain on revaluation of investments - net	85,437	1,198	116	86,751	10,182	334	69	10,585	
	<b>Total income</b>	<b>216,170</b>	<b>24,619</b>	<b>17,445</b>	<b>258,234</b>	<b>63,224</b>	<b>29,591</b>	<b>18,392</b>	<b>111,207</b>	
<b>Expenses</b>										
	Remuneration of pension fund manager	9.1	9,831	4,713	3,868	18,412	6,966	4,133	2,670	13,769
	Sindh sales tax on remuneration of pension fund manager	9.2	1,278	613	503	2,394	906	537	347	1,790
	Remuneration of trustee	10.1	933	447	366	1,746	696	413	267	1,376
	Sales tax on remuneration of trustee	10.2	121	58	48	227	90	54	35	179
	Annual fee - Securities and Exchange Commission of Pakistan (SECP)	11	164	79	63	306	133	79	51	263
	Auditors' remuneration	16	285	137	112	534	285	170	110	565
	Custody and settlement charges		456	217	-	673	378	6	6	390
	Securities transaction cost		2,025	-	-	2,025	1,061	6	-	1,067
	Provision for Sindh workers' welfare fund	12.2	3,984	397	267	4,648	1,182	515	356	2,053
	Donation and charity		994	-	-	994	498	-	-	498
	Bank charges		7	21	2	30	32	45	58	135
	<b>Total expenses</b>		<b>20,078</b>	<b>6,682</b>	<b>5,229</b>	<b>31,989</b>	<b>12,227</b>	<b>5,958</b>	<b>3,900</b>	<b>22,085</b>
<b>Net income from operating activities</b>			<b>196,092</b>	<b>17,937</b>	<b>12,216</b>	<b>226,245</b>	<b>50,997</b>	<b>23,633</b>	<b>14,492</b>	<b>89,122</b>
Element of income / (loss) and capital gains / (loss) included in the prices of units sold less those in units redeemed - net			(878)	1,516	861	1,499	6,877	1,613	2,980	11,470
<b>Net income for the year before taxation</b>			<b>195,214</b>	<b>19,453</b>	<b>13,077</b>	<b>227,744</b>	<b>57,874</b>	<b>25,246</b>	<b>17,472</b>	<b>100,592</b>
Taxation	18	-	-	-	-	-	-	-	-	-
<b>Net income for the year</b>			<b>195,214</b>	<b>19,453</b>	<b>13,077</b>	<b>227,744</b>	<b>57,874</b>	<b>25,246</b>	<b>17,472</b>	<b>100,592</b>

The annexed notes from 1 to 27 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 OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

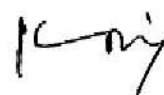
	June 30, 2021				June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)							
Net income for the year after taxation	195,214	19,453	13,077	227,744	57,874	25,246	17,472	100,592
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income								
Total income	<u>195,214</u>	<u>19,453</u>	<u>13,077</u>	<u>227,744</u>	<u>57,874</u>	<u>25,246</u>	<u>17,472</u>	<u>100,592</u>

The annexed notes from 1 to 27 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, 2021

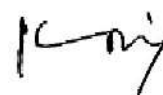
Note	June 30, 2021				June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)								
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net income before taxation	195,214	19,453	13,077	227,744	57,874	25,246	17,472	100,592
<b>Adjustments for non cash items:</b>								
Mark-up on bank balances and investments	(777)	(23,278)	(17,298)	(41,353)	(3,719)	(31,382)	(19,111)	(54,212)
Dividend income	(27,902)	-	-	(27,902)	(20,903)	-	-	(20,903)
Unrealized gain on remeasurement of investments								
- at fair value through profit or loss	(85,437)	(1,198)	(116)	(86,751)	(10,182)	(334)	(69)	(10,585)
Net capital (gain) / loss on sale of investments	(102,054)	(143)	(31)	(102,228)	(28,420)	2,125	788	(25,507)
Element of (income) / losses and capital (gains) / losses included in the prices of units sold less those in units redeemed - net	878	(1,516)	(861)	(1,499)	(6,877)	(1,613)	(2,980)	(11,470)
Provision for Sindh workers' welfare fund	3,984	397	267	4,648	1,182	515	356	2,053
	(211,308)	(25,738)	(18,039)	(255,085)	(68,919)	(30,689)	(21,016)	(120,624)
<b>(Increase) / decrease in assets</b>								
Investments	(4,619)	(98,976)	(31,018)	(134,613)	(73,638)	5,450	(30,747)	(98,935)
Receivable against sale of investments	(18,140)	-	-	(18,140)	4,227	-	-	4,227
Advances, deposits and other receivables	(287)	5,893	-	5,606	(4)	(5,896)	40	(5,860)
	(23,046)	(93,083)	(31,018)	(147,147)	(69,415)	(446)	(30,707)	(100,568)
<b>Increase / (decrease) in liabilities</b>								
Payable to the pension fund manager	271	78	112	461	118	53	118	289
Net income / from operating activities	19	4	8	31	11	5	11	27
Annual fee payable to the Securities and Exchange Commission of Pakistan	31	-	13	44	(20)	(1)	19	(2)
Accrued expenses and other liabilities	668	1,550	10,076	12,294	227	789	101	1,117
	989	1,632	10,209	12,830	336	846	249	1,431
Dividend received	27,100	-	-	27,100	23,114	-	-	23,114
Mark-up received on bank balances and investments	951	7,621	12,787	21,359	3,790	34,461	19,356	57,607
<b>Net cash (used in) / generated from operating activities</b>	<b>(10,100)</b>	<b>(90,115)</b>	<b>(12,984)</b>	<b>(113,199)</b>	<b>(53,220)</b>	<b>29,418</b>	<b>(14,646)</b>	<b>(38,448)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipt from issuance of units	247,866	156,816	173,923	578,605	179,098	144,104	149,795	472,997
Payments on redemption of units	(261,672)	(126,862)	(119,953)	(508,487)	(118,903)	(121,327)	(77,103)	(317,333)
<b>Net cash generated from financing activities</b>	<b>(13,806)</b>	<b>29,954</b>	<b>53,970</b>	<b>70,118</b>	<b>60,195</b>	<b>22,777</b>	<b>72,692</b>	<b>155,664</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(23,906)</b>	<b>(60,161)</b>	<b>40,986</b>	<b>(43,081)</b>	<b>6,975</b>	<b>52,195</b>	<b>58,046</b>	<b>117,216</b>
Cash and cash equivalents at beginning of the year	56,735	193,233	187,638	437,606	49,760	141,038	129,592	320,390
<b>Cash and cash equivalents at end of the year</b>	<b>32,829</b>	<b>133,072</b>	<b>228,624</b>	<b>397,749</b>	<b>56,735</b>	<b>193,233</b>	<b>187,638</b>	<b>437,606</b>

The annexed notes from 1 to 27 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, 2021

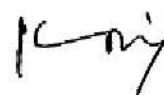
	June 30, 2021				June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000) ----							
Net assets at the beginning of the year	539,586	300,999	217,188	1,057,773	428,394	254,589	130,004	812,987
Amount received on issue of units	247,866	156,816	173,923	578,605	179,098	144,104	149,795	472,997
Amount paid on redemption of units	(261,672)	(126,862)	(119,953)	(508,487)	(118,903)	(121,327)	(77,103)	(317,333)
	(13,806)	29,954	53,970	70,118	60,195	22,777	72,692	155,664
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed - net	878	(1,516)	(861)	(1,499)	(6,877)	(1,613)	(2,980)	(11,470)
Unrealised diminution during the year in the market value of investments classified as available for sale - net	-	-	-	-	-	-	-	-
Net income for the year	195,214	19,453	13,077	227,744	57,874	25,246	17,472	100,592
Net assets at the end of the year	721,872	348,890	283,374	1,354,136	539,586	300,999	217,188	1,057,773

The annexed notes from 1 to 27 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, 2021

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## 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 is located at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 06, 2020.
- 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.
- 1.6 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Act 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company after fulfilling the requirement for registration of Trust Deed under Sindh Act 2020, has submitted Collective Investment Scheme Trust Deed to Registrar acting under Sindh Act 2020 for registration.

## 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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.

### 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 on-going 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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these 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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Standard or Interpretation	Effective date (annual periods beginning on or after)
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	January 01, 2023
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.	

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, 2022

## 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.

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;
- 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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### **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 minimise 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.

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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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## **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 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.

### **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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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### 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, 2021

## 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, 2021			
		Equity	Debt	Money	
		Sub-Fund	Sub-Fund	Market	Total
Note		(Rupees in '000)			
5. BALANCES WITH BANKS					
Current accounts	5.1	598	478	719	1,795
Savings accounts	5.2	32,231	101,012	203,229	336,472
		32,829	101,490	203,948	338,267

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

June 30, 2020				
	Equity	Debt	Money	
	Sub-Fund	Sub-Fund	Market	
			Sub-Fund	Total
Note	(Rupees in '000)			
Current accounts	5.1	1,892	1,374	1,524
Savings accounts	5.2	54,843	143,881	168,525
		56,735	145,255	170,049
				372,039

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

5.2 These carry interest at the rates of ranging from 5.5% to 7.0% (June 30, 2020: 6.75% to 7.50%) per annum. These include a balance of Rs.0.010 (June 30, 2020: Rs.0.022) million in Equity Sub-Fund and Rs.0.014 (June 30, 2020: Rs.0.082) million in Debt Sub-Fund, held with MCB Islamic Bank Limited, a related party.

June 30, 2021				
	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	685,385	-	-	685,385
GoP Ijarah Sukuk Bonds	6.2	-	90,540	40,240	130,780
Debt securities - Sukuks	6.3	-	128,483	25,000	153,483
Commercial paper	6.4	-	31,582	24,676	56,258
Term deposit receipt	6.5	-	-	-	-
		685,385	250,605	89,916	1,025,906

June 30, 2020				
	Equity	Debt	Money	
	Sub-Fund	Sub-Fund	Market	
			Sub-Fund	Total
	(Rupees in '000)			
Listed equity securities	499,930	-	-	499,930
GoP Ijarah Sukuk Bonds	-	70,161	30,069	100,230
Debt securities - Sukuks	-	102,062	-	102,062
Commercial paper	-	47,978	17,589	65,567
Term deposit receipt	-	-	-	-
	499,930	220,201	47,658	767,789

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise									
<b>Automobile assembler</b>									
-	-	9,500	-	9,500	-	-	-	-	0.00%
Indus Motors Company Limited	-	32,000	-	1,500	30,500	9,804	10,546	742	1.46%
Honda Atlas Cars (Pakistan) Limited	14,600	6,160	692	15,292	6,160	6,731	6,650	(81)	0.92%
Millat Tractors Limited	-	71,000	-	71,000	-	-	-	-	0.00%
Sazgar Engineering Works Limited	-	69,500	-	36,000	33,500	11,238	11,907	669	1.65%
Pak Suzuki Motor Company Limited	-	-	-	-	-	27,773	29,103	1,330	4.03%
<b>Automobile parts and accessories</b>									
Agriauto Industries Limited (Par Value of Rs. 5)	27,900	32,000	-	34,900	25,000	4,967	6,860	1,893	0.95%
Panther Tyres Limited	-	108,500	-	-	108,500	7,642	7,501	(141)	1.00%
Thall Limited (Par Value of Rs . 5)	6,900	13,500	-	3,400	17,000	6,738	7,187	449	1.04%
						19,347	21,548	2,201	2.99%
<b>Cement</b>									
Attock Cement Pakistan Limited	-	115,000	-	74,500	40,500	7,300	7,283	(17)	1.01%
Bestway Cement Limited	50,700	-	-	50,700	-	-	-	-	0.00%
Cherat Cement Company Limited	44,000	61,000	-	67,000	38,000	4,100	6,740	2,640	0.93%
Fauji Cement Company Limited	915,000	410,000	-	915,000	410,000	9,732	9,430	(302)	1.31%
Kohat Cement Company Limited	58,500	132,500	-	28,600	162,400	31,442	33,534	2,092	4.65%
Lucky Cement Limited	95,450	32,300	-	51,250	76,500	38,953	66,053	27,100	9.15%
Maple Leaf Cement Factory Limited	200,000	1,060,000	-	452,769	807,231	32,255	37,924	5,669	5.25%
D.G Khan Cement	-	55,000	-	-	55,000	6,802	6,486	(316)	0.90%
Gharbwal Cement Limited	-	170,000	-	-	170,000	6,630	6,625	(5)	0.92%
						137,214	174,075	36,861	24.11%
<b>Chemical</b>									
Archroma Pakistan Limited	9,500	-	-	-	9,500	5,599	5,439	(160)	0.75%
Engro Polymer and Chemicals Limited	762,828	154,000	-	704,500	212,328	7,242	10,030	2,788	1.39%
ICI Pakistan Limited	7,700	-	-	7,700	-	-	-	-	0.00%
						12,841	15,469	2,628	2.14%
<b>Commercial banks</b>									
Meezan Bank Limited	238,685	230,199	23,868	62,752	430,000	36,227	49,626	13,399	6.87%
<b>Engineering</b>									
Agha Steel Industries Limited	-	200,000	-	-	200,000	6,774	6,746	(28)	0.93%
Mughal Iron & Steel Industries Limited	-	135,500	10,160	83,660	62,000	7,174	6,473	(701)	0.90%
International Industries Limited	5,240	40,000	-	5,240	40,000	8,927	8,441	(486)	1.17%
						22,875	21,660	(1,215)	3.00%
<b>Fertilizer</b>									
Engro Corporation Limited	151,890	30,000	-	71,890	110,000	32,003	32,407	404	4.49%
Engro Fertilizer Limited	299,920	-	-	299,900	20	1	1	0	0.00%
						32,004	32,408	404	4.49%
									0.02%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the Investee Company	(Number of shares)					As at June 30, 2021			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	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										
Food and personal care products										
Al Shaheer Corporation Limited	-	205,000	-	-	205,000	3,595	4,086	491	0.57%	0.07%
AT-Tahir Limited	-	300,000	30,000	330,000	-	-	-	-	0.00%	0.00%
Nestle Pakistan Limited	240	-	-	240	-	-	-	-	0.00%	0.00%
The Organic Meat Company Limited	-	155,000	-	-	155,000	5,429	5,695	266	0.79%	0.14%
Unity Foods Limited	-	170,000	-	170,000	-	-	-	-	0.00%	0.00%
						9,024	9,781	757	1.35%	0.21%
Glass and ceramics										
Shabbir Tiles & Ceramics Limited ( Par Value of Rs. 5)	-	220,000	-	-	220,000	7,143	7,337	194	1.02%	0.13%
						7,143	7,337	194	1.02%	0.13%
Leather & Tanneries										
Bata (Pakistan) Limited	2,820	-	-	-	2,820	3,788	4,835	1,047	0.67%	0.04%
Miscellaneous										
Shifa International Hospitals	24,000	30,000	-	24,000	30,000	6,532	6,575	43	0.91%	0.05%
Tri-Pack Films Limited (TRIPF)	-	31,000	-	-	31,000	5,805	5,689	(116)	0.79%	0.08%
						12,337	12,264	(73)	1.70%	0.13%
Oil and gas exploration companies										
Mari Petroleum Company Limited	24,150	12,000	-	5,640	30,510	39,900	46,509	6,609	6.44%	0.02%
Oil and Gas Development Company Limited	427,500	77,000	-	147,000	357,500	38,649	33,973	(4,676)	4.71%	0.01%
Pakistan Oilfields Limited	48,160	67,756	-	44,500	71,416	28,037	28,128	91	3.90%	0.03%
Pakistan Petroleum Limited	451,005	87,000	-	101,100	436,905	38,409	37,936	(473)	5.26%	0.02%
						144,995	146,546	1,551	20.30%	0.07%
Oil and gas marketing companies										
Attock Petroleum Limited	14,500	26,500	-	19,000	22,000	7,138	7,063	(75)	0.98%	0.02%
Hi-Tech Lubricants	-	90,000	-	-	90,000	7,030	6,382	(648)	0.88%	0.08%
Pakistan State Oil Company Limited	-	150,000	-	56,000	94,000	18,678	21,080	2,402	2.92%	0.02%
						32,846	34,525	1,679	4.78%	0.12%
Paper and board										
Century Paper & Board Mills Limited	-	61,000	-	61,000	-	-	-	-	0.00%	0.00%
Packages Limited	-	38,500	-	11,150	27,350	13,053	14,911	1,858	2.07%	0.03%
Security papers limited	20,000	16,000	-	36,000	-	-	-	-	0.00%	0.00%
						13,053	14,911	1,858	2.07%	0.03%
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	36,500	12,200	-	30,700	18,000	11,729	14,262	2,533	1.98%	0.02%
AGP Limited	-	-	-	-	-	-	-	-	0.00%	0.00%
Glaxosmithkline Limited	-	28,000	-	28,000	-	-	-	-	0.00%	0.00%
Highnoon Laboratories Limited	-	10,000	500	-	10,500	6,193	6,300	107	0.87%	0.03%
IBL HealthCare Limited	740	146,500	-	42,240	105,000	9,673	11,669	1,996	1.62%	0.19%
The Searle Company Limited	199	91,650	3,120	66,469	28,500	7,318	6,915	(403)	0.96%	0.01%
						34,913	39,146	4,233	5.42%	0.25%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Name of the Investee Company	(Number of shares)				As at June 30, 2021			Market value as a % of net assets of the sub-fund	% of paid-up capital of the investee company
	As at July 01, 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2021	Carrying value	Market value		
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise									
<b>Power generation and distribution</b>									
The Hub Power Company Limited	520,003	120,000	-	285,000	355,003	25,663	28,283	2,620	3.92%
<b>Technology and communications</b>									
Avanceon Limited	2,772	379,000	13,000	381,772	13,000	637	1,190	553	0.16%
Systems Limited	121,500	-	3,800	93,500	31,800	5,310	17,815	12,505	2.47%
TRG Pakistan	-	75,000	-	30,000	45,000	7,610	7,485	(125)	1.79%
						13,557	26,490	12,933	1.04%
									6.01%
									18.70%
<b>Textile composite</b>									
interloop Limited	-	206,000	-	55,000	151,000	10,265	10,575	310	3.67%
Kohinoor Textile Mills Limited	105,470	50,000	-	65,000	90,470	4,085	6,803	2,718	0.16%
						14,350	17,378	3,028	2.47%
									0.94%
									2.41%
									0.05%
<b>Sugar and allied industries</b>									
Faran Sugar Mills Limited	33,500	-	-	33,500	-	-	-	-	0.00%
<b>Cable and electric good</b>									
Pak Elektron Limited	400,000	516,000	-	916,000	-	-	-	-	0.00%
<b>Total as at June 30, 2021</b>						599,948	685,385	85,437	
<b>Total as at June 30, 2020</b>						489,748	499,930	10,182	
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, 2021	June 30, 2020	June 30, 2021	June 30, 2020	
					----- (Number of shares) -----				(Rupees in '000)
The Hub Power Company Limited					165,484	65,484	13,184	4,748	
Maple Leaf Cement Company Limited					50,000	-	2,349	-	
Pakistan Petroleum Limited					25,000	25,000	2,171	2,169	
					240,484	90,484	17,704	6,917	

6.1.2 As at June 30, 2021, the bonus shares of the Equity Sub - Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.0.385 million.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021			Market value as a % of net asset of the sub fund
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying value	Market value	Unrealised gain / (loss)	
(Rupees in '000)										
<b>Debt Sub-Fund</b>										
GoP Ijarah Sukuk - 5 years	24-Jun-20	24-Jun-25	70,000	160,000	140,000	90,000	90,280	90,540	260	25.95%
Total as at June 30, 2021							90,280	90,540	260	25.95%
Total as at June 30, 2020							70,000	70,161	161	
<b>Money Market Sub-Fund</b>										
GoP Ijarah Sukuk - 5 years	24-Jun-20	24-Jun-25	30,000	50,000	40,000	40,000	40,124	40,240	116	14.20%
Total as at June 30, 2021							40,124	40,240	116	14.20%
Total as at June 30, 2020							30,000	30,069	69	

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021			Market value as % of net assets of sub- funds
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value	Unrealised gain / (loss)	
Rupees in '000										
Market value %										
Aspin Pharma (Private) Limited		30-Nov-17	50	-	-	50	2,525	2,479	(46)	0.71%
Dubai Islamic Bank Pakistan Limited - Tier II		14-Jul-17	5	-	-	5	5,131	5,140	9	1.47%
Ghani Chemical Industries Limited		2-Feb-17	40	-	-	40	1,548	1,597	49	0.46%
International Brands Limited		15-Nov-17	50	-	-	50	2,032	2,047	15	0.59%
Meezan Bank Limited - Tier II		22-Sep-16	8	-	-	8	8,200	8,285	85	2.37%
Meezan Bank Limited - Tier II (2nd Issue)	6.3.2	9-Jan-20	10	-	-	10	10,110	10,375	265	2.97%
Pakistan Energy Sukuk - II	6.3.3	21-May-20	14,000	-	-	14,000	70,000	70,560	560	20.22%
The Hub Power Company limited		16-Nov-20	-	210	210	-	-	-	-	0.00%
The Hub Power Company limited		5-May-21	-	280	-	280	28,000	-	-	8.03%
Total as at June 30, 2021							127,546	128,483	937	36.83%
Total as at June 30, 2020							101,889	102,062	173	

### Money Market Sub-Fund

Name of security	Note	Issue date	Number of certificates			Balance as at June 30, 2021			Market value as % of net assets of sub-funds	
			As at July 01, 2020	Purchased during the year	Sold / matured during the year	As at June 30, 2021	Carrying Value	Market value		Unrealised gain / (loss)
The Hub Power Company limited		16-Nov-20	-	250	-	250	25,000	25,000	-	8.82%
Total as at June 30, 2021							25,000	25,000	-	8.82%
Total as at June 30, 2020							-	-	-	

6.3.1 Significant terms and conditions of sukks 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				
Debt Sub-Fund							
Un-listed							
Aspin Pharma (Private) Limited	50	50,000	2,500,000	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	41,036	2,051,787	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
The Hub Power Company Limited	280	100,000	28,000,000	8.75%	5-Nov-21	Secured	AA+/A1+
Listed							
Pakistan Energy Sukuk - II	14,000	5,000	70,000,000	6M KIBOR - 0.10%	21-May-30	Secured	Un-rated
Money Market Sub-Fund							
The Hub Power Company Limited	250	100,000	25,000,000	8.75%	5-Nov-21	Secured	AA+/A1+

6.3.2 During the year the profit payments of this sukks were rescheduled resulting in a change of profit payment date from 9 July to 30 June, subsequent profit payments will be made on 6 monthly basis with reference to rescheduled date.

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021 (Rupees in '000)
		As at July 01, 2020	Purchased during the year	Matured during the year	
<b>Debt Sub-Fund</b>					
K-Electric Limited - ICP 5	February 14, 2020	20	-	20	-
K-Electric Limited - ICP 6	February 26, 2020	7	-	7	-
K-Electric Limited - ICP 7	March 10, 2020	22	-	22	-
K-Electric Limited - ICP	24-Sep-2020	-	7.2	7.2	-
K-Electric Limited - ICP 14	February 10, 2021	-	15	-	14,874
K-Electric Limited - ICP 16	March 16, 2021	-	17	-	16,708
<b>Total as at June 30, 2021</b>					<b>31,582</b>
<b>Total as at June 30, 2020</b>					<b>47,978</b>
<b>Money Market Sub-Fund</b>					
K-Electric Limited - ICP 6	February 26, 2020	9	-	9	-
K-Electric Limited - ICP 7	March 10, 2020	9	-	9	-
K-Electric Limited - ICP 14	February 10, 2021	-	12	-	11,899
K-Electric Limited - ICP 16	March 16, 2021	-	13	-	12,777
<b>Total as at June 30, 2021</b>					<b>24,676</b>
<b>Total as at June 30, 2020</b>					<b>17,589</b>

### 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
<b>Debt Sub-Fund</b>			
K-Electric Limited - ICP 14	7.96%	August 10, 2021	4.26%
K-Electric Limited - ICP 16	8.48%	September 16, 2021	4.79%
<b>Money Market Sub-Fund</b>			
K-Electric Limited - ICP 14	7.96%	August 10, 2021	4.20%
K-Electric Limited - ICP 16	8.48%	September 16, 2021	4.51%



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2020	Purchased during the year	Matured during the year	
						As at June 30, 2021	
				-	-	-	-
				-	-	-	-
<b>Total as at June 30, 2021</b>				-	-	-	-
				24,000	57,000	81,000	-

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, 2020	Purchased during the year	Matured during the year	
						As at June 30, 2021	
Faysal Bank Limited	6.70%	December 21, 2020	A1+	-	45,000	45,000	-
Faysal Bank Limited	6.70%	March 19, 2021	A1+	-	48,000	48,000	-
Bank Islami Pakistan Limited	7.00%	March 30, 2021	A-1	-	48,000	48,000	-
Faysal Bank Limited	7.00%	April 9, 2021	A1+	-	50,000	50,000	-
<b>Total as at June 30, 2021</b>				-	191,000	191,000	-
				48,000		48,000	-

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 7. PROFIT RECEIVABLE

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

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
53	616	1,094	1,763
-	1,563	401	1,964
53	2,179	1,495	3,727

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

## 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, 2021			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
201	200	200	601
2,500	-	-	2,500
93	117	10	220
314	17	17	348
3,108	334	227	3,669

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

## 9. PAYABLE TO PENSION FUND MANAGER

Remuneration payable  
Sindh sales tax payable on remuneration payable

June 30, 2021				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)			
9.1	879	426	354	1,659
9.2	114	55	46	215
	993	481	400	1,874

Remuneration payable  
Sindh sales tax payable on remuneration payable

June 30, 2020				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Note	(Rupees in '000)			
9.1	639	357	254	1,250
9.2	83	46	34	163
	722	403	288	1,413

9.1 This represents remuneration of the Pension Fund Manager at the rate of 1.5% (2020: 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% (2020: 13%).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 10. PAYABLE TO THE TRUSTEE

Remuneration payable  
Sales tax on remuneration payable

Note	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
10.1	80	39	32	151
10.2	10	5	4	19
	90	44	36	170

Remuneration payable  
Sales tax on remuneration payable

Note	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
10.1	63	35	25	123
10.2	8	5	3	16
	71	40	28	139

**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 billion plus 0.08% p.a. of Net Assets exceeding Rs.5 billion

Over Rs.6 billion

Rs.5.9 billion plus 0.06% p.a. of Net Assets exceeding Rs.5 billion

**10.2** Sales tax at the rate of 13% (2020: 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 (2020: one twenty-fifth 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  
Donation / charity payable  
Auditors' remuneration  
Withholding tax payable  
Provision for Sindh Workers' Welfare Fund  
Brokerage payable  
Payable against Redemption of units

Note	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
12.1	1,451	1,032	548	3,031
	994	-	-	994
	196	96	78	370
	29	4	1	34
12.2	7,516	1,638	943	10,097
	382	-	-	382
	-	2,344	10,142	12,486
	10,568	5,114	11,712	27,394

Provision for Federal Excise Duty on remuneration of Pension Fund Manager  
Donation / charity payable  
Auditors' remuneration  
Withholding tax payable  
Provision for Sindh Workers' Welfare Fund  
Brokerage payable  
Other payable

Note	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
12.1	1,451	1,032	548	3,031
	499	-	-	499
	235	144	88	467
	42	10	-	52
12.2	3,532	1,241	676	5,449
	157	6	-	163
	-	734	57	791
	5,916	3,167	1,369	10,452

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2020 aggregates to Rs.1.45(2020: Rs.1.45) million, Rs.1.03 (2020: Rs.1.03) million, and Rs.0.55 (2020: 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, 2021 would have been higher by Rs.1.28 (2020: Rs.1.25) per unit, Rs.0.72 (2020: Rs.0.78) per unit and Rs.0.42 (2020: Rs.0.52) per unit respectively.

## 12.2 Provision for Sindh Workers' Welfare Fund

Subsequent to the year ended June 30, 2021, SRB through its letter dated August 12, 2021 received on August 13, 2021 by MUFAP, has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF Contributions. This development was discussed at MUFAP level on August 13, 2021 and was also taken up with the SECP and all the Asset Management Companies in consultation with SECP reversed the cumulative provision for SWWF recognized in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021 Furthermore, SECP through its letter dated August 30, 2021 has also given its concurrence for prospective reversal of provision of SWWF. Accordingly, going forward, no provision for SWWF would be recognized in the financial statements of the Fund. Had the provision for SWWF been reversed in the financial statements of the Fund for the year ended June 30, 2021, the net asset value of the Fund as at June 30, 2021 would have been higher by Rs.6.66 (2020: Rs.3.05) per unit in respect of equity sub-fund, Rs: 1.14 (2020: Rs.0.94) per unit in respect of debt sub-fund and Rs: 0.73 (2020 Rs: 0.64) per unit in respect of money market sub-fund.

## 13. NUMBER OF UNITS IN ISSUE

	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Units)			
Total units outstanding at beginning of the year	1,156,481	1,314,013	1,042,594	3,513,088
Add: Units issued during the year	419,355	663,489	815,619	1,898,463
Less: Units redeemed during the year	(446,536)	(538,900)	(560,491)	(1,545,927)
<b>Total units in issue at the end of the year</b>	<b>1,129,300</b>	<b>1,438,602</b>	<b>1,297,722</b>	<b>3,865,624</b>

	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)
<b>Total units in issue at the end of the year</b>	<b>1,156,481</b>	<b>1,314,013</b>	<b>1,042,594</b>	<b>3,513,088</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 14. CONTRIBUTION TABLE

	June 30, 2021						
	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	1,156,481	386,966	1,314,013	211,430	1,042,594	167,417	765,813
Issue of units	419,355	247,866	663,489	156,816	815,619	173,923	578,605
Redemption of units	(446,536)	(261,672)	(538,900)	(126,862)	(560,491)	(119,953)	(508,487)
<b>Closing balance</b>	<b>1,129,300</b>	<b>373,160</b>	<b>1,438,602</b>	<b>241,384</b>	<b>1,297,722</b>	<b>221,387</b>	<b>835,931</b>

	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)
<b>Closing balance</b>	<b>1,156,481</b>	<b>386,966</b>	<b>1,314,013</b>	<b>211,430</b>	<b>1,042,594</b>	<b>167,417</b>	<b>765,813</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 15. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2021 and June 30, 2020.

## 16. AUDITORS' REMUNERATION

Audit fee  
Half yearly review fee  
Other certifications and services

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
167	80	65	312
73	35	30	138
-	-	-	-
240	115	95	450
21	10	8	39
24	12	9	45
285	137	112	534

Sales tax  
Out of pocket expenses

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
145	87	56	288
63	38	24	125
38	22	15	75
246	147	95	488
21	13	8	42
18	10	7	35
285	170	110	565

Audit fee  
Half yearly review fee  
Other certifications and services

Sales tax  
Out of pocket expenses

## 17. CASH AND CASH EQUIVALENTS

Bank balances  
Commercial Paper

June 30, 2021			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
32,829	101,490	203,948	338,267
-	31,582	24,676	56,258
32,829	133,072	228,624	394,525

June 30, 2020			
Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
(Rupees in '000)			
56,735	145,255	170,049	372,039
-	47,978	17,589	65,567
56,735	193,233	187,638	437,606

## 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, 2021

## 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 owning 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, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration (include indirect taxes)	11,109	5,326	4,371	20,806
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration (include indirect taxes)	1,054	505	414	1,973
Settlement charges	63	7	7	77
<b>MCB Islamic Bank Limited</b>				
Mark-up on Bank deposit	1	1	-	2
<b>MCB Bank Limited</b>				
Bank charges	2	3	3	8
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	48	-	-	48

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager</b>				
Remuneration (include indirect taxes)	7,872	4,670	3,017	15,559
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration (include indirect taxes)	786	467	302	1,555
Settlement charges	29	6	6	41
<b>MCB Islamic Bank Limited</b>				
Mark-up on Bank deposit	1	195	-	196
<b>MCB Bank Limited</b>				
Bank charges	1	3	1	5
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage expense*	74	-	-	74

\* 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.

### 19.2 Balances outstanding at year end:

	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *</b>				
Remuneration payable	879	426	354	1,659
Sindh sales tax payable on remuneration	114	55	46	215
Investment in seed capital of				
- Equity Sub-Fund: 305,160 (June 2020: 305,160) units	195,064	-	-	195,064
- Debt Sub-Fund: 289,051 (June 2020: 289,051) units	-	70,101	-	70,101
- Money Market Sub-Fund: 281,918 (June 2020: 281,918) units	-	-	61,560	61,560
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	80	39	32	151
Sindh sales tax payable on remuneration	10	5	4	19
Security deposit	201	200	200	601
<b>MCB Islamic Bank Limited</b>				
Bank balance	10	14	-	24
<b>MCB Bank Limited</b>				
Bank balance	476	478	719	1,672
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage payable	22	-	-	22



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	(Rupees in '000)			
<b>MCB Arif Habib Savings and Investments Limited - Pension Fund Manager *</b>				
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
<b>Central Depository Company of Pakistan Limited - Trustee</b>				
Remuneration payable	63	35	25	123
Sindh sales tax payable on remuneration	8	5	3	16
Security deposit	201	200	200	601
<b>MCB Islamic Bank Limited</b>				
Bank balance	22	82	-	104
<b>MCB Bank Limited</b>				
Bank balance	1,408	1,374	1,524	4,306
<b>Arif Habib Limited - Brokerage House</b>				
Brokerage payable	30	-	-	30

## 19.3 Participant Fund

	June 30, 2021							
	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021	As at July 01, 2020	Issued for cash	Redeemed	As at June 30, 2021
	(Units)				(Rupees in '000)			
<b>Key management personnel</b>								
Equity Sub-Fund	55,121	13,348	(22,394)	46,075	25,718	8,044	(13,187)	29,452
Debt Sub-Fund	5,288	5,341	(2,086)	8,543	1,211	1,266	(495)	2,072
Money Market Sub-Fund	2,428	30,160	(28,682)	3,906	506	6,412	(6,102)	853

	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)			
<b>Key management personnel</b>								
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

\* 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, 2021

## 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.1.28(2020: Rs.1.02) 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.3.36 (2020: Rs.3.72) million.

##### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2021, 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, 2021, with all other variables held constant, total comprehensive income for the year and net assets would be lower / higher by Rs.1.87 (2020: Rs.1.66) 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, 2021 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, 2021

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, 2021, the net assets relating to the Equity Sub-Fund and total net assets of the Fund would increase / decrease by Rs.30.35 (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, 2021 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, 2021 and June 30, 2020 is the carrying amounts of following financial assets.

	June 30, 2021			
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances	32,829	101,490	203,948	338,267
Investments	-	160,065	49,676	209,741
Profit receivable	53	2,050	1,438	3,541
Deposits and other receivables	3,015	217	217	3,449
	<b>35,897</b>	<b>263,822</b>	<b>255,279</b>	<b>554,998</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2020			
	Equity Sub-Fund	Debt Sub-Fund	Market Sub-Fund	Total
	(Rupees in '000)			
Bank balances	56,735	145,255	170,049	372,039
Investments	-	150,040	17,589	167,629
Profit receivable	227	3,005	948	4,180
Deposits and other receivables	2,728	6,167	217	9,112
	59,690	304,467	188,803	552,960

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

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities in Debt Sub-Fund of Rs. 90.540 million (2019: Rs. 70.161 million) and Money Market Sub-Fund of Rs. 40.240 million (2020: Rs. 30.069 million) and profit receivable from these securities in Debt Sub-Fund of Rs. 0.129 million (2020: Rs. 0.113 million) and in Money Market Sub-Fund of Rs. 0.057 million (2020: Rs. 0.042 million) are not exposed to credit risk.

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2021 and June 30, 2020.

	June 30, 2021	June 30, 2020
	----- (%) -----	
<b>Bank balances by rating category</b>		
AA+/A1+	5.20%	22.47%
A+/A1	2.29%	14.17%
AAA/A1+	28.11%	23.55%
AA-/A-1+	64.38%	0.00%
A/A1	0.00%	0.03%
A-/A-2	0.01%	0.01%
AA-/A1+	0.01%	0.00%
A/A-1	0.01%	0.00%
AA/A1+	0.00%	39.77%
<b>Sukuks by rating category</b>		
A+	0.00%	0.00%
A	1.62%	3.46%
AA	13.49%	21.40%
A1+	0.00%	0.00%
AA-	4.00%	5.03%
A-	1.24%	1.52%
AA+	34.53%	0.00%
<b>Commercial Papers by rating category</b>		
A1	0.00%	0.00%
A1+	100.00%	30.00%
AA/A1+	0.00%	70.00%

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 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, 2021

## 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, 2021									
Total	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	1,659	879	-	-	426	-	-	354	-
Payable to the Trustee	151	80	-	-	39	-	-	32	-
Payable against purchase of investments	6,630	6,630	-	-	-	-	-	-	-
Accrued and other liabilities	14,205	1,376	182	-	2,344	89	-	10,142	72
	22,645	8,965	182	-	2,809	89	-	10,528	72

As at June 30, 2020									
Total	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) -----									
<b>Financial Liabilities</b>									
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
	86,656	14,643	218	-	71,245	133	-	336	81

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 21. Financial instruments by category

	June 30, 2021							
	Equity Sub-Fund				Debt Sub-Fund			
	At amortised cost	At fair value through profit and loss	At fair value through OCI	Sub total	At amortised cost	At fair value through profit and loss	At fair value through OCI	Sub total
<b>Financial Assets</b>								
Bank balances	338,267	32,829	-	32,829	101,490	-	-	101,490
Investments	1,025,906	685,385	-	685,385	250,605	-	89,916	250,605
Profit receivable	3,727	53	-	53	2,179	-	-	2,179
Deposits and other receivables	3,449	3,015	-	3,015	217	-	-	217
<b>Total</b>	<b>1,371,349</b>	<b>35,897</b>	<b>-</b>	<b>721,282</b>	<b>103,886</b>	<b>250,605</b>	<b>89,916</b>	<b>295,576</b>

	June 30, 2021							
	Equity Sub-Fund				Debt Sub-Fund			
	At fair value through profit and loss	At amortised cost	At fair value through OCI	Sub total	At fair value through profit and loss	Other financial liabilities	Sub total	Sub total
<b>Financial Liabilities</b>								
Payable to the Pension Fund Manager	1,659	-	879	879	-	426	426	354
Payable to the Trustee	151	-	80	80	-	39	39	32
Accrued and other liabilities	14,205	-	1,558	1,558	-	2,433	2,433	10,214
<b>Total</b>	<b>16,015</b>	<b>-</b>	<b>2,517</b>	<b>2,517</b>	<b>-</b>	<b>2,898</b>	<b>2,898</b>	<b>10,600</b>

	June 30, 2020							
	Equity Sub-Fund				Debt Sub-Fund			
	At amortised cost	At fair value through profit and loss	At fair value through OCI	Sub total	At amortised cost	At fair value through profit and loss	At fair value through OCI	Sub total
<b>Financial Assets</b>								
Bank balances	372,039	56,735	-	56,735	145,255	-	-	170,049
Investments	767,789	-	499,930	499,930	220,201	-	47,658	47,658
Profit receivable	4,335	227	-	227	3,118	-	-	990
Deposits and other receivables	9,112	2,728	-	2,728	6,167	-	-	217
<b>Total</b>	<b>1,153,275</b>	<b>59,690</b>	<b>-</b>	<b>559,620</b>	<b>154,540</b>	<b>220,201</b>	<b>47,658</b>	<b>218,914</b>

	June 30, 2020							
	Equity Sub-Fund				Debt Sub-Fund			
	At fair value through profit and loss	At amortised cost	At fair value through OCI	Sub total	At fair value through profit and loss	Other financial liabilities	Sub total	Sub total
<b>Financial Liabilities</b>								
Payable to the Pension Fund Manager	1,250	-	639	639	-	357	357	254
Payable to the Trustee	123	-	63	63	-	35	35	25
Accrued and other liabilities	1,885	-	874	874	-	873	873	138
<b>Total</b>	<b>3,258</b>	<b>-</b>	<b>1,576</b>	<b>1,576</b>	<b>-</b>	<b>1,265</b>	<b>1,265</b>	<b>417</b>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

## 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, 2021 and June 30, 2020, the Fund held the following instruments measured at fair values:

		Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)			
<b>June 30, 2021</b>					
<b>Equity Sub-Fund</b>					
Listed equity securities		685,385	-	-	685,385
<b>Debt Sub-Fund</b>					
GoP Ijarah Sukuk Bonds	22.1.1	-	90,540	-	90,540
Debt securities - Sukuks	22.1.1 & 22.2.2	70,560	55,444	2,479	128,483
Commercial paper	22.1.2	-	31,582	-	31,582
<b>Money Market Sub-Fund</b>					
GoP Ijarah Sukuk Bonds	22.1.1	-	40,240	-	40,240
Debt securities - Sukuks	22.1.1	-	25,000	-	25,000
Commercial paper	22.1.2	-	24,676	-	24,676
		<b>755,945</b>	<b>267,482</b>	<b>2,479</b>	<b>1,025,906</b>
<b>June 30, 2020</b>					
<b>Equity Sub-Fund</b>					
Listed equity securities		499,930	-	-	499,930
<b>Debt Sub-Fund</b>					
GoP Ijarah Sukuk Bonds	22.1.1	-	70,161	-	70,161
Debt securities - Sukuks	22.1.1	-	30,514	1,548	32,062
Commercial paper	22.1.2	-	47,978	-	47,978
<b>Money Market Sub-Fund</b>					
GoP Ijarah Sukuk Bonds	22.1.1	-	30,069	-	30,069
Commercial paper	22.1.2	-	17,589	-	17,589
		<b>499,930</b>	<b>196,311</b>	<b>1,548</b>	<b>697,789</b>

During the year ended June 30, 2021, 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**22.2.2** Valuation for instruments under level 3 is carried out using discretionary rate as per Circular 33 dated October 24, 2012 in the manner as prescribed in the circular.

**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.

### 23. PERFORMANCE TABLE

Equity Sub-Fund					
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
----- (Rupees in '000) -----					
<b>Performance Information</b>					
Net income after taxation	195,214	57,874	(100,333)	13,258	87,074
Realised capital gains / (losses)	102,054	28,420	(15,970)	(20,233)	69,453
Unrealised gains / (losses)	85,437	10,182	(95,924)	(43,665)	15,913
Dividend income			-	-	-
and profit income	28,679	24,622	24,781	19,904	16,566
Net assets value per unit	639.22	420.40	416.13	513.58	584.69
Transactions in securities					
- Purchases	613,079	340,883	399,992	423,653	590,715
- Sales	615,646	255,448	318,841	368,987	517,558
Total contribution received	247,866	179,098	136,006	105,825	134,808

Debt Sub-Fund					
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
----- (Rupees in '000) -----					
<b>Performance Information</b>					
Net income after taxation	19,453	25,246	13,063	15,889	8,671
Realised capital (losses) / gains	143	(2,125)	17	(379)	703
Unrealised gains / (losses)	1,198	334	(2,593)	(348)	1,387
Profit income	1,341	31,382	20,548	6,753	2,543
Net assets value per unit	242.52	212.58	210.04	199.41	193.63
Transactions in securities					
- Purchases	366,378	176,322	249,139	15,000	86,903
- Sales	215,482	48,193	15,370	78,154	82,365
Total contribution received	156,816	144,104	98,452	65,211	71,997

Money Market Sub-Fund					
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
----- (Rupees in '000) -----					
<b>Performance Information</b>					
Net income after taxation	13,077	17,472	8,171	9,003	2,648
Realised capital (losses) / gains	31	(788)	(1)	(55)	152
Unrealised gains / (losses)	116	69	-	9	190
Profit income	17,445	19,111	8,673	3,858	2,748
Net assets value per unit	218.36	154.33	191.77	179.84	174.03
Transactions in securities					
- Purchases	320,917	75,748	73,186	12,015	19,975
- Sales	70,844	34,416	4,099	32,116	24,297
Total contribution received	173,923	149,795	66,961	29,378	10,684

#### 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) -----					
265.85	657.30	229.07	242.52	208.32	218.36

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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### 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. IMPACT OF COVID-19

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

### 26. GENERAL

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

**26.2** Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

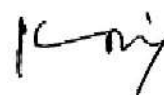
### 27. DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue by the Board of Directors of the Management Company on August 09, 2021 and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 12.2 to these financial statements.

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



Chief Executive Officer



Director

## **MCB-Arif Habib Savings and Investments Limited**

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