



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2021

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



ALHAMRA ISLAMIC STOCK FUND

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FUND'S INFORMATION

Management Company	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Habib Bank Limited National Bank of Pakistan Standard Chartered Bank Limited Silk Bank Limited MCB Islamic Bank Limited Bank Islami Pakistan Limited Dubai Islamic Bank Limited Askari Bank Limited Bank Al Habib Limited Faysal Bank Limited Soneri Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building, Ground No. 2, Beaumont Road, Civil Lines, Karachi. Ph: 021-37131900	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

Dear Investor,

On behalf of the Board of Directors, we are pleased to present **Alhamra Islamic Stock Fund** accounts review for the year ended **June 30, 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 DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

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

During the period, ALHISF delivered a return of 29.92 per cent as compared to benchmark return of 39.32 per cent. Overall equity exposure of the fund stood at 94.7 per cent at the end of the period as compared to 88.8 per cent at June 30, 2020. During the period, the fund had exposures majorly in Oil and Gas Exploration companies, Cement and Power Generation and Distribution Sector.

The Net Assets of the Fund as at June 30, 2021 stood at Rs. 3,410 million as compared to Rs. 2,656 million as at June 30, 2020 registering an increase of 28.39 per cent.

The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 11.29 as compared to opening NAV of Rs. 8.69 per unit as at June 30, 2020 registering an increase of Rs. 2.60 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 11.1 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.

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 4th 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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

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.

Corporate Governance

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

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

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i) Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	(i) Audit Committee (ii) HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i) Audit Committee (Chairman); and (ii) HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i) HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i) HR&R* Committee

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. Financial statements present fairly its state of affairs, the results of operations, cash flows and changes in equity.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- f. There are no doubts what so ever upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below is the details of committee meetings held during the year ended June 30, 2021:

1. Meeting of the Audit Committee.

During the year, nine (9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg(Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

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

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2021

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Saqib Saleem	Chief Executive Officer	1,528	1,528	-
2	Muhammad Asif Mehdi Rizvi	Chief Financial Officer	1,290,829	1,805,832	-
3	Altaf Ahmed Faisal	Company Secretary	1,382,965	1,365,108	-

External Auditors

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

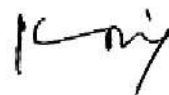
ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
September 15, 2021



Kashif A. Habib
Director

ڈائریکٹرز رپورٹ

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
۱	محمد ثاقب سلیم	چیف ایگزیکٹو آفیسر	1,528	1,528	-
۲	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فنانسشل آفیسر	1,290,829	1,805,832	-
۳	الطاف احمد فیصل	کمپنی سیکریٹری	1,382,965	1,365,108	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز کے **KPMG Taseer Hadi & Co.** چارٹرڈ اکاؤنٹنٹس، دوران سال ریٹائر ہو گئے ہیں اور **Ernst & Young Ford Rhodes** چارٹرڈ اکاؤنٹنٹس، کو فنڈ کے خارجی آڈیٹرز برائے سال محتملہ 30 جون 2022ء مقرر کر دیا گیا ہے۔ **Ernst & Young Ford Rhodes** چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے آڈیٹرز کے طور پر کام کرنے کے لیے اپنی رضامندی کا اظہار کر دیا ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز 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



کاشف اے حبیب
ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
15 ستمبر 2021ء

ڈائریکٹرز رپورٹ

میں کوئی اظہار نہیں کیا گیا ہے۔

j. 30 جون 2021ء کو کمپنی کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر عمل پیرا ہے۔

k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔

ا. بورڈ آف ڈائریکٹرز میٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختتمہ 30 جون 2021ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

۱۔ آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	9	9	9	۲۔ مرزا محمد قمر بیگ (چیرمین)
-	9	9	9	۳۔ جناب نسیم بیگ
-	9	9	9	۴۔ جناب احمد جہانگیر
-	9	9	9	۵۔ جناب کاشف اے حبیب
-	9	9	9	۶۔ سید ساویل میکال حسین

۲۔ ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	
-	4	4	4	۱۔ جناب مرزا قمر بیگ (چیرمین)
-	4	4	4	۳۔ جناب احمد جہانگیر
-	4	4	4	۴۔ جناب نسیم بیگ
1	3	4	4	۵۔ محترمہ ماوراء عادل خان
-	4	4	4	۶۔ سید ساویل میکال حسین
-	4	4	4	۷۔ جناب محمد ثاقب سلیم (سی ای او)

m. دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکریٹری، اور چیف انٹرنل آڈیٹر اور ان

کی اہلیہ/شوہر اور نابالغ بچوں نے فنڈ کے نوٹس میں تجارت کی۔

ڈائریکٹرز رپورٹ

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

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میونریشن

منجمنٹ کوڈ آف کارپوریٹ گورننس میں متعین کردہ بہترین روایات کی دفعات، خصوصاً نان ایگزیکٹو ڈائریکٹرز کی خود مختاری کے حوالے سے، کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز، جن میں بورڈ آف ڈائریکٹرز اور منجمنٹ کے کردار اور ذمہ داریوں کو واضح کیا گیا ہے، کے مطابق کاروبار کرنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے پالمرسٹ مطلع کیا جاتا ہے کہ:

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

b. کمپنی کی درست بکس آف اکاؤنٹس بنائی گئی ہیں؛

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

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹیلیٹرز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

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

g. کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الادائیکس، قانونی چارہ جزی اور ڈیویڈنڈ (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

i. پراویڈنٹ/گریجویٹٹی اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن منجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ

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 آ سکتی ہے۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو وڈ کی 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 پریمیم 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 محرک 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 فرنٹیر 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 بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم 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۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لیے پُر عزم ہے۔ چار (4) نان ایگزیکٹو ڈائریکٹرز، تین (3) خود مختار ڈائریکٹرز اور ایک (1) ایگزیکٹو ڈائریکٹر پر مشتمل بورڈ، مینجمنٹ کمپنی کی گورنگ باڈی کی حیثیت سے یونٹ حاملین کو عمدہ کارپوریٹ گورننس کے لیے جوابدہ ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں۔ تفصیلات درج ذیل ہیں:

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 سینٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی لچک 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 سینٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای این ڈی) 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

دوران مدت فنڈ نے 29.92 فیصد منافع حاصل کیا، جبکہ مقررہ معیار کا منافع 39.32 فیصد تھا۔ اختتام مدت پر ایکویٹی میں مجموعی شمولیت 94.7 فیصد تھی جبکہ 30 جون 2021ء کو 88.8 فیصد تھا۔ دوران مدت فنڈ کی زیادہ تر شمولیت تیل اور گیس کی دریافت کی کمپنیوں، سینٹ کے شعبے اور بجلی کی پیداوار اور تقسیم کے شعبے میں تھی۔

30 جون 2021ء کو فنڈ کے net اثاثہ جات 3,410 ملین روپے تھے جو 30 جون 2020ء کی سطح 2,656 ملین روپے کے مقابلے میں 28.39 فیصد اضافہ ہے۔

30 جون 2021ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 11.29 روپے تھی جو 30 جون 2020ء کو ابتدائی این اے وی 8.69 روپے فی یونٹ کے مقابلے میں 2.60 روپے فی یونٹ اضافہ ہے۔

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 شراکتی 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 پراویژن 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 پراویژن کی تقلیب کردی ہے۔ چنانچہ آئندہ فنڈ میں SWWF کے لیے کوئی پراویژن نہیں کیا جائے گا۔ پراویژن 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 11.1 ملاحظہ فرمائیے۔

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 کو وڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سینٹ 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

بورڈ آف ڈائریکٹرز کی جانب سے الحمد للہ اسلامک اسٹاک فنڈ (سابقہ: ایم سی بی پاکستان اسلامک اسٹاک فنڈ) کے گوشواروں مبحثہ 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 پھوس والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں چمک 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 دھکتی 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 صارفین کی 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 FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2021

Fund Type and Category

Alhamra Islamic Stock Fund is an Open-End Shariah Compliant Equity Scheme.

Fund Benchmark

The benchmark for ALHISF is KMI-30 Index.

Investment Objective

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

Investment Strategy

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

Manager's Review

During the period, ALHISF delivered a return of 29.92% as compared to benchmark return of 39.32%. Overall equity exposure of the fund stood at 94.7% at the end of the period as compared to 88.8% at June 30, 2020. At the period end, the fund was 94.7% invested in equities, with major exposure in Cements, Oil exploration and Marketing sector.

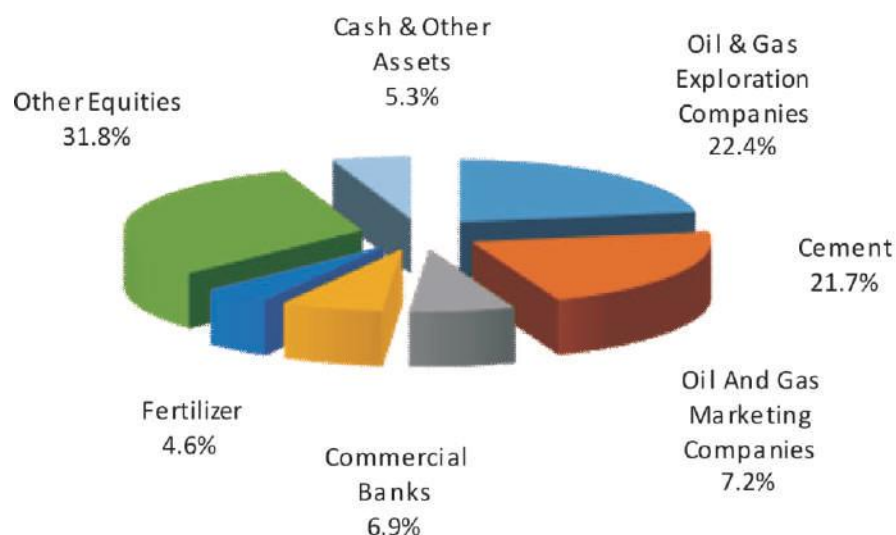
The Net Assets of the Fund as at June 30, 2021 stood at Rs. 3,380 million as compared to Rs. 2,656 million as at June 30, 2020 registering a decrease of 27.3%. The Net Asset Value (NAV) per unit as at June 30, 2021 was Rs. 11.29 as compared to opening NAV of Rs. 8.69 per unit as at June 30, 2020 registering an increase of Rs. 2.60 per unit.

Asset Allocation as on June 30, 2021 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-21
Stock / Equities	94.75%
Cash	3.57%
Others including receivables	1.68%

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

Sector Allocation (%age of Total Asset)



Awais Abdul Sattar, CFA
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Stock Fund (the Fund) are of the opinion that MCB-Arif Habib Savings and Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2021 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 10, 2021



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Alhamra Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Alhmara Islamic Stock Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2021, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund, cash flow statement for the year then ended, and notes to the financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



KPMG Taseer Hadi & Co.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><i>Investments – Valuation of investments</i></p> <p>Refer note 3.1 and 5 to the financial statements for accounting policies and details of investments.</p> <p>As at 30 June 2021, the Fund had investments in equity securities classified as "Fair value through profit or loss" amounting to Rs. 3,343 million representing 98% of net assets value of the Fund.</p> <p>The Fund's primary activity is inter alia, to invest in shariah compliant equity securities which is the main driver of the Fund's performance.</p> <p>We identified valuation of investments as a key audit matter because of its significance in relation to the net asset value of the Fund.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of and testing the design and operating effectiveness of the key controls for the valuation of investments;• independently tested valuations using the price quoted on Pakistan Stock Exchange (PSX) for equity shares as on 30 June 2021; and• independently matched securities held by the Fund as it on 30 June 2021 with the securities appearing in the Central Deposit Company account statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021 but does not include the financial statements and our auditors' report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



KPMG Taseer Hadi & Co.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

The Board of Directors are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



KPMG Taseer Hadi & Co.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2020, were audited by another firm of auditors, who expressed an unmodified opinion on those statements on 17 September 2020.

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

Date: 22 September 2021

Karachi

A handwritten signature in blue ink, appearing to read 'KPMG Taseer Hadi & Co.'.

**KPMG Taseer Hadi & Co.
Chartered Accountants**

REPORT OF THE SHARIAH ADVISORY BOARD

Karachi: September 10, 2021

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Islamic Stock Fund (the Fund), are issuing this report in accordance with the Offering document of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

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

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

- We have reviewed and approved the modes of investment of ALHISF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHISF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHISF for the period from July 01, 2020 to June 30, 2021 have been in compliance with Shariah principles.

During the year an amount of Rupees 4,775,436.23 was transferred to charity account. The total amount of charity payable as at 30 June 2021 amounts to Rs. 4,775,436.23.

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



Dr Muhammad Zubair Usmani
(Shariah Advisor)



Dr Ejaz Ahmed Samadani
(Shariah Advisor)

For and on behalf of Shariah Advisory Board

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2021

		30 June 2021	30 June 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	126,051	298,097
Investments	5	3,343,373	2,438,432
Dividend, markup and other receivables	6	4,978	6,618
Receivable against sale of investments		51,122	601
Advance and deposits	7	3,227	3,227
Total assets		3,528,751	2,746,975
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	17,960	13,305
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	416	333
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	691	530
Dividend payable		12,236	12,236
Payable against purchase of investments		43,497	42,998
Accrued expenses and other liabilities	11	43,771	21,300
Total liabilities		118,571	90,702
NET ASSETS		3,410,180	2,656,273
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,410,180	2,656,273
CONTINGENCIES AND COMMITMENTS			
	12		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		301,982,760	305,676,886
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		11.29	8.69

The annexed notes from 1 to 22 form an integral part of these financial statements.

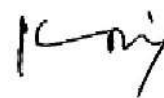
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

		30 June 2021	30 June 2020
	Note	----- (Rupees in '000) -----	
INCOME			
Gain on sale of investments		627,290	87,780
Dividend income		132,982	109,125
Markup on bank deposits		7,194	28,618
Net Unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss'	5.2	241,366	(69,654)
Total Income		1,008,832	155,869
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	69,051	52,965
Sindh Sales Tax on remuneration of Management Company		8,977	6,886
Allocated expenses	8.2	3,453	2,648
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,445	3,649
Sindh Sales Tax on remuneration of Trustee		578	474
Annual fee of Securities and Exchange Commission of Pakistan	10.1	691	530
Selling and marketing expenses	8.3	44,882	28,789
Auditors' remuneration	13	422	506
Brokerage, settlement and bank charges		21,781	13,651
Provision against Sindh Workers' Welfare Fund	11.1	16,976	839
Fees and subscription		39	40
Legal and professional charges		137	76
Shariah advisory fee		744	900
Printing and related costs		42	42
Donation / charity	11.3	4,775	2,780
Total expenses		176,993	114,775
Net income for the year before taxation		831,839	41,094
Taxation	15	-	-
Net income for the year		831,839	41,094
Allocation of net income for the year:			
Net Income for the year		831,839	41,094
Income already paid on units redeemed		(282,238)	(112)
		549,601	40,982
Accounting income available for distribution:			
- Relating to capital gains		549,601	18,010
- Relating to other than capital gains		-	22,972
		549,601	40,982
Earnings per unit			

16

The annexed notes from 1 to 22 form an integral part of these financial statements.

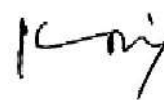
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	30 June 2021	30 June 2020
	----- (Rupees in '000) -----	
Net income for the year	831,839	41,094
Other comprehensive income	-	-
Total comprehensive income for the year	<u>831,839</u>	<u>41,094</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

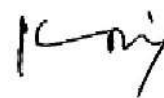
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	For year ended 30 June					
	2021			2020		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	3,181,435	(525,162)	2,656,273	3,310,085	(531,376)	2,778,709
Issue of 590,348,873 units (2020: 436,174,939 units):						
- Capital value	5,130,132	-	5,130,132	3,751,104	-	3,751,104
- Element of income	1,082,671	-	1,082,671	195,900	-	195,900
Total proceeds on Issuance of units	6,212,803	-	6,212,803	3,947,004	-	3,947,004
Redemption of 594,042,998 units (2020: 453,433,536 units):						
- Capital value	(5,162,234)	-	(5,162,234)	(3,899,528)	-	(3,899,528)
- Element of loss	(846,263)	(282,238)	(1,128,501)	(175,612)	(112)	(175,724)
Total payments on redemption of units	(6,008,497)	(282,238)	(6,290,735)	(4,075,140)	(112)	(4,075,252)
Total comprehensive income for the year	-	831,839	831,839	-	41,094	41,094
Final distributions for the year ended June 30, 2021 Nil (2020 at the rate of Rs. 0.1168 per unit (Declared on July 3, 2020) (including additional units)	-	-	-	(514)	(34,768)	(35,282)
Net income for the year less distribution	-	831,839	831,839	(514)	6,326	5,812
Net assets as at the end of the year	3,385,741	24,439	3,410,180	3,181,435	(525,162)	2,656,273
Undistributed (loss) / income brought forward						
- Realized (loss) at the beginning of the year		(455,508)			(18,568)	
- Unrealized loss at the beginning of the year		(69,654)			(512,808)	
		(525,162)			(531,376)	
Accounting income available for distribution						
- Relating to capital gains	549,601			18,010		
- Relating to other than capital gains	-			22,972		
	549,601			40,982		
Distributions during the year	-			(34,768)		
Undistributed income / (loss) carried forward	24,439			(525,162)		
Undistributed income carried forward						
- Relating to capital gains	(216,927)			(455,508)		
- Relating to other than capital gains	241,366			(69,654)		
	24,439			(525,162)		
	(Rupees)			(Rupees)		
Net assets value per unit as at beginning of the year	8.69			8.60		
Net assets value per unit as at end of the year	11.29			8.69		

The annexed notes from 1 to 22 form an integral part of these financial statements.

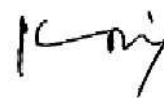
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	30 June 2021	30 June 2020
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the year before taxation	831,839	41,094
Adjustments for:		
Net Unrealised (appreciation) / diminution on re-measurement of investments classified as 'at fair value through profit or loss'	(241,366)	69,654
Dividend income	(132,982)	(109,125)
Gain on sale of investments	(627,290)	(87,780)
	(169,799)	(86,157)
(Increase) / decrease in assets		
Investments	(36,285)	(45,793)
Dividend, markup and other receivables	(70)	(614)
Receivable against sale of investments	(50,521)	29,418
	(86,876)	(16,989)
Increase / (decrease) in liabilities		
Payable to the Management Company	4,655	4,866
Payable to the Trustee	83	(21)
Payable to SECP	161	(2,411)
Payable against the redemption of units	499	42,998
Accrued expenses and other liabilities	22,471	1,386
	27,869	46,818
	(228,806)	(56,328)
Dividend received	134,692	121,330
Net cash flows from operating activities	(94,114)	65,002
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from the issuance of units	6,212,803	3,946,490
Payments on the redemption of units	(6,290,735)	(4,075,252)
Distributions made during the year	-	(34,768)
Net cash flows from financing activities	(77,932)	(163,530)
Net decrease in cash and cash equivalents during the year	(172,046)	(98,528)
Cash and cash equivalent at beginning of the year	298,097	396,625
Cash and cash equivalent at end of the year	126,051	298,097

The annexed notes from 1 to 22 form an integral part of these financial statements.

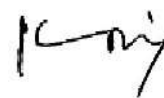
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

Alhamra Islamic Stock Fund ("the Fund") was established under a Trust Deed executed between Arif Habib Investments Limited (AHIL) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee on 26 May 2004. Pursuant to the merger of MCB Asset Management Company Limited with and into Arif Habib Investments Limited (AHIL), the name of AHIL has been changed to MCB-Arif Habib Savings and Investments Limited.

Being an Islamic Fund, all the activities of the Fund are undertaken in accordance with the Islamic Shariah rules and principles. The Management Company has appointed a Shariah Supervisory Council whose advice is followed to ensure that activities of the Fund are in compliance with Shariah.

Formation of the Fund as a closed-end fund was authorized by SECP on 13 May 2004, however with effect from 11 November 2010 the Fund was converted into open-end fund.

The Management Company of the Fund obtained the requisite license from the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management services under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.

The Fund is categorised as "Shariah Compliant Islamic Equity Scheme" and is listed on the Pakistan Stock Exchange Limited. The Fund primarily invests in listed equity securities. It also invests in cash instruments and treasury bills not exceeding 90 days maturity.

Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' dated 6 October 2020 to the Management Company.

The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act "Sindh Act 202 0" 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's Trust Deed to Registrar acting under Sindh Act 2020 for registration.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after 1 July 2020 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore are not detailed in these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform - Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rule around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) - the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications
- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.
- Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
 - any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
 - there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Fund's financial statements.
- The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January with earlier application permitted.

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

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.
- The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Fund develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Fund applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

Above amendments are not likely to have any material effect on the Fund financial statements.

2.4 Critical accounting estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Fund's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the subsequent year relates to;

- Classification of financial assets (note 3.1.1)
- Valuation and Impairment of financial assets (note 3.1.5 and 5)
- Provisions (note 3.3)
- Element of income (note 3.7)
- Taxation (note 3.4)

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

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the fund's functional and presentation currency. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

3.1.1 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost FVOCI or FVTPL.

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as markup margin.

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

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents and debt securities. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity securities. These financial assets are managed and their performances is evaluated, on a fair value basis, with frequent sales taking place.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.1.3 Initial recognition and measurement

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

3.1.4 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any markup or dividend income, are recognised in income statement.

Financial assets at amortized cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Markup income, foreign exchange gains and losses and impairment are recognised in income statement.

The fair value of financial assets are determined as follows:

a) Basis of valuation of equity securities

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

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

3.1.5 Impairment of financial assets

Financial assets at amortised cost

The Fund assesses at each reporting date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model.

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. However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated 21 November 2017 have deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and have instructed to continue to follow the requirements of Circular No. 33 of 2012 dated 24 October 2012.

The provisioning policy has been duly formulated and approved by the Board of Directors of the Management Company. Provision against non-performing debt securities is made in accordance with the provisioning criteria for non-performing debt securities specified by the SECP. As allowed by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in Circular No. 33 of 2012 dated 24 October 2012, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

3.1.6 Derecognition

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

3.1.7 Offsetting of financial assets and financial liabilities

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

3.1.8 Cash and cash equivalents

Cash and cash equivalents comprise of deposits and current accounts maintained with banks. Cash equivalents are short term highly liquid investments that 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.

3.1.9 Trade date accounting

All regular way purchases and sales of investments are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Fund. Regular way purchases or sales of investment require delivery of securities within two days after transaction date as required by stock exchange regulations.

3.2 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognized at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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

3.3 Provisions

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.4 Taxation

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

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of taxation in these financial statements as the Fund distributes more than ninety percent of its accounting income for the current year and intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders' every year.

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

3.5 Dividend distribution and appropriations

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared. Based on MUFAP's guidelines (duly consented upon by SECP) distributions for the year is deemed to comprise of the portion of amount of income already paid on units redeemed and the amount of cash distribution for the year.

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted for the effect of refund of capital if any based on the period of investment made during the year. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received, by the distributors / Management Company during business hours, as of the close of the previous day on which the applications were received. The offer price represents the net assets value per unit as of the close of previous day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable.

Units redeemed are recorded at the redemption price, applicable to units as of the close of the previous day. The redemption price represents the net assets value per unit as of the close of the previous day on which the applications were received less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.7 Element of income / loss and capital gains / losses in prices of units sold less those in units redeemed

Element of Income represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net asset Value (NAV) at the beginning of the relevant accounting period.

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on

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

accounting date, net element of income contributed on the issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per the guidelines provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price.

MUFAP, in consultation with the SECP, has specified methodology for determination of income paid on units redeemed (income already paid) during the year under which such income is paid on gross element received and is calculated from the latest date at which the Fund achieved net profitability during the year. The income already paid (Element of Income) on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

3.8 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.9 Revenue recognition

- Realised gains / (losses) arising on sale of investments are included in the Income Statement on the date at which transactions take place.
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the income statement in the period in which they arise.
- Markup on bank balances are recognised on a time proportionate basis at effective interest rates.
- Dividend income is recognised on an accrual basis.

3.10 Expenses

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

3.11 Other assets

Other assets are stated at cost less impairment losses, if any.

3.12 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.

		30 June 2021	30 June 2020
4	BANK BALANCES	----- (Rupees in '000) -----	
	Profit and loss sharing accounts	4.1 107,905	282,430
	Current accounts	4.2 18,146	15,667
		<u>126,051</u>	<u>298,097</u>

4.1 These carry markup at rates ranging between 5.85% to 6.85% (2020: 6.75% to 7.5%) per annum and include bank balance of Rs. 0.010 (30 June 2020: Rs. 0.035) million maintained with MCB Islamic Bank Limited (a related party). Above balances are held with the Islamic banks / Islamic windows operations of the conventional banks.

4.2 These include Rs. 4.428 (30 June 2020: Rs. 8.357) million held with MCB Bank Limited (a related party).

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

Name of the Investee Company	Number of shares				Balance as at 30 June 2021			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at 01 July 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at 30 June, 2021	Carrying value (before revaluation)	Market Value	Unrealised appreciation / (diminution)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----										
Textile composite										
Interloop Limited	863,172	1,579,000	-	1,542,000	900,172	53,564	63,039	9,475	1.85	1.89
Kohinoor Textile Mills Limited	747,300	-	-	297,000	450,300	15,990	33,862	17,872	0.99	1.01
Nishat Mills Limited ***	-	1,525,000	-	1,525,000	-	-	-	-	-	-
						69,554	96,901	27,347		
Leather and Tanneries										
Service Global Footwear Limited	-	139,929	-	139,929	-	-	-	-	-	-
Refinery										
Attock Refinery Limited	-	309,500	-	179,500	130,000	32,324	33,339	1,015	0.98	1.00
National Refinery Limited	80,000	100,000	-	180,000	-	-	-	-	-	-
Pakistan Refinery Limited	-	1,100,000	-	1,100,000	-	-	-	-	-	-
						32,324	33,339	1,015		
Transport										
Pakistan International Bulk Terminal Limited	-	2,850,000	-	-	2,850,000	31,415	32,433	1,018	0.95	0.97
						31,415	32,433	1,018		
Glass and Ceramics										
Shabbir Tiles and Ceramics Limited	-	328,000	-	-	328,000	10,360	10,939	579	0.32	0.33
						10,360	10,939	579		
Fertilizer										
Engro Fertilizers Limited	762,000	-	-	762,000	-	-	-	-	-	-
Engro Corporation Limited	783,785	735,407	-	1,059,192	460,000	138,007	135,521	(2,486)	3.97	4.05
Falima Fertilizer Company Limited ***	1,060,500	-	-	1,060,500	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	4,000,000	-	3,000,000	1,000,000	25,903	26,410	507	0.77	0.79
						163,910	161,931	(1,979)		
Cement										
Cherat Cement Company Limited	-	650,000	-	650,000	-	-	-	-	-	-
D.G. Khan Cement Company Limited ***	-	2,599,616	-	2,026,000	573,616	71,694	67,641	(4,053)	1.98	2.02
Fauji Cement Company Limited	4,980,000	5,630,000	-	8,450,000	2,160,000	47,205	49,680	2,475	1.46	1.49
Kohat Cement Limited	307,550	598,400	-	237,700	668,250	129,623	137,986	8,363	4.05	4.13
Lucky Cement Limited	549,771	371,300	-	546,071	375,000	223,061	323,790	100,729	9.50	9.69
Maple Leaf Cement Factory Limited	1,501,500	7,213,462	-	4,714,962	4,000,000	173,947	187,920	13,973	5.51	5.62
Power Cement	-	6,300,000	-	6,300,000	-	-	-	-	-	-
						645,530	767,017	121,487		

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

Name of the Investee Company	Number of shares				Balance as at 30 June 2021			Market value		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
	As at 01 July 2020	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at 30 June, 2021	Carrying value (before revaluation)	Market Value	As a percentage of net assets	As a percentage of total investments	
										%
										(Rupees in '000)
Chemical										
Archroma Pakistan Limited	39,650	41,500	-	81,150	-	-	-	-	-	-
Engro Polymer & Chemicals Limited	3,758,114	2,480,000	-	5,163,114	1,075,000	48,482	50,783	1.49	1.52	0.12
ICI Pakistan Limited	-	86,600	-	86,600	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	2,200,000	-	2,200,000	-	-	-	-	-	-
						48,482	50,783			
Paper and board										
Century Paper & Board Mills Limited	-	325,000	65,000	390,000	-	-	-	-	-	-
Packages Limited	-	299,250	-	169,000	130,250	61,641	71,012	2.08	2.12	0.15
Security Paper Limited	30,900	148,700	-	179,600	-	-	-	-	-	-
						61,641	71,012			
Food and personal care products										
Al-Shaheer Corporation	-	1,200,000	-	350,000	850,000	15,916	16,941	0.50	0.51	0.28
National Foods Limited **	132,880	-	15,070	147,950	-	-	-	-	-	-
At-Thaur Limited	-	239,500	23,950	263,450	-	-	-	-	-	-
The Organic Meat Company Limited	-	755,000	-	-	755,000	26,844	27,739	0.81	0.83	0.68
Unity Foods Limited	-	5,790,000	-	5,790,000	-	-	-	-	-	-
						42,760	44,680			
Sugar and allied industries										
Faran Sugar Mills Limited	101,500	-	-	101,500	-	-	-	-	-	-
Technology and telecommunication										
Avanceon Limited	-	2,458,000	-	2,458,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	2,095,000	1,300,000	-	3,395,000	-	-	-	-	-	-
Systems Limited	39,400	130,000	-	54,400	115,000	56,551	64,425	1.89	1.93	0.08
Trg Pakistan	-	300,000	-	100,000	200,000	33,576	33,266	0.98	1.00	0.04
						90,127	97,691			
Power generation and distribution										
Hub Power Company Limited ***	3,161,317	1,913,128	-	3,467,252	1,607,193	122,328	128,045	3.76	3.83	0.12
K-Electric Limited *	6,400,000	6,250,000	-	5,650,000	7,000,000	24,944	29,260	0.86	0.88	0.03
Lalpir Power Limited	3,950,000	-	-	3,950,000	-	-	-	-	-	-
						147,272	157,305			
Commercial banks										
Meezan Bank Limited	1,414,358	2,613,230	106,435	2,034,023	2,100,000	201,891	242,361	7.11	7.25	0.15
						201,891	242,361			
Automobile assemblers										
Honda Atlas Cars (Pakistan) Limited	-	130,000	-	5,000	125,000	44,966	43,223	1.27	1.29	0.09
Indus Motors Company Limited	-	47,000	-	47,000	-	-	-	-	-	-
Millat tractors Limited	55,500	30,000	3,820	59,320	30,000	32,761	32,388	0.95	0.97	0.05
Pak Suzuki Motors Company Limited	-	434,200	-	278,200	156,000	55,196	55,449	1.63	1.66	0.19
						132,923	131,060			

411 ALHAMRA ISLAMIC STOCK FUND

* These have a face value of Rs.3.5 per share
 ** These have a face value of Rs.5 per share
 *** These denote related parties / connected persons
 **** Following shares were pledged with National Clearing Corporation Ltd.

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

	Note	30 June 2021	30 June 2020
		----- (Rupees in '000) -----	
5.2 Unrealised appreciation / (diminution) on re-measurement of investments 'at fair value through profit or loss' - net			
Market value	5.1	3,343,373	2,438,432
Carrying value	5.1	(3,102,007)	(2,508,086)
		<u>241,366</u>	<u>(69,654)</u>

6 DIVIDEND, MARKUP AND OTHER RECEIVABLES

Dividend receivable		411	2,121
Markup receivable on bank balances	6.1	383	1,888
Other receivables	6.2	4,184	2,609
		<u>4,978</u>	<u>6,618</u>

6.1 This includes a balance of Rs. Nil (30 June 2020: 0.06 million) receivable on a balance held with MCB Islamic Bank Limited (a related party).

6.2 This includes amount Rs. 4.047 (30 June 2020: 2.576) million received by the trustee against the issuance of units and was received by the Fund subsequent to the year end.

	Note	30 June 2021	30 June 2020
		----- (Rupees in '000) -----	
7 ADVANCE AND DEPOSITS			
Security deposit with National Clearing Company of Pakistan Limited	7.1	2,500	2,500
Security deposit with the Central Depository Company of Pakistan Limited	7.2	300	300
Advance tax	7.3	427	427
		<u>3,227</u>	<u>3,227</u>

7.1 This represents deposit with NCCPL in respect of trading of listed securities.

7.2 This represents deposit with CDC on account of initial deposit for opening of investor account for electronic transfer of book-entry securities.

7.3 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. The tax withheld on markup on bank deposits and dividends amounts to Rs. 0.285 million and Rs. 0.142 million respectively.

The amount of withholding tax deducted on markup on bank deposits and dividend income has been shown as advance tax as at 30 June 2021, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	30 June 2021	30 June 2020
		----- (Rupees in '000) -----	
8 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	5,715	4,261
Sindh Sales Tax payable on management remuneration		743	554
Payable against allocated expenses	8.2	286	213
Payable against marketing and selling expenses	8.3	11,074	8,148
Sales load payable		82	54
Shariah advisory fee payable		60	75
		<u>17,960</u>	<u>13,305</u>

8.1 The Management Company has charged remuneration at the rate of 2% of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

8.2 Under clause 60(s) of the NBFC Regulations, 2008 the Management Company is allowed to charge "fees and expenses relating to registrar services, accounting, operation and valuation services related to the CIS up to the actual expenses.

8.3 SECP vide its Circular 40/2016 dated 30 December 2016, prescribed certain conditions for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from 01 January 2017 till 31 December 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. The said condition was amended through Circular No. 11 of 2019 dated 5 June 2019, according to which the Management Company may charge selling and marketing expenses to all types of open end mutual funds except for Fund of Funds against the cost pertaining to opening and maintenance of all branches in all cities subject to not being higher than actual expenses. Above expenses represents the selling and marketing expenses charged to the Fund.

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

		30 June 2021	30 June 2020
	Note	----- (Rupees in '000) -----	
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	368	295
Sales tax on remuneration payable		48	38
		<u>416</u>	<u>333</u>

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

Average net assets value	Tariff per annum
Up to Rs.1 billion	0.20% per annum of net assets
Over Rs.1 billion	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

		30 June 2021	30 June 2020
	Note	----- (Rupees in '000) -----	
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)			
Annual fee payable to the SECP	10.1	691	530

- 10.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from 1 July 2019, the SECP vide SRO No. 685(I)/2019 dated 28 June 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets for the year. Previously the rate was 0.095% of average net assets in accordance with the regulation 62 of the NBFC Regulation 2008.

		30 June 2021	30 June 2020
	Note	----- (Rupees in '000) -----	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	27,763	10,787
Provision for Federal Excise Duty and related tax on:			
- Management fee	11.2	5,689	5,689
- Sales load		125	125
Auditors' remuneration		313	381
Brokerage payable		2,495	1,138
Withholding tax payable		2,263	281
Charity / donation payable	11.3	4,775	2,780
Others		348	119
		<u>43,771</u>	<u>21,300</u>

11.1 Provision for Sindh Workers' Welfare Fund (SWWF)

Provision for Sindh Workers' Welfare Fund (SWWF) is being made on a daily basis pursuant to MUFAP's recommendation to all its members on 12 January 2017, against the backdrop of the Sindh Revenue Board (SRB) letter to certain mutual funds in January 2016 whereby SRB directed the Mutual funds to Register and pay SWWF for the accounting year closing on or after 31 December 2013. This is on the premise that mutual funds are included in definition of financial institutions in the Financial Institutions (Recovery of Finance) Ordinance, 2001 hence SWWF is payable by them. Though MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF but as a matter of abundant caution the Management Company had recorded SWWF with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015).

Subsequent to the year ended 30 June 2021, SRB, through its letter dated 12 August 2021 received by MUFAP on 13 August 2021, 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 13 August 2021 and was also taken up with the SECP by the Asset Management Companies. In the light of the clarification issued by SECP, the MUFAP recommended to its members that effective from 13 August 2021, SWWF recognised earlier should be reversed. Accordingly, going forward, no provision for SWWF would be recognised in the financial statements of the Funds.

The total provision for SWWF till 30 June 2021 is Rs. 27.8 million. Had the provision not being made, the net asset value per unit as at 30 June 2021 would have been higher by Rs.0.09 (30 June 2020 Re.0.04) per unit.

11.2 Federal Excise Duty on remuneration to the Management Company

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

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

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and FED on sales load with effect from 01 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 5.814 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at 30 June 2021 would have been higher by Rs. 0.02 (30 June 2020: Rs.0.02) per unit.

11.3 CHARITY AND DONATION

This represents the haram income allocated out of the dividend income for charity and donation.

12 CONTINGENCIES AND COMMITMENTS

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

13 AUDITORS' REMUNERATION

	30 June 2021	30 June 2020
	----- (Rupees in '000) -----	
Annual audit fee	225	225
Half yearly review fee	105	105
Other certification and services	30	50
	<u>360</u>	<u>380</u>
Sales tax	29	30
Out of pocket expenses	33	96
	<u>422</u>	<u>506</u>

14 TOTAL EXPENSE RATIO

SECP, vide SRO no. 639 (I)/2019 dated 20 June 2019 enhanced the Total Expense Ratio (TER) from 4% to 4.5%. TER of the Fund as at 30 June 2021 is 4.34% (30 June 2020: 4.33%) which excludes 0.79% (30 June 2020: 0.33%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, annual fee to SECP etc.

15 TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management has distributed at least 90% of income earned during current year as reduced by capital gains, whether realised or unrealised, to its unit holders therefore, no provision for taxation has been recorded in these financial statements.

16 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the year has not been disclosed as in the opinion of the Management Company the determination of the same is not practicable.

17 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund. Allocation of cost by the Management Company is in accordance with the provisions of the NBFC regulations. Other transactions with connected persons / related parties are carried at contracted rates.

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

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

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

Group / associated companies / undertakings:	Units					(Rupees in '000)				
	As at 01 July 2020	Issued for cash	Redeemed	As at 30 June 2021	As at 01 July 2020	Issued for cash	Redeemed	As at 30 June 2021	As at 01 July 2020	Issued for cash
MCB-Arif Habib Savings And Investments Limited	-	2,164,502	-	2,164,502	-	25,000	-	24,437	-	-
Nishat Mills Limited	1,121,411	-	-	1,121,411	9,745	-	-	12,661	-	-
D.G. Khan Cement Company Limited - Employees Provident Fund	462,336	-	-	462,336	4,018	-	-	5,220	-	-
Adamjee Life Assurance Company Limited - Non-Utilised Investment Linked Fund	8,941,197	1,862,265	-	10,803,462	77,699	19,000	-	121,971	-	-
Adamjee Life Assurance Company Limited - IMF	94,010,563	5,281,609	-	99,292,172	816,952	55,000	-	1,121,009	-	-
Adamjee Life Assurance Company Limited - Amanat Fund	22,726,705	1,440,207	6,873,822	17,293,090	197,495	14,500	70,800	195,239	-	-
Adamjee Life Assurance Company Limited - MAZAAF	27,585,782	3,115,882	639,854	30,061,810	239,720	32,700	7,000	339,398	-	-
Asghari Beg Memorial Trust	428,414	-	40,649	387,765	3,723	-	450	4,378	-	-
Alhamra Islamic Active Allocation Plan I	-	3,075,397	3,075,397	-	-	31,000	33,153	-	-	-
Alhamra Islamic Active Allocation Plan II	-	4,028,447	4,028,447	-	-	41,000	45,078	-	-	-
Alhamra Smart Portfolio	-	2,681,101	-	2,681,101	-	30,707	-	30,270	-	-
Key management personnel	3,038,499	20,639,118	21,842,809	1,834,808	26,405	216,589	231,076	20,715		
Mandate under discretionary portfolio services	16,348,080	12,354,895	10,616,710	18,086,265	142,065	132,484	110,222	204,194		

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

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

30 June 30 June
2021 2020
----- (Rupees in '000) -----

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

MCB Arif Habib Savings and Investment Limited - Management Company

Remuneration including indirect taxes	78,028	59,851
Allocated expenses	3,453	2,648
Shariah advisory fee	744	900
Selling and marketing expenses	44,882	28,789

Central Depository Company of Pakistan Limited - Trustee

Remuneration including indirect taxes	5,023	4,123
Central Depository Service (CDS) settlement charges	540	280

Arif Habib Limited - Subsidiary of Associated Company of the Management Company

Brokerage expense *	1,061	1,145
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MCB Bank Limited - Parent of the Management Company

Bank charges	95	32
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MCB Islamic Bank Limited - Subsidiary of Parent of Management Company

Markup on bank deposits	347	427
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Nishat Mills Limited - Group Company of Parent Company of the Management Company

Purchase of 1,525,000 shares (2020: 500,000 shares)	156,480	53,223
Sales of 1,525,000 shares (2020: 503,500 shares)	159,552	55,917
Dividend income	2,541	-

Fatima Fertilizer Company Limited - Group Company of Associated Company of the Holding Company

Purchase of Nil shares (2020: Nil shares)	-	-
Sales of 1,060,500 shares (2020: 1,055,500 shares)	29,694	27,860
Dividend Income	-	2,121

D.G. Khan Cement Company Limited - Group Company of Parent Company of the Management Company

Purchase of 2,599,616 shares (2020: 1,465,000 shares)	295,962	109,654
Sales of 2,026,000 shares (2020: 1,465,000 shares)	228,361	112,194

Lalpur Power Limited - Common Directorship of the Management Company

Purchase of Nil shares (2020: 4,000,000 shares)	-	54,600
Sales of 3,950,000 shares (2020: 50,000 shares)	48,082	576

Power Cement Limited - Subsidiary of Associated Company of the Management Company

Purchase of 6,300,000 shares (2020: Nil shares)	68,627	-
Sales of 6,300,000 shares (2020: Nil shares)	58,546	-

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

	30 June 2021	30 June 2020
	----- (Rupees in '000) -----	
17.3 Balances outstanding at year end:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	5,715	4,261
Sindh Sales Tax payable on management remuneration	743	554
Payable against allocated expenses	286	213
Sales load payable	82	54
Shariah advisory fee payable	60	75
Payable against marketing and selling expenses	11,074	8,148
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including indirect taxes	416	333
Security deposit	300	300
Arif Habib Limited - Subsidiary of Associated Company of the Management Company		
Brokerage payable *	203	191
MCB Bank Limited - Parent of the Management Company		
Balances with bank	4,428	8,357
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Balances with bank	10	63
Markup receivable	-	6
Fatima Fertilizer Company Limited - Group Company of Associated Company of the Management Company		
Purchase Nil shares (2020: 1,060,500 shares) held	-	28,347
D.G. Khan Cement Company Limited - Group Company of Parent Company of the Management Company		
Purchase 573,616 shares (2020: Nil shares) held	67,641	-
Lalpir Power Limited - Common Directorship		
Purchase Nil shares (2020: 3,950,000 shares) held	-	46,097

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

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

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Note	30 June 2021			Fair value	
	Carrying amount			Level 1	
	Fair value through profit or loss	Amortised cost	Total	Level 1	Total
(Rupees in '000) --					
Financial assets measured at fair value					
Ordinary shares - listed	3,343,373	-	3,343,373	3,343,373	3,343,373
	<u>3,343,373</u>	<u>-</u>	<u>3,343,373</u>	<u>3,343,373</u>	<u>3,343,373</u>
Financial assets not measured at fair value					
18.1					
Bank balances	-	126,051	126,051		
Dividend, markup and other receivables	-	4,978	4,978		
Receivable against sale of investments	-	51,122	51,122		
Deposits	-	2,800	2,800		
	<u>-</u>	<u>184,951</u>	<u>184,951</u>		
Financial liabilities not measured at fair value					
18.1					
Payable to the Management Company	-	17,217	17,217		
Payable to the Trustee	-	368	368		
Dividend payable	-	12,236	12,236		
Payable against purchase of investments	-	43,497	43,497		
Accrued expenses and other liabilities	-	7,931	7,931		
	<u>-</u>	<u>81,249</u>	<u>81,249</u>		
30 June 2020					
Note	Carrying amount			Fair value	
	Carrying amount			Level 1	
	Fair value through profit or loss	Amortised cost	Total	Level 1	Total
(Rupees in '000) --					
Financial assets measured at fair value					
Ordinary shares - listed	2,438,432	-	2,438,432	2,438,432	2,438,432
	<u>2,438,432</u>	<u>-</u>	<u>2,438,432</u>	<u>2,438,432</u>	<u>2,438,432</u>
Financial assets not measured at fair value					
18.1					
Balances with banks	-	298,097	298,097		
Dividend, markup and other receivables	-	6,618	6,618		
Receivable against sale of investments	-	601	601		
Deposits	-	2,800	2,800		
	<u>-</u>	<u>308,116</u>	<u>308,116</u>		
Financial liabilities not measured at fair value					
18.1					
Payable to the Management Company	-	12,751	12,751		
Payable to the Trustee	-	295	295		
Payable against purchase of investments	-	42,998	42,998		
Dividend payable	-	12,236	12,236		
Accrued expenses and other liabilities	-	4,418	4,418		
	<u>-</u>	<u>72,698</u>	<u>72,698</u>		

- 18.1 The Fund has not disclosed the fair values for these 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 value.

During the year ended 30 June 2021, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

19 FINANCIAL RISK MANAGEMENT

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

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

19.1 Market risk

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

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

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

19.1.1 Currency risk

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

19.1.2 Yield / Markup rate risk

Markup rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market markup rates. As of June 30, 2021, the Fund is exposed to such risks on bank balances that expose the Fund to markup rate risk.

a) Sensitivity analysis of variable rate instruments

As at 30 June 2021, the Fund does not hold any variable markup based investment except balances with banks in profit and loss sharing account amounting to Rs. 107.9 million (2020: Rs.282.43 million) exposing the Fund to cash flow markup rate risk. In case of 100 basis points increase / decrease as on June 30, 2021, 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. 1.079 million (30 June 2020: Rs.2.824 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2021 the Fund does not hold any fixed rate instruments, therefore, the Fund is not exposed to fair value markup rate risk.

Markup rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund's investment may change over time. None of the financial instruments are exposed to fixed interest rate (or interest rates, except for the bank balances disclosed above).

19.1.3 Price risk

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

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs. 161.150 million (2020: Rs. 121.922 million) and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

19.2 Credit risk

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

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

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

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

	30 June 2021		30 June 2020	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
(Rupees in '000)				
Balances with banks	126,051	126,051	298,097	298,097
Dividend, markup and other receivables	4,978	4,978	6,618	6,618
Receivable against sale of investment	51,122	51,122	601	601
Deposits	2,800	2,800	2,800	2,800
	184,951	184,951	308,116	308,116

The analysis below summarizes the credit rating quality of the Fund's financial assets with banks as at 30 June 2021.

Bank Balances by rating category

Rating	2021		2020	
	Rupees in '000	%	Rupees in '000	%
AAA	22,695	18.00	182,657	61.27
AA	93,795	74.41	108,871	36.52
AA+	4,979	3.95	5,034	1.69
AA-	7	0.01	-	-
A+	4,561	3.62	1,418	0.48
A-	5	-	55	0.02
A	9	0.01	62	0.02
	126,051	100	298,097	100

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

Above ratings are on the basis of available ratings assigned by PACRA and VIS Credit Rating Company Limited (Formally JCR-VIS Credit Rating Company Limited) as of 30 June 2021.

The maximum exposure to credit risk before any credit enhancement as at June 30, 2021 is the carrying amount of the financial assets. None of these assets are impaired nor past due.

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.

Details of Fund's concentration of credit risk of financial instruments by industrial distributions are as follows:

	2021		2020	
	Rupees in '000	%	Rupees in '000	%
Commercial banks (including profit due)	126,434	68.4%	299,985	97.4%
National Clearing Company of Pakistan Limited - security deposit	2,500	1.4%	2,500	0.8%
Central Depository Company of Pakistan Limited - security deposit	4,484	2.4%	2,909	0.9%
Automobile sector - Dividend receivable	411	0.2%	2,121	0.7%
National Clearing Company of Pakistan Limited - receivable against sale of investments	51,122	27.6%	601	0.2%
	184,951	100%	308,116	100%

Settlement risk

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

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

19.3 Liquidity risk

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

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

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

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

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

30 June 2021	Within 1 month	Total
	----- (Rupees in '000') -----	
Financial assets		
Bank balances	126,051	126,051
Investments	3,343,373	3,343,373
Dividend, markup and other receivables	4,978	4,978
Receivable against sale of investments	51,122	51,122
Deposits	2,800	2,800
	3,528,324	3,528,324
Financial liabilities		
Payable to the Management Company	17,217	17,217
Payable to the Trustee	368	368
Dividend payable	12,236	12,236
Payable against purchase of investments	43,497	43,497
Accrued expenses and other liabilities	7,931	7,931
	81,249	81,249
	3,447,075	3,447,075
	Within 1 month	Total
	----- (Rupees in '000') -----	
Financial assets		
Bank balances	298,097	298,097
Investments	2,438,432	2,438,432
Dividend, markup and other receivables	6,618	6,618
Receivable against sale of investments	601	601
Deposits	2,800	2,800
	2,746,548	2,746,548
Financial liabilities		
Payable to the Management Company	12,751	12,751
Payable to the Trustee	295	295
Payable against purchase of investments	42,998	42,998
Dividend payable	12,236	12,236
Accrued expenses and other liabilities	4,418	4,418
	72,698	72,698
	2,673,850	2,673,850

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

20 SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, particulars of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

20.1 UNIT HOLDERS PATTERN

	30 June 2021			
	Number of unit holders	Number of units held	Investment amount (Rupees in '000)	Percentage investment %
Individuals	3,223	80,062,858	903,910	26.51
Associated companies	9	158,571,945	1,790,277	52.50
Insurance companies	4	24,238,184	273,649	8.02
Bank / DFIs	2	310,164	3,502	0.10
NBFCs	2	335,753	3,791	0.11
Retirement funds	31	27,677,296	312,477	9.16
Others	31	10,786,560	122,574	3.59
	3,302	301,982,760	3,410,180	100

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

20.2 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Muhammad Saqib Saleem	Chief Executive Officer	FCA & FCCA	22.5
Mr. Muhammad Asim	Chief Investment Officer	MBA & CFA	17
Mr. Saad Ahmed	Head of Fixed Income	MBA	16
Mr. Syed Abid Ali	Head of Equities	MBA	13
Mr. Jawad Nadeem	Head of Islamic Equity	MBA & CFA	12
Mr. Awais Abdul Sattar	Head of Research	MBA & CFA	11
Mr. Muhammad Aitazaz Farooqui	Senior Analyst	MBA & CFA	13

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

- Alhamra Islamic Asset Allocation Fund;
- Alhamra Islamic Pension Fund; and
- Alhamra Islamic Money Market Fund

20.3 TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	30 June 2021 (Percentage)
1 Top Line Securities Pvt Ltd	7.47
2 EFG Hermes Pakistan Limited	6.31
3 Intermarket Securities Ltd	6.02
4 Arif Habib Limited	5.91
5 DJM Securities Pvt Limited	5.84
6 JS Global Capital Limited	5.70
7 Next Capital Ltd	4.80
8 Taurus Securities Limited	4.66
9 Alfalah Clsa Securities (Pvt)	4.32
10 BMA Capital Management Ltd	4.26

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

	30 June 2020 (Percentage)
1 Arif Habib Limited	10.59
2 Foundation Securities (Private) Limited	8.74
3 Alfalah CLSA Securities (Private) Limited	6.25
4 DJM Securities (Private) Limited	6.18
5 Taurus Securities Limited	5.94
6 Khadim Ali Shah Bukhari Securities (Private) Limited	5.73
7 Ismail Iqbal Securities (Private) Limited	5.07
8 EFG Hermes Pakistan Limited	4.88
9 JS Global Capital Limited	4.70
10 AKD Securities Limited	4.61

20.4 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 157th, 158th, 159th, 160th, 161st, 162nd, 163rd, 164th, 165th 166th and 167th meeting of the Board of Directors were held on July 27, 2020, August 10, 2020, August 18, 2020, October 23, 2020, November 17, 2020, December 14, 2020, February 08, 2021, April 16, 2021, May 04, 2021, June 02, 2021 and June 28, 2021 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroun Rashid	Chairman	11	11	11	-	-
Mr. Nasim Beg	Director	11	11	11	-	-
Mr. Ahmed Jahangir	Director	11	11	11	-	-
Mr. Mirza Qamar Beg	Director	11	11	11	-	-
Syed Savail Meekal Hussain	Director	11	11	11	-	-
Mr. Kashif A. Habib	Director	11	11	10	1	165
Ms. Mavra Adil Khan	Director	11	11	8	3	159, 163 & 167
Mr. Muhammad Saqib Saleem	Chief Executive Officer	11	11	11	-	-

21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

22 DATE OF AUTHORISATION FOR ISSUE

These Financial Statements were authorized for issue on August 09, 2021 by the Board of Directors of the Management Company and further amended on September 15, 2021 to incorporate the subsequent event as disclosed in note 11.1 to these financial statements.

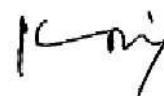
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2021**

No. of Unit Holders	Unit Holdings	Total Units Held
1376	001-10,000	214,551
1043	10,001 – 100,000	3,388,526
647	100,001 – 1,000,000	19,021,508
236	1,000,001+	279,358,175
3302		301,982,760

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2021

Performance Information	2021	2020	2019	2018	2017
Total Net Assets Value – Rs. in million	3,410.1800	2,656.273	2,778.7090	2,599.0000	2,915.0000
Net Assets value per unit – Rupees	11.2900	8.6900	8.6000	10.7800	12.2500
Closing Offer Price	11.6700	8.9800	8.8900	11.1500	12.6700
Closing Repurchase Price	11.2900	8.4000	8.6000	10.7800	12.2500
Highest offer price per unit	12.1200	11.1900	11.3500	12.7100	15.6200
Lowest offer price per unit	9.1500	6.8900	8.5900	10.2700	11.2000
Highest Redemption price per unit	11.7200	10.8200	11.1000	12.2900	15.1100
Lowest Redemption price per unit	8.8500	6.6600	8.3100	9.9300	10.8200
Distribution per unit – Rs. *	-	0.1168	-	-	1.5000
Average Annual Return - %					
One year	29.92	2.36	(20.22)	(12.00)	29.97
Two year	16.14	(8.93)	(16.11)	8.99	16.94
Three year	4.02	(9.95)	(0.75)	7.29	17.69
Net Income for the year – Rs. in million	831.8390	41.0940	(641.3180)	(410.5032)	472.5940
Distribution made during the year – Rs. in million	-	34.7680		-	193.1350
Accumulated Capital Growth – Rs. in million	831.8390	6.3260	(641.3180)	(410.5032)	279.4590

*** Date of Distribution**

2021	
Date	Rate

Nil

2020	
Date	Rate

July 03, 2020 0.1168

2019	
Date	Rate

Nil

2018	
Date	Rate

Nil

2017	
Date	Rate

June 21, 2017 1.5

Disclaimer

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

**PROXY ISSUED BY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

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

During the financial year ended June 30, 2021, the Management Company on behalf of ALHISF participated in eight (8) shareholders' meetings. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	29	29	0	0	-
(%ages)	100	100	0	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of ALHISF will be provided without any charges upon request of the Unit Holders.

MCB-Arif Habib Savings and Investments Limited

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