



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2022

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



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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 Al-Baraka Bank	
Auditors	Ernst & Young Ford Rhodes Chartered Accountants Progressive Plaza, Beaumont Road, P.O.Box 15541 Karachi, Sindh-75530, Pakistan.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Transfer Agent	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

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, 2022.

Economy and Money Market Review

Fiscal year 2022 (FY22) remained a difficult year for Pakistan as the country faced multiple challenges on macroeconomic front along with political uncertainty. While the economy weathered the Covid challenge relatively well, reopening of global economies and supply chain disruptions stimulated a spike in global commodity prices increasing pressure on trade deficit. Russia- Ukraine war pushed the commodity prices even further, exacerbating the already widening trade deficit with highest ever import bill during the year. A spike in energy and food prices coupled with a weak exchange rate led to a sharp pickup in domestic inflation. Commodity price led Inflationary trends were also visible in global economies particularly US and Eurozone and consequent tightening has raised fears of a broader recession.

Pakistan's economy was already coping with macroeconomic challenges and the political upheaval further aggravated the situation. The elevated political noise led to populist measures like fuel and power subsidies undermining the much needed fiscal adjustments. In addition, an unscheduled change of country's leadership and ensuring political uncertainty led to delay in policy actions and adjustments needed for IMF program.

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports.

Foreign exchange reserves of central bank declined by USD 7.4bn in FY22 on account of higher current account deficit and debt repayments. In addition, delay in IMF program led to slowdown in other foreign inflows which dragged the reserves to USD 9.8bn, implying an import cover of 1.7 months. These outflows coupled with widening current account deficit led PKR to weaken by 23.0% against USD since start of the fiscal year.

Inflation remained highly concerning as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 12.1% in FY22 compared to 8.9% in FY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which kept the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upwards trend with an increase of 12.3% in June 2022 compared to 6.9% in June 2021. Expectations of above 20% in the next fiscal year along with weak fiscal framework, led SBP to increase policy rate by a cumulative 625bps to 13.75% in the fiscal year to counter inflationary pressures and slowdown the overall aggregate demand. It further increased policy rate by 125 basis points to 15% in July-22.

On the fiscal side, FBR tax collection increased by 29.1% in FY22 to PKR 6,125bn compared to PKR 4,744bn during the same period last year. This exceeded the target by 25bn. The improved tax collection was primarily on the back of higher customs duty and sales tax collected due to higher imports.

Secondary markets yields have increased significantly in FY22 as SBP started the monetary tightening cycle. The depreciation in the rupee along with persistently high energy prices will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 4.5%, 3.4% and 3.0%, respectively during the period.

Equity Market Review

After posting a healthy gain of 38% in FY21, the benchmark KSE-100 Index corrected by 12.3% in FY22, losing 5,815 points to end the year at 41,541 points. The market remained volatile throughout the year, but took a downturn in the second half of the fiscal year as Russia-Ukraine war worsened several macroeconomic indicators fueling concern over external account position. The widening current account deficit, rapidly depleting reserves (PKR touching an all-time low of PKR211/USD), downgrade of Pakistan's outlook to negative by Moody's, and delay in the approval of IMF's sixth and seventh review created default fears among the investors. In addition, a high inflationary environment caused by a global commodity super cycle, rupee depreciation, and rising interest rates further added to the investors' woes. Moreover, the budget also proved to be a negative event for the market, incorporating painful but necessary measures to enhance revenue collection and control expenditures in line with the IMF's direction.

Fertilizer and Chemical were the outperformers during the year, posting a return of 13.9% and 6.1%, respectively. On the contrary, Cement remained the worst performing sector with a negative return of -43.8% thanks to rising international coal prices (+189% YoY to USD 332/ton). Average traded volume and value during FY22 went down by 45% (291mn shares) and value by 54% (USD 55mn), respectively.

During the year, MSCI reclassified Pakistan from the Emerging Markets Index to Frontier Markets Index. As a result, Foreign investors offloaded USD 298mn worth of equities during FY22. Individuals were the major buyers followed by Banks/DFIs. They bought shares worth USD 157mn and USD 115mn, respectively.

FUND PERFORMANCE

During the period, ALHISF delivered a return of -19.4% as compared to benchmark return of -10.25%. Overall equity exposure of the fund stood at 92.4% at the end of the period. The fund changed its investment strategy several times during the quarter to cope with various sector and company level fundamental developments. During the period, the fund had exposures majorly in Oil and Gas Exploration companies, Cement and Commercial Banks.

The Net Assets of the Fund as at June 30, 2022 stood at Rs. 2,430 million as compared to Rs. 3,410 million as at June 30, 2021 registering a decrease of 28.74%.

The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 9.10 as compared to opening NAV of Rs. 11.29 per unit as at June 30, 2021 registering a decrease of Rs. 2.19 per unit.

Economy & Market – Future Outlook

The government has taken several harsh steps including increasing petroleum, electricity and gas prices to meet the IMF prior conditions. It has also increased interest rate to 15% and made changes in the FY23 Budget to targets primary fiscal surplus in FY23. These steps have led to a successful staff level agreement with IMF and should pave the way for the disbursement of USD 1.2bn from the fund under the combined 7th and 8th review of the Extended Fund Facility (EFF). The government was also able to convince IMF to increase funding by USD 1 billion to USD 7 billion and extend the duration till June 2023 compared to September 2022 earlier. IMF program shall provide stability to the external account and provide a window to policy makers requiring continued fiscal discipline and measured trade account policies in the short term while focus on the economic policies that can support sustainable growth in the long term.

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector grew by 4.4%, 7.2% and 6.2% respectively. However, we expect GDP growth to sharply decline to a range of 2.5-3.0% in FY23. The monetary tightening and rupee devaluation would lead to

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

slowdown in economy and would impact industrial growth. The government is also focusing on controlling imports to curtail current account deficit which would affect services sector growth. The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar outflows. The imports are expected to decrease by 14% YoY to USD 63bn as we will witness volumetric compression in several segments of the economy. Thus we expect the current account deficit to ease to USD 7.6bn (2.0% of GDP) in FY23 compared to expected current account deficit of USD 16.5bn (4.2% of GDP) in FY22.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone as we await funding commitment from friendly countries. Sustaining remittances along with bilateral and multilateral flows would also be crucial in managing our external position. USD/PKR is trading in a range of 225-230 due to ensuing political uncertainty and delay in IMF tranche. We expect Rupee to recover post disbursement of IMF tranche along with receipts from friendly countries. We expect however USD/PKR to depreciate by the close of fiscal year to 235.

CPI based inflation for June 2022 clocked at 21.3% on the back of increase in petroleum and electricity prices as the relief measures announced by the previous government were reversed. We will witness the second round impact of currency devaluation and petroleum price increase which will keep inflation elevated for the remainder of the year. We expect FY23 average inflation to clock at 21.8%. SBP increased the policy rate to 15% to slowdown aggregate demand and ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts fiscal position and does little to tame cost push inflation. We thus SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 9.5%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. 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. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2022

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. 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. 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.
- 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.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2022**

- j. As at June 30, 2022, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code.
- k. The detailed pattern of unit holding, as required by NBFC Regulations are enclosed.
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board.
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2022:

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	8	1
4. Mr. Kashif A. Habib	9	9	6	3
5. Syed Savail Meekal Hussain	9	9	9	-

2. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) 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)	5	5	5	-
2. Mr. Ahmed Jahangir	5	5	2	3
3. Mr. Nasim Beg	5	5	2	3
4. Ms. Mavra Adil Khan	5	5	5	-
5. Syed Savail Meekal Hussain	5	5	2	3
6. Mr. Muhammad Saqib Saleem (CEO)	5	5	5	-

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

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2022**

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1	Muhammad Asif Mehdi Rizvi	Chief Operating & Financial Officer	1,274,216.27	1,426,385.32	–
2	Altaf Ahmed Faisal	Company Secretary	332,593.52	349,902.34	–

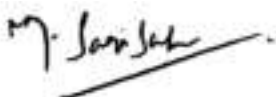
External Auditors

The fund's external auditors, **M/s Ernst & Young Ford Rhodes Chartered Accountants** have expressed their willingness to continue as the fund auditors for the ensuing year ending June 30, 2023. The audit committee of the Board has recommended reappointment of **M/s Ernst & Young Ford Rhodes Chartered Accountants** as auditors of the fund for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee.

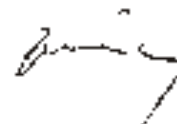
ACKNOWLEDGMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
August 15, 2022



Nasim Beg
Director and Vice Chairman

ڈائریکٹرز رپورٹ

انکھار تفلر

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

منجانب ڈائریکٹرز



نیم بیگ

ڈائریکٹر اوٹس چیئرمین



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

15 اگست 2022ء

ڈائریکٹرز رپورٹ

۲۔ ہیومن ریسورس اینڈ میونریشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ میونریشن کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	5	5	5	۱۔ جناب مرزا قریب (چیئرمین)
3	2	5	5	۲۔ جناب احمد جہانگیر
3	2	5	5	۳۔ جناب نسیم بیگ
-	5	5	5	۴۔ محترمہ ماوراء عادل خان
3	2	5	5	۵۔ سید ساویل میکانل حسین
-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
پونٹس کی تعداد					
۱	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فنانشل آفیسر	1,274,216.27	1,426,385.32	-
۱	الطاف احمد فیصل	کمپنی سیکرٹری	332,593.52	349,902.34	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز ارنسٹ اینڈ یگ فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹرز برائے سال محترمہ 30 جون 2023ء کے طور پر جاری رہنے کی رضامندی کا اظہار کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے ارنسٹ اینڈ یگ فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس کی فنڈ کے آڈیٹرز برائے سال محترمہ 30 جون 2023ء کے طور پر دوبارہ تقرری کی سفارش پیش کی ہے۔ اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

ڈائریکٹرز رپورٹ

- d مالیاتی گوشواروں کی تیاری میں پاکستان میں حتمی الاطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیارات، non بینکنگ فنانس کمپنیز (اسٹیٹسمنٹ اینڈ ریگولیشنز) رولز 2003، non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینسٹبلز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛
- e. انٹرنل کنٹرول کا نظام منظم خطوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر 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 الادا ٹیکس، قانونی چارجز اور ڈیویڈنڈ (اگر کوئی ہیں تو) کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔
- i. پراویڈنٹ انگریجو سچوٹسی اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے؛ چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے۔
- j. 30 جون 2022 تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کوڈ کے ضابطہ نمبر 19 میں موجود ہے۔
- k. این بی ایف سی ریگولیشنز کے مطابق مطلوب یونٹ ہولڈنگ کا تفصیلی خاکہ منسلک ہے۔
- l. ایورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کے سالانہ جائزے کے لیے ایک باضابطہ اور موثر طریقہ کار وضع کیا جاتا ہے۔
- m. بورڈ آف ڈائریکٹرز مینٹگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کر دی گئی ہیں۔ سال مختصہ 30 جون 2022ء کے دوران ہونے والی کمیٹی مینٹگ کی تفصیلات درج ذیل ہیں:

۱۔ آڈٹ کمیٹی کی مینٹگ

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

مینٹگز کی تعداد			منعقدہ مینٹگز کی تعداد	نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	9	9	9	۱۔ مرزا محمد قمر بیگ (چیئر مین)
-	9	9	9	۲۔ جناب نسیم بیگ
1	8	9	9	۳۔ جناب احمد جہانگیر
3	6	9	9	۴۔ جناب کاشف اے حبیب
-	9	9	9	۵۔ سید ساول میکال حسین

ڈائریکٹرز رپورٹ

کارپوریٹ گورننس

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

4 غیر-ایگزیکٹو ڈائریکٹرز؛

3 آزاد ڈائریکٹرز اور

1 ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

نمبر شمار	نام	مہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون رشید	Non ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	Non ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	Non ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے صبیح	Non ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید سواہل میکان 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 (چیئرمین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیئرمین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد قاسم سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریٹائرمنٹ

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

بورڈ آف ڈائریکٹرز کی طرف سے یا سہمزد مطلق 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 بیکس 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؛

گے۔ ڈالر روپے کی تجارت 225-230 کی حدود میں ہو رہی ہے جس کی وجہ متوقع سیاسی غیر یقینی حالات اور آئی ایم ایف کی قسط میں تاخیر ہے۔ ہم سمجھتے ہیں کہ آئی ایم ایف کی قسط کے اجراء اور دوست ممالک سے حصول کے بعد روپیہ کی قدر بحال ہوگی۔ تاہم مالی سال کے اختتام تک روپے کی ڈالر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

سی پی آئی پر مبنی مہنگائی جون 2022ء کے لیے 21.3 فیصد کی سطح پر تھی جس کی وجہ پٹرول اور بجلی کی قیمتوں میں اضافہ تھا کیونکہ سابقہ حکومت کے اعلان کردہ امدادی اقدامات روک دیئے گئے۔ ہم روپے کی قدر میں کمی کے اثر کا دوسرا دور دیکھیں گے اور پٹرول کی قیمت میں اضافہ بھی ہوگا جس کے باعث سال کے بقید حصے میں مہنگائی بلند رہے گی۔ مالی سال 2023ء میں مہنگائی کا اوسط 21.8 فیصد متوقع ہے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 15 فیصد کر دیا تاکہ مجموعی مانگ کی رفتار اور مہنگائی کے دباؤ میں کمی لائی جاسکے۔ سود کی شرحوں میں غیر ضروری بلند سطح تک اضافے سے مالیاتی صورتحال متاثر ہوتی ہے اور cost-push مہنگائی کو قابو کرنے میں کوئی قابل ذکر مدد نہیں ملتی۔ چنانچہ ہم امید کرتے ہیں کہ ایس بی پی منفی شروع سود برقرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمپنوں کی مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں تصحیح سے تھین قدر مزید کھل گئی ہے۔ مارکیٹ نے شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap کا پی ڈی پی کے ساتھ تناسب کم ہو کر 10.1 فیصد ہو گیا ہے جو اس کے تاریخی اوسط سے 52 فیصد کمی ہے۔ اسی طرح، خطرات کے پریمیم 8.3 فیصد کے قریب ہیں، اور ان کے قدیم اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 9.5 فیصد پر ہے۔

حاصلی قرض 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 غم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر محتاط ہیں اور ڈیٹا پوائنٹس کی گہرائی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فنانس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوچل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ گلسڈ انکم فنڈز میں رائج الوقت تقریباً 15 فیصد منافع جات ایسے سرمایہ کاروں کے لیے موزوں ترین ہیں جو مختصر میعاد میں رہنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کھول دی ہیں اور طویل المیعاد سرمایہ کار ان پد کشش سطحوں پر ایکویٹی میں مزید پیرسٹاگانا چاہیں گے۔ ہمارے آپریٹنگ بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

فنڈ کی کارکردگی

مدت کے دوران، ALHISF نے (19.4) فیصد کا منافع پوسٹ کیا، جبکہ مقررہ معیار منافع (10.25) فیصد تھا۔ مدت کے اختتام پر فنڈ کی مجموعی ایکویٹی ایکسپوزر 92.4 فیصد رہی۔ فنڈ نے مختلف ٹیکس اور کمپنی کی سطح کی بنیادی پیش رفت سے نمٹنے کے لیے سرمایہ کے دوران کئی بار اپنی سرمایہ کاری کی حکمت عملی تبدیل کی۔ اس مدت کے دوران، فنڈ نے تیل اور گیس کی دریافت کرنے والی کمپنیوں، سیمنٹ اور کمرشل بینکوں میں بڑے پیمانے پر سرمایہ کاری کی۔ 30 جون 2022 کو فنڈ کے net اثاثہ جات 2,430 ملین روپے تھے، جو 30 جون 2021 کو 3,410 ملین روپے کے مقابلے میں 28.74 فیصد کمی ہے۔

30 جون 2022 کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 9.10 روپے تھی، جو 30 جون 2021 کو ابتدائی این اے وی 11.29 روپے فی یونٹ کے مقابلے میں 2.19 روپے فی یونٹ کمی ہے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

حکومت نے متعدد سخت فیصلے کیے ہیں بشمول پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ تاکہ آئی ایم ایف کی شرائط پوری کی جاسکیں۔ علاوہ ازیں، سود کی شرح کو بڑھا کر 15 فیصد کیا ہے اور مالی سال 2023ء کے بجٹ میں تہہ پیلان کی ہیں تاکہ مالی سال 2023ء میں بنیادی مالیاتی surplus کو ہدف بنایا جاسکے۔ ان اقدامات کے نتیجے میں آئی ایم ایف کے ساتھ اسٹاف سطح کا ایک کامیاب معاہدہ ہو گیا ہے جس کے بعد ایکسٹینڈڈ فنڈ فیصلہ (ای ایف ایف) کے مشرک ساتویں اور آٹھویں جائزے کے تحت فنڈ سے 1.2 بلین ڈالر کے اجراء کی راہیں ہموار ہوں گی۔ مزید برآں، حکومت آئی ایم ایف کو اس بات کے لیے قائل کرنے میں کامیاب ہوئی ہے کہ فنڈنگ کو 1 بلین ڈالر سے 7 بلین ڈالر کیا جائے اور ستمبر 2022ء کی بجائے جون 2023ء تک مدت کی توسیع کی جائے۔ آئی ایم ایف پروگرام سے خارجی اکاؤنٹ مستحکم ہوگا اور پالیسی سازوں کو درکار مختصر مدت میں بلا رکاوٹ مالیاتی نظم و ضبط اور پینشن شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل بقا ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی منگنی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے پالتر تیب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی نئی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآمدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

بین الاقوامی ایشیا اپنی حالیہ بلندی سے نیچے آگئی ہیں لیکن توانائی کی قیمتیں بلندی پر ڈٹی ہوئی ہیں۔ ہم امید کرتے ہیں کہ حکومت درآمدات پر مضبوط لگام دے کر رکھے گی اور ڈالر کے غیر ضروری خارجی بہاؤ کی حوصلہ شکنی کرے گی۔ درآمدات متوقع طور پر 14 فیصد YoY کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ ہم دیکھیں گے کہ معیشت کے متعدد شعبوں کے حجم سکڑ جائیں گے۔ چنانچہ ہمیں امید ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ 7.6 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) کم ہوگا جبکہ اس کے بالمتقابل مالی سال 2022ء میں متوقع کرنٹ اکاؤنٹ خسارہ 16.5 بلین ڈالر (جی ڈی پی کا 4.2 فیصد) تھا۔

آئی ایم ایف پروگرام کی کامیاب بحالی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دو طرفہ اور کثیرالجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں

ڈائریکٹرز رپورٹ

نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زبر جائزہ مالی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر منسل ماگم کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی مالی سال 2022ء میں 29.1 فیصد بڑھ کر 6,125 بلین روپے ہوئی جبکہ گزشتہ سال ممالی مدت کے دوران 4,744 بلین روپے تھی۔ یہ ہدف سے 25 بلین زائد تھا۔ ٹیکس وصولی میں بہتری کی بنیادی وجہ درآمدات میں اضافے کی بدولت کسٹمز ڈیوٹی میں اضافہ اور زیادہ سٹیز ٹیکس کی وصولی ہے۔

دوسری بات یہ کہ بازاروں کے منافعے میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا پتہ شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دوران مدت پرترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2021ء میں 38 فیصد بھر پور منافع پوسٹ کرنے کے بعد بیچ مارک KSE-100 انڈیکس میں مالی سال 2022ء میں 12.3 فیصد صہج ہوئی، اور 5,815 پوائنٹس کم ہو کر اکتتام سال پر 41,541 پوائنٹس تھا۔ بازار سال بھر غیر مستحکم رہا لیکن مالی سال کی نصف آخر میں سنسز کا شمار رہا کیونکہ روس یوکرین جنگ کے باعث متعدد مجموعی معاشیاتی اشارے مزید بگڑ گئے جس سے خارجی اکاؤنٹ کی صورتحال پر تشویش میں اضافہ ہو گیا۔

بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، تیزی سے گھٹتے ہوئے ذخائر (روپے کا پست ترین سطح تک پہنچنا یعنی 211 روپے فی ڈالر)، Moody's کا پاکستان کے مستقبل کے منظر نامے کی درجہ بندی میں کمی کرنا، اور آئی ایم ایف کے چھٹے اور ساتویں جائزے میں تاخیر سے سرمایہ کاروں میں دیوالیہ ہونے کی تشویش پیدا ہوئی۔ علاوہ ازیں، عالمی سطح پر ایشیا کی super cycle کے باعث پیدا ہونے والی بلند مہنگائی کا ماحول، روپے کی قدر میں کمی، اور سود کی بڑھتی ہوئی شرحوں نے سرمایہ کاروں کی پریشانیوں میں مزید اضافہ کیا۔ مزید برآں، بجٹ بھی مارکیٹ کے لیے منفی واقعہ ثابت ہوا جس میں تکلیف دہ لیکن ضروری اقدامات کیے گئے تاکہ آئی ایم ایف کی سمت کے مطابق آمدنی کے حصول میں بہتری آئے اور اخراجات پر قابو پایا جاسکے۔

دوران سال کھاد اور کیمیکل کارکردگی میں سہقت لے جانے والے شہجے تھے جنہوں پرترتیب 13.9 فیصد اور 6.1 فیصد منافع پوسٹ کیا۔ اس کے برعکس سینٹ کمزور ترین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا جس نے 43.8- فیصد منفی منافع پوسٹ کیا اور اس کی وجہ کوئلے کی بڑھتی ہوئی بین الاقوامی قیمتیں تھی (+189 فیصد YoY کے نتیجے میں 332 ڈالرنی ٹن)۔ مالی سال 2022ء کے دوران اوسط تجارتی حجم اور قدر میں پرترتیب 45 فیصد (291 ملین حصص) کمی اور 54 فیصد کمی (55 ملین ڈالر) ہوئی۔

دوران سال MSCI نے پاکستان کی درجہ بندی کو امر جنگ مارکیٹس انڈیکس سے تبدیل کر کے فرٹنیر مارکیٹس انڈیکس کر دیا۔ اس کے نتیجے میں غیر ملکی سرمایہ کاروں نے 298 ملین ڈالر مالیت کی ایکویٹیز نکال لیں۔ جسکے بڑے خریدار افراد اور ان کے بعد بینک یا DFIs تھے جنہوں نے پرترتیب 157 ملین ڈالر اور 115 ملین ڈالر کی مالیت کے حصص خریدے۔

بورڈ آف ڈائریکٹرز کی طرف سے الحمد للہ اسلامک اسٹاک فنڈ کے گوشواروں کا جائزہ برائے سال مختصہ 30 جون 2022ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال 2022ء پاکستان کے لیے مشکل سال رہا کیونکہ منگ کو مجموعی معاشیاتی جہت میں متعدد چیلنج درپیش رہے اور ساتھ ساتھ سیاسی صورتحال بھی غیر یقینی رہی۔ اگرچہ معیشت نے کووڈ چیلنج کا بہتر انداز میں مقابلہ کیا لیکن عالمی معیشتوں کی بحالی اور زنجیر رسد میں رکاوٹوں کے باعث عالمی سطح پر اشیاء کی قیمتوں میں اضافہ ہوا جس سے تجارتی خسارے پر دباؤ میں بھی اضافہ ہوا۔ روس یوکرین جنگ کے نتیجے میں اشیاء کی قیمتیں مزید بڑھ گئیں جس کے باعث دوران سال اب تک کے سب سے بڑے درآمداتی بل نے پہلے سے پھیلتے ہوئے تجارتی خسارے کو مزید متاثر کیا۔ توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ زرمبادلہ کی کمزور شرح کے نتیجے میں مقامی سطح پر مہنگائی میں تیزی سے اضافہ ہوا۔ اشیاء کی قیمتوں سے ہونے والی مہنگائی کے رجحانات بھی عالمی معیشتوں میں واضح نظر آئے، خصوصاً امریکا اور یورپی نٹے میں، اور اس کے نتیجے میں ہونے والی مالیاتی سختی کے باعث وسیع تر کساد بازاری کا خوف پیدا ہو گیا ہے۔

پاکستان کی معیشت پہلے ہی مجموعی معاشیاتی چیلنجوں سے نہر آ زما ہو رہی تھی اور سیاسی افراتفری نے حالات میں مزید بگاڑ پیدا کر دیا۔ بڑھتی ہوئی سیاسی ہلچل کے نتیجے میں عوامی سطح کے اقدامات کیے گئے، مثلاً ایندھن اور بجلی کی سبسڈی بڑھانے، جس سے مطلوبہ مالیاتی ترامیم کرنا مشکل ہو گیا۔ علاوہ ازیں، منگ کی قیادت میں غیر متوقع تبدیلی اور اس سے پیدا ہونے والی سیاسی غیر یقینی صورتحال کے نتیجے میں آئی ایم ایف پروگرام کے لیے درکار پالیسی اقدامات اور ترامیم میں تاخیر ہوئی۔

مالی سال 2022ء کے ابتدائی گیارہ ماہ میں منگ کا CAD یعنی کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر تھا جبکہ گزشتہ سال مماثل مدت میں 1.1 بلین ڈالر تھا۔ یہ مالی سال 2018ء کے ابتدائی گیارہ ماہ میں ہونے والے 15.9 CAD بلین ڈالر کے بعد اب تک کا سب سے بڑا خسارہ تھا۔ اس تنزل کی بنیادی وجہ مالی سال 2022ء کے ابتدائی گیارہ ماہ میں درآمدات میں 36.5 فیصد اضافہ تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 26.7 فیصد تھا۔ تجارتی خسارہ 45.5 فیصد بڑھ کر 36.1 بلین ڈالر ہو گیا جبکہ گزشتہ سال مماثل مدت میں 24.8 بلین ڈالر تھا۔ درآمدات میں اس بے قابو اضافے کی بنیادی وجہ ہماری اشیاء کے دائرہ کار بشمول خام تیل، پام تیل اور کونکے کی تاریخی بلند قیمتیں اور اس کے ساتھ ساتھ یکبارہ ویکسین درآمدات تھی۔

مالی سال 2022ء میں مرکزی بینک کے زرمبادلہ کے ذخائر میں 7.4 بلین ڈالر کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ خسارہ اور قرضوں کی ادائیگیوں میں اضافہ ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام میں تاخیر کے نتیجے میں دیگر غیر منگ کی آمدات سے رقماری کا شکار ہو گئیں اور اس کے باعث زرمبادلہ کے ذخائر کم ہو کر 9.8 بلین ڈالر ہو گئے جس کا مطلب 1.7 ماہ کا درآمداتی cover بنتا ہے۔ اس اخراجی بہاؤ اور اس کے ساتھ ساتھ پھیلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا دور تھیں، جس کے باعث درآمد شدہ اشیاء کی قیمتیں بلند رہیں۔ بنیادی مہنگائی، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2022

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 -19.40% as compared to benchmark return of -10.25%. Overall equity exposure of the fund stood at 92.4% at the end of the period as compared to 94.7% at June 30, 2021. At the period end, the fund was 92.4% invested in equities, with major exposure in Cements, Oil Exploration and Marketing sector.

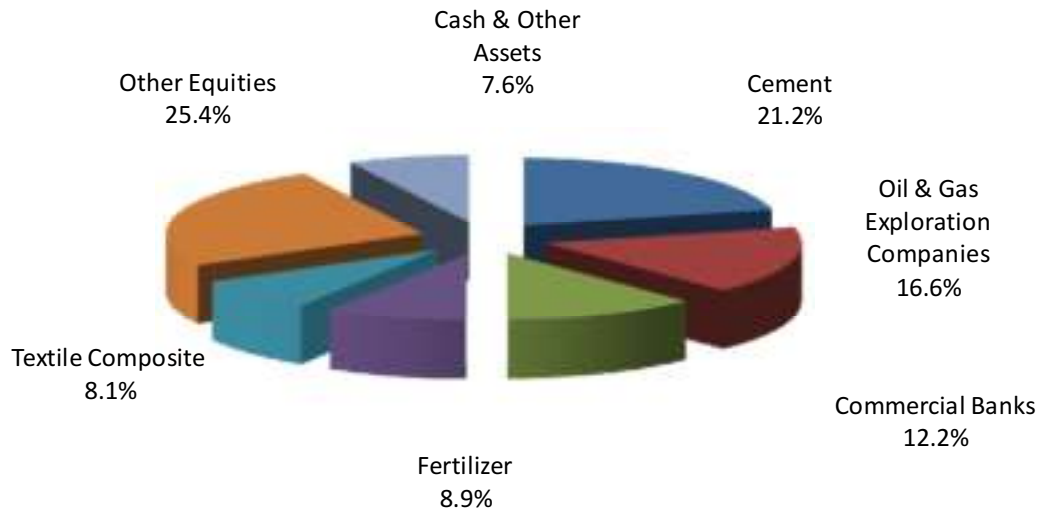
The Net Assets of the Fund as at June 30, 2022 stood at Rs. 2,395 million as compared to Rs. 3,380 million as at June 30, 2021 registering a decrease of 29.1%. The Net Asset Value (NAV) per unit as at June 30, 2022 was Rs. 9.10 as compared to opening NAV of Rs. 11.29 per unit as at June 30, 2021 registering an decrease of Rs. 2.19 per unit.

Asset Allocation as on June 30, 2022 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-22
Stock / Equities	92.4%
Cash	5.7%
Others including receivables	1.9%

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2022**

Sector Allocation (%age of Total Asset)



**Jawad Naeem
Fund Manager**

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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TRUSTEE REPORT TO THE UNIT HOLDERS

ALHAMRA ISLAMIC STOCK FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 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, 2022 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 19, 2022.



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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INDEPENDENT AUDITORS' REPORT

To the Unit holders of Alhamra Islamic Stock Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Alhamra Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2022, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of bank balances and investments	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the bank balances and investments (comprised of equity instruments) held by the Fund represent 98% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2022 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

Other Information

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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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.
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



- 4 -

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.

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 the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

Other Matter

The annual financial statements for the year ended 30 June 2021 were reviewed and audited by another firm of Chartered Accountants, whose audit report dated 22 September 2021, expressed an unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Date: 16 September 2022

Karachi

UDIN Number: AR202210076ZNjTX9zDg

REPORT OF THE SHARIAH ADVISORY BOARD

Karachi: August 19, 2022

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:

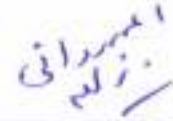
- We have reviewed and approved the modes of investment of ALHISF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHISF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information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

During the year an amount of Rupees 4,808,212.23 was transferred to charity account. The total amount of charity payable as at 30 June 2022 amounts to Rs. 4,808,212.23.

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, 2022**

	June 30, 2022	June 30, 2021
Note	----- (Rupees in '000) -----	
ASSETS		
Balances with banks	5 141,898	126,051
Investments	6 2,306,876	3,343,373
Receivable against sale of investments	42,371	51,122
Dividend and markup receivables	7 2,052	794
Advances, deposits and other receivables	8 4,121	7,411
Total assets	2,497,318	3,528,751
LIABILITIES		
Payable to the Management Company	9 13,788	17,960
Payable to the Trustee	10 330	416
Payable to the Securities and Exchange Commission of Pakistan	11 638	691
Payable against purchase of investments	27,702	43,497
Accrued expenses and other liabilities	12 24,517	56,007
Total liabilities	66,975	118,571
NET ASSETS	2,430,343	3,410,180
Unit holders' fund (as per statement attached)	2,430,343	3,410,180
Contingencies and Commitments	13	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	267,102,604	301,982,760
	----- (Rupees) -----	
NET ASSET VALUE PER UNIT	9.10	11.29

The annexed notes 1 to 23 form an integral part of these financial statements.

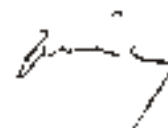
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
INCOME			
Markup on balances with banks		13,908	7,194
Dividend income		153,643	132,982
Realized (loss) / gain on sale of investments - net		(287,123)	627,290
Unrealised (loss) / gain on revaluation of investments classified as 'at fair value through profit or loss' - net	6.1	(421,444)	241,366
Total (loss) / income		(541,014)	1,008,832
EXPENSES			
Remuneration of the Management Company	9.1	63,835	69,051
Sindh Sales Tax on remuneration of the Management Company	9.2	8,298	8,977
Remuneration of the Trustee	10.1	4,192	4,445
Sindh Sales Tax on remuneration of the Trustee	10.2	545	578
Annual fee of the Securities and Exchange Commission of Pakistan	11	638	691
Allocated expenses	9.3	3,192	3,453
Selling and marketing expenses	9.4	41,492	44,882
Auditors' remuneration	14	388	422
Securities transaction cost		14,171	20,275
Settlement and bank charges		1,461	1,506
Legal and professional charges		152	137
Shariah advisory fee		720	744
Printing and related charges		38	42
Donation / charity	12.3	4,808	4,775
Fees and subscriptions		27	39
Total expenses		143,957	160,017
Net (loss) / Income from operating activities		(684,971)	848,815
Reversal / (provision) for Sindh Workers' Welfare Fund	12.1	27,763	(16,976)
Net (loss) / income for the year before taxation		(657,208)	831,839
Taxation	15	-	-
Net (loss) / income for the year		(657,208)	831,839
Allocation of net income for the year after taxation			
Net income for the year		-	831,839
Income already paid on units redeemed		-	(282,238)
		-	549,601
Accounting income available for distribution:			
- Relating to capital gains		-	549,601
- Excluding capital gains		-	-
		-	549,601

The annexed notes 1 to 23 form an integral part of these financial statements.

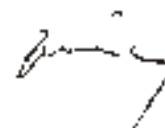
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	-----
Net (loss) / income for the year	(657,208)	831,839
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(657,208)</u>	<u>831,839</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

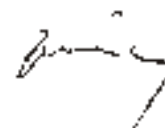
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
	(657,208)	831,839
Net (loss) / income for the year before taxation		
Adjustments for non cash and other items:		
Markup on balances with banks	(13,908)	(7,194)
Dividend income	(153,643)	(132,982)
(Reversal) / provision for Sindh Workers' Welfare Fund	(27,763)	16,976
Realized loss / (gain) on sale of investments - net	287,123	(627,290)
Unrealised loss / (gain) on revaluation of investments classified as 'at fair value through profit or loss' - net	421,444	(241,366)
	<u>(143,955)</u>	<u>(160,017)</u>
Decrease / (increase) in assets		
Investments - net	327,930	(36,285)
Receivable against sale of investments	8,751	(1,575)
Advances, deposits and other receivables	3,290	(50,521)
	<u>339,971</u>	<u>(88,381)</u>
(Decrease) / increase in liabilities		
Payable to Management Company	(4,172)	4,655
Payable to Trustee	(86)	83
Payable to the Securities and Exchange Commission of Pakistan	(53)	161
Payable against purchase of investments	(15,795)	499
Accrued expenses and other liabilities	(3,727)	5,495
	<u>(23,833)</u>	<u>10,893</u>
Markup received on balances with banks	12,239	8,699
Dividend received	154,054	134,692
Net cash generated / (used in) from operating activities	<u>338,476</u>	<u>(94,114)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	3,130,418	6,212,803
Amount paid on redemption of units	(3,453,047)	(6,290,735)
Net cash (used in) from financing activities	<u>(322,629)</u>	<u>(77,932)</u>
Net increase / (decrease) in cash and cash equivalents during the year	<u>15,847</u>	<u>(172,046)</u>
Cash and cash equivalents at the beginning of the year	126,051	298,097
Cash and cash equivalents at the end of the year	<u>141,898</u>	<u>126,051</u>

The annexed notes 1 to 23 form an integral part of these financial statements.

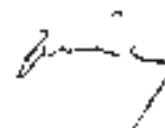
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Stock Fund (the Fund) was established under a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October May 26, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Formation of the Fund as a closed-end fund was authorized by SECP on May 13, 2004, however with effect from November 11, 2010 the Fund was converted into open-end fund.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 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. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund.
- 1.4 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 06, 2021 to the Management Company.
- 1.5 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.6 The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

2. STATEMENT OF COMPLIANCE

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

3. BASIS OF PREPARATION

3.1 Accounting convention

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

3.2 Critical accounting estimates and judgments

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

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 New / Revised Standards, Interpretations and Amendments

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Fund's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and therefore not detailed in these financial statements.

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

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

Standards, interpretations and amendments	Effective date
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
IAS 41 Agriculture -Taxation in fair value measurements	January 01, 2022
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2022
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	January 01, 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

4.3 Cash and cash equivalents

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

4.4 Investments

4.4.1 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

Business model assessment

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

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

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

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

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

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

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

Equity instruments

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

Initial Measurement

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

Subsequent Measurement

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss

These assets are subsequently measured at amortised cost using the amortized cost 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.

Impairment of financial assets

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

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

4.5 Derecognition

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

4.6 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

4.7 Offsetting of financial assets and liabilities

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

4.8 Provisions

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

4.9 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. 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. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these financial statements.

4.10 Dividend distribution and appropriations

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

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

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

4.11 Issue and redemption of units

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

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

4.12 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.

4.13 Net asset value per unit

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

4.14 Revenue recognition

- Realized Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Profit on bank balances, term deposit receipts and government securities is recognised on effective interest rate method.

4.15 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.

4.16 Earnings / (loss) per unit

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

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

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
5 BALANCES WITH BANKS			
In current accounts	5.1	17,410	18,146
In savings accounts	5.2	124,488	107,905
		<u>141,898</u>	<u>126,051</u>

5.1 These include a balance of Rs.5.022 (2021: Rs.4.428) million maintained with MCB Bank Limited, a related party.

5.2 These carry markup at the rates ranging from 6.60% to 15.51% (2021: 5.85% to 6.85%) per annum and include Rs.0.010 (June 30, 2021: Rs.0.010) million maintained with MCB Islamic Bank Limited, a related party which carries markup at the rate of 6.60% (2021: 5.50%) per annum.

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
6. INVESTMENTS			
At fair value through profit or loss			
Listed equity securities	6.1	<u>2,306,876</u>	<u>3,343,373</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Name of the investee company	No. of shares				Balance as at June 30, 2022			Market value as a % of net assets of the Fund	% Of paid-up capital of the investee company	
	As at July 01, 2021	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2022	Carrying Value	Market value			Unrealised (loss) / gain
									(Rupees in '000)	(%)
Shares of listed companies - fully paid ordinary shares of Rs.10 each unless stated otherwise										
Automobile assembler										
Gandhara Nissan Limited	-	150,000	-	150,000	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	125,000	208,000	-	333,000	-	-	-	-	-	-
Millat Tractors Limited	30,000	-	-	30,000	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	156,000	304,100	-	459,600	500	155	106	(49)	0.00%	0.00%
						155	106	(49)	0.00%	0.00%
Automobile parts and accessories										
Agrauto Industries Limited *	124,800	2,000	-	79,300	47,500	12,967	6,365	(6,602)	0.26%	0.16%
Panther Tyres Limited	483,452	446,000	-	679,452	250,000	9,021	8,100	(921)	0.33%	0.15%
Thal Limited *	126,000	27,300	-	72,000	81,300	33,902	21,920	(11,982)	0.90%	0.10%
						55,890	36,385	(19,505)	1.50%	0.41%
Cable and electrical goods										
Pak Elektron Limited	-	2,769,000	352,800	1,646,500	1,475,300	23,293	23,443	150	0.96%	0.17%
						23,293	23,443	150	0.96%	0.17%
Cement										
Cherat Cement Company Limited	-	947,000	-	571,932	375,068	57,313	34,896	(22,417)	1.44%	0.19%
D.G. Khan Cement Company Limited***	573,616	1,013,398	-	1,087,014	500,000	43,548	31,250	(12,298)	1.29%	0.11%
Fauji Cement Company Limited	2,160,000	9,750,000	-	2,504,500	9,405,500	166,324	133,276	(33,048)	5.48%	0.68%
Gharibul Cement limited	-	682,500	-	50,500	612,000	15,197	11,934	(3,263)	0.49%	0.15%
Kohat Cement Company Limited	668,250	193,000	-	501,200	360,050	69,985	46,853	(23,132)	1.93%	0.18%
Lucky Cement Limited	375,000	233,343	-	265,843	342,500	266,440	157,221	(109,219)	6.47%	0.11%
Maple Leaf Cement Factory Limited	4,000,000	4,135,603	-	3,985,603	4,150,000	162,078	113,503	(48,575)	4.67%	0.38%
Pioneer Cement Limited	-	423,500	-	423,500	-	-	-	-	-	-
						780,885	528,933	(251,952)	21.76%	1.80%
Chemical										
Dyneema Pakistan Limited*	-	14,300	-	14,300	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	1,075,000	828,500	-	1,903,500	-	-	-	-	-	-
						-	-	-	-	-
Commercial banks										
Bankislami Pakistan Limited	-	6,818,000	-	1,398,500	5,419,500	67,211	65,251	(1,960)	2.68%	0.49%
Meezan Bank Limited	2,100,000	1,488,783	299,925	1,767,257	2,121,451	242,403	239,682	(2,721)	9.86%	0.13%
						309,614	304,933	(4,681)	12.55%	0.62%
Engineering										
Agha Steel Industries Limited	-	1,278,500	48,750	1,327,000	250	7	4	(3)	-	0.00%
Aisha Steel Mills Limited***	-	4,723,056	-	3,123,066	1,599,990	21,918	17,680	(4,238)	0.73%	0.17%
Amreli Steels Limited	-	1,093,000	-	533,000	560,000	22,767	13,126	(9,641)	0.54%	0.19%
International Industries Limited	238,400	182,200	-	295,600	125,000	17,599	12,966	(4,633)	0.53%	0.09%
International Steels Limited	-	202,500	-	202,500	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	300,000	828,600	98,685	582,285	645,000	51,756	37,178	(14,578)	1.53%	0.19%
						114,047	80,954	(33,092)	3.33%	0.65%
Fertilizer										
Engro Corporation Limited	460,000	637,484	-	627,484	470,000	130,377	120,832	(9,545)	4.97%	0.08%
Engro Fertilizer Limited	-	1,825,000	-	875,000	950,000	81,713	84,208	2,495	3.46%	0.07%
Fauji Fertilizer Bin Qasim Limited	1,000,000	3,468,000	-	3,638,000	830,000	17,602	16,799	(803)	0.69%	0.06%
						229,692	221,839	(7,853)	9.13%	0.22%

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

Name of the investee company	No. of shares				Balance as at June 30, 2022			Market value as a % of net assets of the Fund	% Of paid-up capital of the investee company	
	As at July 01, 2021	Purchased during the year	Bonus / right issue during the year	Sold during the year	As at June 30, 2022	Carrying Value	Market value			Unrealised (loss) / gain
Food and personal care products										
Al Shaheer Corporation Limited	850,000	750,000	-	1,600,000	-	-	-	-	0.00%	
Al-Tahir Limited	-	691,500	33,420	124,000	600,920	14,644	11,460	(3,184)	0.47%	
The Organic Meat Company Limited	755,000	1,279,500	87,000	545,500	1,576,000	44,624	34,420	(10,204)	1.42%	
Unity Foods Limited	-	-	-	-	-	-	-	-	-	
						59,268	45,880	(13,368)	1.89%	
Glass and ceramics										
Shabbir Tiles & Ceramics Limited *	328,000	737,500	-	328,000	737,500	17,819	10,790	(7,029)	0.44%	
Tariq Glass Industries Limited	-	390,000	-	90,000	300,000	34,930	31,143	(3,787)	1.28%	
						52,749	41,933	(10,816)	1.28%	
Miscellaneous										
Pakistan Aluminium Beverage Cans Limited	-	432,000	-	432,000	-	-	-	-	-	
Shifa International Hospitals Limited	158,600	62,900	4,430	85,900	140,030	29,013	25,085	(3,928)	1.03%	
Synthetic Products Enterprises Limited *	380,164	410,577	30,413	821,154	-	-	-	-	-	
Tri-Pak Films	70,200	-	-	70,200	-	-	-	-	-	
						29,013	25,085	(3,928)	1.03%	
Oil and gas exploration companies										
Mari Petroleum Company Limited	146,500	82,304	-	99,804	129,000	203,902	224,426	20,524	9.23%	
Oil and Gas Development Company Limited	2,265,000	965,000	-	2,330,000	900,000	81,579	70,803	(10,776)	2.91%	
Pakistan Oilfields Limited	345,000	-	-	285,000	60,000	23,632	24,349	717	1.00%	
Pakistan Petroleum Limited	2,500,000	1,085,500	-	2,185,500	1,400,000	115,324	94,514	(20,810)	3.89%	
						424,437	414,092	(10,343)	17.04%	
Oil and gas marketing companies										
Attock Petroleum Limited	160,000	15,000	-	143,000	32,000	10,338	10,282	(56)	0.42%	
Hi-Tech Lubricants Limited	479,195	50,000	-	529,195	-	-	-	-	-	
Pakistan State Oil Company limited	460,000	210,000	-	670,000	-	-	-	-	-	
Shell (Pakistan) Limited	190,000	-	-	190,000	-	-	-	-	-	
Sui Northern Gas Pipelines Limited	685,000	1,402,142	-	1,687,142	400,000	13,894	13,684	(210)	0.56%	
						24,232	23,966	(266)	0.99%	
Pharmaceuticals										
Abbott Laboratories (Pakistan) Limited	86,450	-	-	86,450	-	-	-	-	-	
AGP Limited	-	257,410	-	-	257,410	22,167	22,554	387	0.93%	
Citi Pharma limited	-	1,397,000	-	297,000	1,100,000	38,030	35,904	(2,126)	1.48%	
Glaxosmithkline Pakistan	-	120,100	-	120,100	-	-	-	-	-	
Glaxosmithkline Consumer Healthcare Pakistan Limited	-	177,000	-	-	177,000	45,723	42,184	(3,539)	1.74%	
Hightoon Laboratories Limited	57,400	4,100	2,275	47,950	15,825	8,635	8,385	(250)	0.35%	
The Searle Company Limited	123,000	343,002	-	466,002	-	-	-	-	-	
						114,555	109,027	(5,528)	4.49%	
Power generation and distribution										
Hub Power Company Limited	1,607,193	1,190,766	-	1,522,979	1,275,000	97,117	86,917	(10,200)	3.58%	
K-Electric Limited **	7,000,000	-	-	7,000,000	-	-	-	-	-	
						97,117	86,917	(10,200)	3.58%	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

6.1.2 The Finance Act, 2015 has brought amendments in the Income Tax Ordinance, 2001 whereby the bonus shares received by the shareholder are to be treated as income and a tax at the rate of 5 percent is to be applied on value of bonus shares determined on the basis of day end price on the first day of closure of books. The tax is to be collected at source by the company declaring bonus shares which shall be considered as final discharge of tax liability on such income. The Management Company of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, has filed a petition in Honorable Sindh High Court to declare the amendments brought in Income Tax Ordinance, 2001 with reference to tax on bonus shares for collective investment schemes as null and void and not applicable on the mutual funds based on the premise of exemptions available to mutual funds under clause 99 of Part I and clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay order till the final outcome of the case. Certain investee companies of the Fund, in pursuance of the aforesaid amendment, withheld shares equivalent to 5% of bonus entitlement of the Fund having fair market value of Rs.0.03 million (June 30, 2021: Rs.0.07 million). Such shares have not been deposited by the investee company in CDC account in Income Tax department. The Fund has included the shares withheld in its investments and recorded them at fair market value at year end. Furthermore, the Finance Act 2018 has brought an amendment in the Income Tax Ordinance 2001, whereby the 5% withholding tax on bonus shares has been withdrawn. Therefore, the bonus shares received during the year ended June 30, 2022 are not liable to withholding of Income Tax.

		June 30, 2022	June 30, 2021
7	Note	----- (Rupees in '000) -----	
7 DIVIDEND AND MARKUP RECEIVABLES			
Dividend receivable		-	411
Markup receivable on bank balances		<u>2,052</u>	<u>383</u>
		<u>2,052</u>	<u>794</u>
8 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Advance tax	8.1	427	427
Security deposits with NCCPL		2,500	2,500
Security deposits with CDC		300	300
Other receivable	8.2	<u>894</u>	<u>4,184</u>
		<u>4,121</u>	<u>7,411</u>

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

The amount of withholding tax deducted on markup on bank balances 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.

8.2 This include a receivable against collection account of Rs.0.003 million (2021: Rs.0.004 million) with MCB Bank Limited, a related party.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
9 PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable	9.1	4,181	5,715
Sales tax on remuneration payable	9.2	544	743
Expenses allocated by the Management Company	9.3	209	286
Selling and Marketing expenses	9.4	8,789	11,074
Sales load payable		5	82
Shariah advisory fee payable		60	60
		13,788	17,960

9.1 The Management Company has charged remuneration at the rate of 2.00% (2021: 2.00%) of average annual net assets of the Fund. The remuneration is paid to the Management Company on a monthly basis in arrears.

9.2 Sales tax on management remuneration has been charged at the rate of 13% (2021: 13%).

9.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS) as per SECP vide SRO 639 dated June 20, 2019. The Management Company has charged allocated expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

9.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds). The Management Company has charged selling and marketing expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

	Note	June 30, 2022 ----- (Rupees in '000) -----	June 30, 2021
10 PAYABLE TO THE TRUSTEE			
Remuneration payable	10.1	292	368
Sales tax on remuneration payable	10.2	38	48
		330	416

10.1 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:

Net assets value	Tariff per annum
Upto Rs.1,000,000,000	0.20% per annum of Net Assets
On amount exceeding Rs.1,000,000,000	Rs.2,000,000 plus 0.10% on amount exceeding Rs.1,000,000,000

10.2 Sindh Sales Tax at 13% (2021:13%) is charged on Trustee fee.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

SECP, vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee at 0.02% (2021: 0.02%) of net assets on all categories of collective investment schemes which is effective from July 01, 2020.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 30, 2022	June 30, 2021
		----- (Rupees in '000) -----	
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Sindh Workers' Welfare Fund (SWWF)	12.1	-	27,763
Federal Excise Duty payable on management remuneration	12.2	5,689	5,689
Federal Excise Duty payable on sales load payable		125	125
Unclaimed dividends		12,236	12,236
Brokerage payable		992	2,495
Auditors' remuneration		266	313
Withholding tax payable		47	2,263
Printing and related charges payable		40	40
Payable to legal advisor		35	30
Charity / donation payable	12.3	4,808	4,775
Others		279	278
		24,517	56,007

12.1 Sindh Revenue Board (SRB) through its letter dated August 12, 2021 received on August 13, 2021 has intimated Mutual Funds Association of Pakistan's (MUFAP) that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the Sindh Workers' Welfare Fund (SWWF) contributions. This development was discussed at MUFAP level and was also been taken up with the Securities and Exchange Commission of Pakistan (SECP). All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds till August 12, 2021 on August 13, 2021.

SECP has also given its concurrence for recording reversal of provision of SWWF on the day letter was received by MUFAP. 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. Going forward, no provision for SWWF would be recognised in the financial statements of the Fund.

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

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2022 aggregates to Rs.5.69 (2021: Rs.5.69) million. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2022 would have been higher by Rs.0.02 (2021: Re.0.02) per unit.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at the June 30, 2022 and June 30, 2021.

June 30, June 30,
2022 2021
----- (Rupees in '000) -----

14 AUDITORS' REMUNERATION

Annual audit fee	225	225	
Half yearly review fee	105	105	
Other certification and services	-	30	
	330	360	
Sales tax	29	29	
Out of pocket expenses	29	33	
	388	422	
	388	422	

15 TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to current period as the Management Company intends to distribute in cash the required minimum percentage of the Fund's accounting income for the period ending June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unitholders in the form of cash.

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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, 2022**

June 30, 2022

16.1 Unit Holder's Fund	As at July 01, 2021	Issued for cash / transferred in	Redeemed / conversion out / transfer out	As at June 30, 2022	Amount outstanding at July 01, 2021	Issued for cash / transferred in	Redeemed / conversion out / transfer out	Amount outstanding as at June 30, 2022
	(Number of units)				(Rupees in '000)			
MCB-Arif Habib Savings and Investments Limited - Management Company	2,164,502	5,359,057	5,611,672	1,911,887	24,437	50,000	50,000	17,398
Group / associated companies / undertakings	17,293,090	2,835,183	2,922,374	17,205,899	195,239	30,500	32,000	156,574
Adamjee Insurance Company Limited - Amanat Fund	99,292,172	-	26,443,182	72,848,990	1,121,009	-	288,000	662,927
Adamjee Life Assurance Company Limited - IMF	10,803,462	-	10,803,462	-	121,971	-	121,000	-
Adamjee Life Assurance Company Limited - Non-Listed Investment Linked Fund	30,061,810	20,750,884	9,265,458	41,547,236	339,398	216,000	100,000	378,080
Adamjee Insurance Company Limited - MAZAAF	462,336	-	462,336	-	5,220	-	-	4,207
D.G. Khan Cement Company Limited - Employees Provident Fund Trust	-	2,198,349	2,030,807	167,542	-	24,067	19,200	1,525
Hyundai Nishat Motor Private Limited Employees Provident Fund	1,121,411	-	-	1,121,411	12,661	-	-	10,205
Nishat Mills Limited	387,764	-	19,743	368,021	4,378	-	200	3,349
Asghari Beg Memorial Trust	2,681,101	2,991,596	1,803,253	3,869,444	30,270	32,005	18,684	35,212
MCBFSL Trustee Alhamra Smart Portfolio Fund								
Directors And Key Management Personnel	1,834,808	13,146,876	13,136,951	1,844,733	20,715	139,064	137,592	16,787
Mandate under discretionary portfolio services	18,086,265	17,206,502	30,249,860	5,042,907	204,194	182,061	262,163	45,891

June 30, 2021

MCB-Arif Habib Savings and Investment Limited - Management Company	As at July 01, 2020	Issued for cash / transferred in	Redeemed / conversion out / transfer out	As at June 30, 2021	Amount outstanding at July 01, 2020	Issued for cash / transferred in	Redeemed / conversion out / transfer out	Amount outstanding as at June 30, 2021
	(Number of units)				(Rupees in '000)			
	-	2,164,502	-	2,164,502	-	25,000	-	24,437
Group / associated companies / undertakings	22,726,705	1,440,207	6,873,822	17,293,090	197,495	14,500	70,800	195,239
Adamjee Insurance Company Limited - Amanat Fund	94,010,563	5,281,609	-	99,292,172	816,952	55,000	-	1,121,009
Adamjee Life Assurance Company Limited - IMF	8,941,197	1,862,265	-	10,803,462	77,699	19,000	-	121,971
Adamjee Life Assurance Company Limited - Non-Listed Investment Linked Fund	27,585,782	3,115,882	639,854	30,061,810	239,720	32,700	7,000	339,398
Adamjee Insurance Company Limited - MAZAAF	462,336	-	462,336	-	4,018	-	-	5,220
D.G. Khan Cement Company Limited - Employees Provident Fund Trust	1,121,411	-	-	1,121,411	9,745	-	-	12,661
Nishat Mills Limited	428,413	-	40,649	387,764	3,723	-	450	4,378
Asghari Beg Memorial Trust	-	3,075,397	3,075,397	-	-	31,000	33,153	-
Alhamra Islamic Active Allocation Fund Plan I	-	4,028,447	4,028,447	-	-	41,000	45,078	-
Alhamra Islamic Active Allocation Fund Plan II	-	2,681,101	-	2,681,101	-	30,707	-	30,270
MCBFSL Trustee Alhamra Smart Portfolio Fund								
Directors And 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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
16.2 Transactions during the year:		
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration of the Management Company including indirect taxes	72,133	78,028
Shariah Advisory Fee	720	744
Selling and marketing expenses	41,492	44,882
Allocated expenses	3,192	3,453
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	4,737	5,023
Central Depository Service charges	402	540
Arif Habib Capital Limited - Subsidiary of Associated Company		
Brokerage expense*	227	1,061
MCB Bank Limited- Parent of the Management Company		
Bank charges	48	95
MCB Islamic Bank Limited - Subsidiary of Parent of the Management Company		
Markup on bank balances	1	347
DG Khan Cement Company Limited - Group Company of Parent Company		
Purchase 1,013,398 (2021: 2,599,616) shares	79,137	295,962
Sales of 1,087,014 (2021: 2,026,000) shares	79,897	228,361
Dividend Income	530	-
Fatima Fertilizer Company Limited - Group Company of Associated Company of the Holding Company		
Sales of Nil (2021: 1,060,500) shares	-	29,694
Lalpir Power Limited - Common Directorship of the Management Company		
Sales of Nil (2021: 3,950,000) shares	-	48,082
Power Cement Limited - Subsidiary of Associated Company of the Management Company		
Purchase of Nil (2021: 6,300,000) shares	-	68,627
Sales of Nil (2021: 6,300,000) shares	-	58,546
Nishat Mills Limited - Group Company of Parent Company		
Purchase of 1,717,200 (2021: 1,525,000) shares	145,586	156,480
Sales of 882,200 (2021: 1,525,000) shares	75,640	159,552
Dividend Income	1,515	2,541
Aisha Steel Mills Limited - Group Company of Associated Company		
Purchase 4,723,056 (2021: Nil) shares	72,062	-
Sales of 3,123,066 (2021: Nil) shares	49,761	-
Nishat (Chunian) Limited - Group Company of Associated Company		
Purchase 2,291,465 shares (2021: Nil) shares	116,372	-
Sales of 641,465 (2021: Nil) shares	31,521	-
Pak Elektron Limited - Common Directorship of Parent Company		
Purchase 3,121,800 shares (2021: Nil) shares	67,166	-
Sales of 1,646,500 (2021: Nil) shares	36,941	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

16.3 Balances outstanding at year end:

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
Management Company		
MCB - Arif Habib Savings and Investment Limited - Management Company		
Remuneration payable	4,181	5,715
Sindh sales tax payable on remuneration	544	743
Sales load payable including related taxes	5	82
Shariah advisory fee payable	60	60
Payable against allocated expense	209	286
Payable against marketing and selling expenses	8,789	11,074
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	292	368
Sindh sales tax payable on remuneration	38	48
Security deposit	300	300
Arif Habib Limited - Brokerage House		
Brokerage payable *	1	203
MCB Bank Limited		
Bank balance	5,022	4,428
MCB Islamic Bank Limited		
Bank balance	10	10
Aisha Steel Limited		
1,599,990 shares (2021: Nil) shares	17,680	-
D.G. Khan Cement Company Limited		
500,000 shares (2021: 573,616) shares	31,250	67,641
Nishat (Chunian) Limited		
1,650,000 shares (2021: Nil shares)	73,904	-
Nishat Mills Limited		
835,000 shares (2021: Nil shares)	61,715	-
Pak Elektron Limited - Common Directorship of Parent Company		
1,475,300 shares (2021: Nil shares)	23,443	-

* The amount disclosed represents the amount of brokerage paid 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.

17 FINANCIAL RISK MANAGEMENT

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

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

The Fund's primary financial assets comprise of balances with banks and at fair value through profit and loss investments, comprising of equity securities of listed companies. The Fund also has dividend receivable, markup receivable, deposits and other receivables. The Fund's principal financial liabilities include remuneration payable to Management company, Trustee and SECP and accrued and other liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

17.1 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, interest rate risk and other price risk.

17.1.1 Currency risk

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

17.1.2 Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

Presently, the Fund does not hold any variable markup based investment except balances with banks in deposit account exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease as on June 30, 2022, 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.1.244 (2021: Rs.1.079) million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022 the Fund does not hold any fixed rate instruments, therefore, the Fund is not exposed to fair value interest rate risk.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in markup rates.

June 30, 2022						
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	6.60% - 15.51%	124,488	-	-	17,410	141,898
Investments classified as:						
At fair value through profit or loss						
- Listed equity securities		-	-	-	2,306,876	2,306,876
Receivable against sale of investments		-	-	-	42,371	42,371
Dividend and markup receivables		-	-	-	2,052	2,052
Deposits and other receivables		-	-	-	3,694	3,694
		124,488	-	-	2,372,404	2,496,892
Financial Liabilities						
Payable to the Management Company		-	-	-	13,245	13,245
Payable to the Trustee		-	-	-	292	292
Payable against purchase of investments		-	-	-	27,702	27,702
Accrued and other liabilities		-	-	-	18,656	18,656
		-	-	-	59,894	59,894
On-balance sheet gap		124,488	-	-	2,312,510	2,436,998

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2022.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

June 30, 2021						
Exposed to yield / interest rate risk						
Yield / effective interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate risk	Total	
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	5.85% - 6.85%	107,905	-	-	18,146	126,051
Investments classified as:						-
At fair value through profit or loss						-
- Listed equity securities		-	-	-	3,343,373	3,343,373
Receivable against sale of investments		-	-	-	51,122	51,122
Dividend and markup receivables		-	-	-	794	794
Deposits and other receivables		-	-	-	6,984	6,984
		107,905	-	-	3,420,419	3,528,324
Financial Liabilities						
Payable to the Management Company		-	-	-	17,217	17,217
Payable to the Trustee		-	-	-	368	368
Payable against redemption of units		-	-	-	-	-
Payable against purchase of investments		-	-	-	43,497	43,497
Accrued and other liabilities		-	-	-	20,167	20,167
		-	-	-	81,249	81,249
On-balance sheet gap		107,905	-	-	3,339,170	3,447,075

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2021.

17.1.3 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 interest 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.

In case of 5% increase / decrease in KSE 100 index on June 30, 2022, the net assets of the fund would increase / decrease by Rs.0.115 (2021: Rs.0.167) million, as a result of reduction / increase in unrealised gains / (losses).

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 6.1.

The following table illustrates the sensitivity of the markup for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date, with all other variables held constant.

	June 30, 2022	June 30, 2021
	---- (Rupees in '000) ----	
Investments	<u>115,344</u>	<u>167,169</u>
Income statement	<u>115,344</u>	<u>167,169</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

17.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The credit risk of the Fund principally arises from deposits and other receivable balances.

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 related to receivables at June 30, 2022 and June 30, 2021 is the carrying amounts of following financial assets.

	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----	
Balances with banks	141,898	126,051
Receivable against sale of investments	42,371	51,122
Dividend and markup receivables	2,052	4,978
Deposits and other receivables	3,694	2,800
	<u>190,015</u>	<u>184,951</u>

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

The analysis below summaries the credit rating quality of the Fund's financial assets as at June 30, 2022 and June 30, 2021.

	June 30, 2022		June 30, 2021	
	Rupees in '000'	% -----	Rupees in '000'	% -----
Bank balances by rating category				
AAA	118,755	70.48%	22,695	18.00%
AA	44,090	26.17%	93,795	74.41%
AA+	4,973	2.95%	4,979	3.95%
AA-	3	0.00%	7	0.01%
A+	651	0.39%	4,561	3.62%
A-	6	0.00%	5	0.00%
A	10	0.01%	9	0.01%
	<u>168,488</u>	<u>100.00%</u>	<u>126,051</u>	<u>100.00%</u>

Advances and deposits

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

Concentration of credit risk

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

Settlement risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

17.3 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.

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 availed any borrowing. As per the NBFC Regulations the maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund and bear interest 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 liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Carrying value	June 30, 2022		
	Upto one month	More than one month upto three months	More than three months and upto one year
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	4,181	4,181	-
Payable to the Trustee	292	292	-
Payable against purchase of investments	27,702	27,702	-
Accrued and other liabilities	18,656	18,656	-
	50,831	50,831	-

Carrying value	June 30, 2021		
	Upto one month	More than one month upto three months	More than three months and upto one year
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	17,217	17,217	-
Payable to the Trustee	368	368	-
Payable against purchase of investments	43,497	43,497	-
Accrued and other liabilities	20,167	20,167	-
	81,249	81,249	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

17.4 Financial instruments by category

	June 30, 2022		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
Assets			
Balances with banks	-	141,898	141,898
Investments	2,306,876	-	2,306,876
Receivable against sale of investment		42,371	
Dividend and markup receivable	-	2,052	2,052
Deposits and other receivables	-	3,694	3,694
	2,306,876	190,015	2,496,891

	June 30, 2022		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	-	13,245	13,245
Payable to the Trustee	-	292	292
Payable against purchase of investments	-	27,702	27,702
Accrued and other liabilities	-	18,656	18,656
	-	59,895	59,895

	June 30, 2021		
	At fair value through profit or loss	At amortised cost	Total
	'----- (Rupees in '000) '-----		
Assets			
Balances with banks	-	126,051	126,051
Investments	3,343,373	-	3,343,373
Dividend and markup receivable	-	794	794
Receivable against sale of investment	-	51,122	51,122
Advances, deposits and other receivables	-	6,984	6,984
	3,343,373	184,951	3,528,324

	June 30, 2021		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000) -----		
Liabilities			
Payable to the Management Company	-	17,217	17,217
Payable to the Trustee	-	368	368
Payable against purchase of investments	-	43,497	43,497
Accrued and other liabilities	-	20,167	20,167
	-	81,249	81,249

18. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

19. 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 statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

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

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

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

As at June 30, 2022 and June 30, 2021, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
June 30, 2022				
At fair value through profit or loss				
Listed Equity Securities	<u>2,306,876</u>	<u>-</u>	<u>-</u>	<u>2,306,876</u>
June 30, 2021				
At fair value through profit or loss				
Listed Equity Securities	<u>3,343,373</u>	<u>-</u>	<u>-</u>	<u>3,343,373</u>

During the period ended June 30, 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

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

20. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding pattern of unit holding, list of top ten brokers, meetings of the Board of Directors of the management company and members of the Investment Committee are as follows:

	June 30, 2022			
20.1 Pattern of unit holding	Number of unit holders	Number of units held	Investment Amount (Rupees in '000)	Percentage of total investments
Details of pattern of unit holding				
Individuals	2,540	49,529,075	450,661	18.50%
Insurance companies	4	15,267,010	138,913	5.70%
Banks / DFIs	2	310,164	2,822	0.10%
Companies (NBFCs)	2	335,753	3,055	0.10%
Retirement funds	29	53,521,402	486,987	20.00%
Other Companies	18	4,547,897	41,381	1.70%
Associated Companies	9	139,502,766	1,269,323	52.20%
Others	922	4,088,538	37,201	1.50%
	<u>3,526</u>	<u>267,102,604</u>	<u>2,430,343</u>	<u>100.00%</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2021			Percentage of total investments
	Number of unit holders	Number of units held	Investment Amount (Rupees in '000)	
Individuals	3,223	80,062,858	903,910	26.51%
Insurance companies	4	24,238,184	273,649	8.02%
Banks / DFIs	2	310,164	3,502	0.10%
Companies (NBFCs)	2	335,753	3,791	0.11%
Retirement funds	31	27,677,296	312,477	9.16%
Associated Companies	9	158,571,945	1,790,277	52.50%
Others	31	10,786,560	122,574	3.59%
	<u>3,302</u>	<u>301,982,760</u>	<u>3,410,180</u>	<u>100.00%</u>

20.2 Top ten brokers / dealers by percentage of commission paid

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

	June 30, 2022 (Percentage)
1 Arif Habib Limited	7.19%
2 Alfalah Clsa Securities (Pvt) Limited	6.57%
3 Intermarket Securities Limited	5.92%
4 Top Line Securities Pvt Limited	5.42%
5 Efg Hermes Pakistan Limited	5.30%
6 Djm Securities Pvt Limited	4.92%
7 Js Global Capital Limited	4.74%
8 Alfa Adhi Securities (Pvt) Limited	4.02%
9 Akik Capital (Private) Limited	3.99%
10 Next Capital Limited	3.94%

	June 30, 2021 (Percentage)
1 Top Line Securities (Private) Limited	7.47%
2 EFG Hermes Pakistan Limited	6.31%
3 Intermarket Securities Limited	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 Limited	4.80%
8 Taurus Securities Limited	4.66%
9 Alfalah Clsa Securities (Pvt) Limited	4.32%
10 BMA Capital Management Limited	4.26%

20.3 Attendance at meetings of the Board of Directors

The 168th, 169th, 170th, 171st, 172nd, 173rd, 174th, 175th, 176th meetings of the Board of Directors were held on August 09, 2021, September 15, 2021, October 18, 2021, October 22, 2021, February 03, 2022, February 08, 2022, March 10, 2022, April 13, 2022, May 04, 2022. respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

S.No	Name of Director	Number of meetings			
		Held	Attended	Leave granted	Meeting not attended
1	Mr. Haroun Rashid	9	8	1	176th
2	Mr. Nasim Beg	9	9	-	
3	Mr. Ahmed Jahangir	9	8	1	170th
4	Mirza Qamar Beg	9	9	-	
5	Syed Savail Meekal Hussain	9	8	1	170th
6	Mr. Kashif A. Habib	9	7	2	176th and 169th
7	Ms. Mavra Adil Khan	9	7	2	168th & 170th
8	Mr. Muhammad Saqib Saleem	9	9	-	

20.4 Particulars of investment committee and fund manager

Detail of members of the investment committee of the Fund are as follow:

Name	Designation	Qualification	Experience in years
Muhammad Saqib Saleem	Chief Executive Officer	FCCA, FCA	24.5
Muhammad Asim	Chief Investment Officer	MBA, CFA	19
Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	11
Jawad Naeem	Head of Islamic Equity and Fund Manager	MBA Finance & CFA Level 1	14
Saad Ahmed	Head Of Fixed Income	MBA	16
Syed Abid Ali	Head Of Equities	MBA	14

20.5 Other funds managed by the fund manager

Mr. Jawad Naeem is the Manager of the Fund as at year end. He has obtained a Masters degree in Business Administration. Other funds being managed by him are as follows:

- Alhamra Islamic Asset Allocation Fund
- Alhamra Islamic Pension Fund

21 TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 4.51% as on June 30, 2022 (June 30, 2021: 4.34%) and this includes 0.30% (June 30, 2021: 0.79%) representing Government Levy and SECP fee.

22 GENERAL

22.1 Prior period's figures have been rearranged / reclassified wherever necessary for better presentation and comparison. However, there were no material reclassifications to report.

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

23 DATE OF AUTHORISATION FOR ISSUE

These financial statement were authorised for issue by the Board of Directors of the Management Company in the meeting held on August 15 2022.

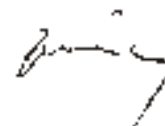
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2022**

No. of Unit Holders	Unit holdings	Total units held
1,949	A. 001-10,000	324,508
938	B. 10,001 – 100,000	3,468,593
503	C. 100,001 – 1000,000	17,447,062
136	D. 1000,001 & Above	245,862,442
<u>3,526</u>		<u>267,102,604</u>

**PERFORMANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2022**

Performance Information	2022	2021	2020	2019	2018
Total Net Assets Value – Rs. in million	2,430.3032	3,410.1800	2,746.9741	2,778.7090	2,599.0000
Net Assets value per unit – Rupees	9.1000	11.2900	8.6900	8.6000	10.7800
Closing Offer Price	9.4100	11.6700	8.9800	8.8900	11.1500
Closing Repurchase Price	9.1000	11.2900	8.4000	8.6000	10.7800
Highest offer price per unit	12.1200	12.1200	11.1900	11.3500	12.7100
Lowest offer price per unit	9.1800	9.1500	6.8900	8.5900	10.2700
Highest Redemption price per unit	11.7200	11.7200	10.8200	11.1000	12.2900
Lowest Redemption price per unit	8.8800	8.8500	6.6600	8.3100	9.9300
Distribution per unit – Rs. *	-	-	0.1168	-	-
Average Annual Return - %					
One year	(19.40)	29.92	2.36	(20.22)	(12.00)
Two year	5.26	16.14	(8.93)	(16.11)	8.99
Three year	4.29	4.02	(9.95)	(0.75)	7.29
Net Income for the year – Rs. in million	(657.2082)	831.8390	41.0940	(641.3180)	(410.5032)
Distribution made during the year – Rs. in million	-	-	34.7680	-	-
Accumulated Capital Growth – Rs. in million	(657.2082)	831.8390	6.3260	(641.3180)	(410.5032)

*** Date of Distribution**

2022	
Date	Rate

Nil

2021	
Date	Rate

Nil

2020	
Date	Rate

July 03, 2020 0.1168

2019	
Date	Rate

Nil

2018	
Date	Rate

Nil

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, 2022, the Management Company on behalf of ALHISF participated in ten (10) shareholders' meeting. The company did not participate in shareholders' meetings in the cases which did not meet the criteria reported in Paragraph No. 5 and 6 of the Proxy Voting Policy and Procedures. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	42	42	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 on request of unit holders.

MCB-Arif Habib Savings and Investments Limited

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