



MCB FUNDS
Investments for Life

ANNUAL REPORT 2023

Funds Under Management of
MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)



ALHAMRA ISLAMIC ACTIVE ALLOCATION FUND

Note - Change in Name

The name of the Company was previously **MCB-Arif Habib Savings and Investments Limited**, which has been changed to **MCB Investment Management Limited**. On May 02, 2023, the Board of Directors of the Company resolved to change the name of the Company to **MCB Investment Management Limited**, pursuant to which an Extra-Ordinary General Meeting (EOGM) of the Shareholders was convened on July 7, 2023 and the Shareholders approved the new name of the Company by a special resolution. Thereafter, the Company applied to the Registrar of Companies, SECP, for approval of Change of Name under the provisions of the Companies Act, 2017, which was granted and a titled "**Certificate of Incorporation on Change of Name**" was issued by the Additional Registrar of Companies, Company Registration Office, SECP on August 15, 2023 and as such, the Change of Name became effective from that date.

نوٹ: نام کی تبدیلی

کمپنی کا سابق نام ایم سی بی عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ تھا جو تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا گیا ہے۔ 02 مئی 2023ء کو کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کا نام ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کرنے کا فیصلہ کیا جس کے بعد 7 جولائی 2023ء کو ایک غیر معمولی عمومی اجلاس (ای او جی ایم) منعقد ہوا اور حاملین حصص نے خصوصی قرارداد کے ذریعے کمپنی کے نئے نام کی منظوری دی۔ بعد ازاں، کمپنی نے کمپنیز ایکٹ 2017ء کے تحت رجسٹر آف کمپنیز، ایس ای سی پی، کی منظوری کے لیے درخواست دائر کی جو منظور کر لی گئی اور 15 اگست 2023ء کو ایڈیشنل رجسٹر آف کمپنیز، کمپنیز رجسٹریشن آفس، ایس ای سی پی، کی طرف سے سرٹیفکیٹ بعنوان "سرٹیفکیٹ آف انکارپوریشن آن چینج آف نیم" جاری کیا گیا۔ چنانچہ نام کی تبدیلی مذکورہ تاریخ سے مؤثر ہو گئی ہے۔

TABLE OF CONTENTS

1	Fund's Information	665
2	Report of the Director of the Management Company	666
3	Report of the Fund Manager	679
4	Trustee Report to the Unit Holders	681
5	Report of the Shariah Advisory Board	682
6	Independent Auditor's Report to the Unit Holders	683
7	Statement of Assets and Liabilities	687
8	Income Statement	688
9	Statement of Other Comprehensive Income	689
10	Statement of Movement in Unit Holder's Fund	690
11	Cash Flow Statement	691
12	Notes to and Forming Part of the Financial Statements	692
13	Pattern of Units Holding by Size	713
14	Performance Table	714

FUND'S INFORMATION

Management Company	MCB Investment Management Limited* (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Manzar Mushtaq Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem	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	Digital Custodian Company Limited 4th Floor, Pardesi House, Old Queens Road, Karachi, Pakistan Ph: (92-21) 32419770 Fax: (92-21) 32416371 Web: www.digitalcustodian.co	
Bankers	MCB Bank Limited Dubai Islamic Bank Limited	
Auditors	Ernt & Young Ford Rhodes & Co. Chartered Accountant Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi.	
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	
Transfer Agent	MCB Investment Management Limited* (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

*Note: On May 02, 2023, the Board of Directors resolved to change the name of the Company, pursuant to which on July 7, 2023 in Extra-Ordinary General Meeting (EOGM) the Shareholders approved the new name of the Company i.e. **MCB Investment Management Limited**. Thereafter, the Company applied to SECP, for approval of Change of Name, which was granted on August 15, 2023 and as such, the Change of Name became effective from that date.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2023

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Smart Portfolio** accounts review for the year ended June 30, 2023 (Fund launched on June 11, 2021).

ECONOMY AND MONEY MARKET REVIEW

The fiscal year 2023 (FY23) remained a difficult year for Pakistan as it faced multiple macroeconomic challenges. The 2022 monsoon floods caused significant damage to infrastructure, crops, and livestock, as well as loss of precious lives. The global commodity prices and currency devaluation ushered a wave of inflation never seen since 1974, leading to all time high interest rates. The IMF program remained elusive throughout the latter half of fiscal year which became extremely challenging for the government facing both political and economic difficulties.

The country's external position remained precarious with SBP's foreign exchange reserves declining to USD 4.5 billion as of 30 Jun 23 (mere import cover of 3 weeks) compared to USD 9.8 billion at the start of the fiscal year. Albeit with some delay and reluctance, the government took several politically unpopular steps such as raising energy tariffs, letting PKR depreciate, slapping additional taxes and raising interest rates as per IMF's demands. However, IMF's Staff Level Agreement (SLA) of IMF 9th review eluded throughout the year as the IMF and government were unable to reach a consensus. The delay in the IMF program led to a slowdown in foreign flows from bilateral and multilateral partners leading to erosion in reserves. As a result, the currency remained under severe pressure, with dollar appreciating by 40% in FY23 to close at 286.0 near to its all-time high level.

The country posted a current account deficit (CAD) of USD 2.9 billion in first eleven months of the fiscal year 2023 (11MFY23) declining by 81% YoY compared to a deficit of USD 15.2 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as a 12.2% decrease in exports coupled with a 23.9% drop in imports led to a 33.8% contraction in the trade deficit. The government kept a lid on imports through administrative measures by imposing import quotas on selective imports. However, these steps led to an increase in smuggling activity which diverted remittances towards grey channels. Furthermore, the tight leash on imports caused shortages across various industries impacted overall economic growth.

Headline inflation represented by CPI averaged 29.0% during FY23 compared to 12.1% in the corresponding period last year. Higher food prices coupled with rising electricity, gas and petroleum prices were the major contributors towards the jump in CPI. The inflationary pressures were broad based, which is depicted by core inflation increasing to 21.2% compared to 12.3% at the end of last fiscal year. SBP has increased interest rates by 1.0% to 22% in an emergent MPS in Jun-23 to push the real interest rate in positive territory on a forward-looking basis and anchor inflation expectations.

The country's provisional GDP growth clocked at 0.29% in FY23 with Agricultural and Services sector increasing by 1.6% and 0.9%, respectively, while industrial sector witnessed a drop of 2.9%. Historic high interest rates coupled with import restrictions were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 16.4% in FY23 to PKR 7,154 billion compared to PKR 6,149 billion in the same period last year but missed the target by PKR 486 billion.

Secondary markets yields increased in FY23 on account of monetary tightening and bout of inflationary pressures post a massive currency devaluation. The 3,6 and 12 Month T-Bills yield increased by 767, 772 and 763 basis points (bps) respectively while 3,5 and 10 Years Bond yields rose by 602, 315 and 240bps respectively during FY23.

EQUITY MARKET REVIEW

The KSE-100 index closed on flattish note, declining by 88 points (-0.2%) in FY23 to close at 41,543 points. The initial exuberance on the account of the resumption of the IMF program and support from friendly countries soon washed away with catastrophic floods, which further deteriorated the already ailing economic conditions of the country. The period under review was marked with elevated inflation, depleting SBP Reserves, and the highest ever interest rates of 22.0%, which kept investors in a grim situation. Moreover, continuous delay in the completion of the 9th review of the IMF Program amid political turbulence in the country further dented investors' sentiments. Nonetheless, by the end of the year, the GoP reassessed its position and made necessary macro adjustments to realign itself with the IMF requirements which restored some confidence back into investors and helped recover mid-year losses.

Major selling during the year was witnessed from Mutual Funds and Insurance companies, which off-loaded equities worth USD 144.5 million and USD 124.3 million, respectively. This was largely absorbed by Companies, Individuals, and Banks with net buying of USD 99.7 million, USD 83.9 million and USD 73.7 million, respectively. Foreign investors also turned net buyers with an inflow of USD 23.9 million. During the FY23, average daily trading volumes saw a decline of 34% to 192 million shares compared to about 291 million shares in FY22. Similarly, the average trading value during FY23 saw a drop of 54% over the same period last year to near USD 25 million.

Pharma, Miscellaneous, Auto Assemblers, and Refinery sectors were the major contributors to the index decline, taking away -561/-435/-310/-159 points, respectively. Pharma sector struggled with the risk of exchange losses amid depreciating PKR against USD posing risk to near-term earnings. Automobile Assemblers struggled due to poor

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2023

volumetric sales thanks to restrictions imposed by the SBP. On the flip side, Power sector added 554 points to the index as a result of better than expected dividends.

FUND PERFORMANCE

During the period under review, the fund posted a return of 10.16% against 5.39% for the benchmark. The fund was 5.90% invested in Cash, 22.7% in Alhamra Islamic Stock Fund and 71.3% in Alhamra Islamic Income Fund as at June 30, 2023. The Net Assets of the Fund as at June 30, 2023 stood at Rs. 115 million as compared to Rs. 145 million as at June 30, 2022 registering a decrease of 20.69%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 110.3383 as compared to opening NAV of Rs. 100.1599 per unit as at June 30, 2022 an increase of Rs. 10.1784 per unit.

ECONOMY & MARKET – FUTURE OUTLOOK

International Monetary Fund (IMF) and Pakistan have struck a staff-level agreement for the provision of USD 3 billion in bailout funds under a stand-by arrangement (SBA). The program is set to span nine months, and the IMF board approval of the SBA will unlock an immediate disbursement of USD 1.2bn, with the remaining USD 1.8bn scheduled after reviews in Nov-23 and Feb-24.

The new program comes at a critical time when Pakistan is grappling with a severe balance of payments crisis. The successful resumption of the IMF program will help Pakistan to unlock funding from bilateral and multilateral sources helping in rebuilding foreign exchange reserves. Saudi Arabia and UAE have already pledged USD 2bn and USD 1bn respectively which were contingent on the resumption of IMF program, out of which USD 2 billion from KSA has already been received in July 2023. China is also expected to provide USD 2.0 billion with the Chinese commercial banks providing additional USD 1.5 billion. In addition, the IMF program will also help Pakistan to access concessionary financing from World Bank and other multilateral agencies. This has averted the risk of near term default and we expect currency to remain stable in the near term.

We expect Average FY24 inflation to ease to 19.3% compared to 29.0% in FY23 as the base effect will come into play. Inflation is expected to follow a downward trajectory and the buildup of forex reserves during the period may allow a monetary easing cycle in the quarter ending Dec-23. We expect a cumulative easing of around 6% in the next 12 months, however, its pace and timing would be determined by trend in FX reserves.

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 7.5%, a discount of 62% from its historical average of 19.7%. Similarly, Earning Yield minus Risk Free Rate is close to 6.0%, compared to the historical average of 2.7% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks 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 11.8%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

MUTUAL FUND INDUSTRY REVIEW

The Net Assets of the open end mutual funds industry increased by about 28.9% during FY23 to PKR 1,564 billion. Total money market funds grew by about 34.4% since June 2022. Within the money market sphere, conventional funds showed a growth of 6.1% to PKR 473 billion while Islamic funds increased by 90.4% to PKR 429 billion. In addition, the total fixed Income funds increased by about 23.7% since June 2022 to PKR 369 billion. Equity and related funds declined by 27% to PKR 168 billion as concern over macroeconomic factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 57.7%, followed by Income funds with 23.6% and Equity and Equity related funds having a share of 10.7% as at the end of FY23.

MUTUAL FUND INDUSTRY OUTLOOK

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, external concerns have eased post agreement with IMF and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2023

MANAGEMENT COMPANY

The fund is managed by MCB-Arif Habib Savings & Investments Limited which is the subsidiary of MCB Bank Limited. On April 18, 2023, MCB Bank Limited (MCB) has acquired 21,664,167 (30.09%) shares from Arif Habib Corporation Limited (AHCL) resulting an increase in shareholding from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH.

Consequently, the members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 07, 2023 have resolved via special resolution that the name of the Company be changed from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited and a formal request for change of name has been forwarded to the Securities and Exchange Commission of Pakistan (SECP) for its approval.

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).

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. Shoaib Mumtaz	Non-Executive Director	HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	Audit Committee; and HR&R* Committee.
4.	Mr. Manzar Mushtaq	Non-Executive Director	Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	Audit Committee (Chairman)
6.	Mr. Fahd Kamal Chinoy	Independent Director	HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance. 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. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2023

- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in 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 significant doubts upon the fund's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements;
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2023, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2023 is annexed;
- 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, 2023:

1. Meeting of the Audit Committee.

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

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

* Resigned on May 02, 2023.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2023

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	5	-
3.	Mr. Nasim Beg*	5	5	5	-
4.	Ms. Mavra Adil Khan	5	5	2	3
5.	Syed Savail Meekal Hussain	5	5	5	-
6.	Mr. Muhammad Saqib Saleem (CEO)	5	5	5	-

* Resigned on May 02, 2023.

- n. No 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.

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. Ernst & Young Ford Rhodes & Co. Chartered Accountants** have retired after completion of audit for Financial Year ended June 30, 2023. The Audit Committee has recommended appointment of **M/s. BDO Ebrahim & Co., Chartered Accountants** as external auditors of the Fund for financial year ending June 30, 2024 and the Board has also endorsed the recommendation of the Audit Committee. **M/s. BDO Ebrahim & Co., Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.

ACKNOWLEDGEMENT

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
July 26, 2023



Manzar Mushtaq
Director

ڈائریکٹرز رپورٹ

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز اینڈ اینگ فورڈ چارٹرڈ اکاؤنٹنٹس 30 جون 2023 کو ختم ہونے والے مالی سال کا آڈٹ مکمل کرنے کے بعد ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی نے 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو فنڈ کا خارجی آڈیٹر مقرر کرنے کی سفارش کی ہے اور بورڈ نے آڈٹ کمیٹی کی سفارشات کی بھی توثیق کی ہے۔ بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے خارجی آڈیٹرز کے طور پر کام کرنے پر آمادگی کا اظہار کیا ہے

اظہار تشکر

بورڈ آف ڈائریکٹرز فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا اُن کے مسلسل تعاون اور حمایت کے لیے مشکور ہے۔ ڈائریکٹرز انتظامی ٹیم کی کوششوں کو بھی خراج تحسین پیش کرتے ہیں۔

من جانب ڈائریکٹرز،

Masrur Mushtaq

منظر مشتاق
ڈائریکٹر

محمد ثاقب سلیم

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
26 جولائی 2023ء

ڈائریکٹرز رپورٹ

1. آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد		میٹنگز کی تعداد		
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
-	8	8	8	۱۔ مرزا محمد قریب (چیئر مین)*
1	7	8	8	۲۔ جناب نسیم بیگ *
-	8	8	8	۳۔ جناب احمد جہانگیر
2	6	8	8	۴۔ جناب کاشف اے حبیب *
3	5	3	8	۵۔ سید ساویل میقال حسین

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

2. ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

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

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

n. دوران سال مینجمنٹ کمیٹی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، اور چیف انٹرنل آڈیٹر اور ان کے شریک حیات اور نابالغ بچوں نے فنڈ کے بزنس کی کوئی خرید و فروخت نہیں کی۔

ڈائریکٹرز رپورٹ

انتظامیہ بہترین طریقوں کے حوالے سے کارپوریٹ گورننس کے ضابطہء اخلاق کی دفعات کی بدستور تعمیل کر رہی ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے عزم پر قائم ہے جن میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی وضاحت کی گئی ہے۔ بورڈ آف ڈائریکٹرز کی جانب سے مطلع کیا جاتا ہے کہ:

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

b. فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں؛

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

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی - جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، Non بینکنگ فنانس کمپنیز (اسٹیلشمنٹ اینڈ ریگیولیشنز) رولز 2003ء کی، Non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انشورنس ریگیولیشنز 2008ء کی، متعلقہ ٹرسٹ ڈیڈز کی ضروریات اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی تعمیل کی گئی ہے؛

e. انٹرنل کنٹرول یعنی اندرونی جانچ پڑتال کا نظام مستحکم خطوط پر استوار اور مؤثر 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. لسٹنگ ریگیولیشنز میں واضح کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. واجب الاداء ٹیکس، قانونی چارجز اور ڈیوٹیز کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے؛

i. پراویڈنٹ / گریجویٹس اور پینشن فنڈ کی قدر کے اسٹیمٹ 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 2023ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق، ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر تعمیل پیرا ہے؛

k. 30 جون 2023ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛

l. بورڈ کی اپنی، بورڈ کے ارکان کی اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باقاعدہ رسمی اور مؤثر نظام نافذ کیا گیا ہے؛

m. بورڈ آف ڈائریکٹرز کی مینٹنگ کی حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ ذیل میں سال مستحتمہ 30 جون

2023ء کے دوران ہونے والی کمیٹی مینٹنگز کی تفصیلات درج ہیں؛

ڈائریکٹرز رپورٹ

مینجمنٹ کمپنی

فنڈ کا انتظام ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی-اے ایچ) نے سنبالا ہوا ہے جو ایم سی بی بینک لمیٹڈ (ایم سی بی) کی سبڈری ہے۔ 18 اپریل 2023ء کو ایم سی بی نے عارف حبیب کارپوریشن لمیٹڈ (اے ایچ سی ایل) سے 21,664,167 (30.09 فیصد) حصص خرید لیے جس کے نتیجے میں حصص یافتگی 36,957,768 (51.33 فیصد) سے بڑھ کر 58,620,935 (81.42 فیصد) ہو گئی اور اے ایچ سی ایل اب ایم سی بی-اے ایچ میں حصص کا حامل نہیں۔

چنانچہ کمپنی کے ارکان نے غیر معمولی عمومی اجلاس (ای او جی ایم) مورخہ 07 جولائی 2023ء میں خصوصی قرارداد کے ذریعے فیصلہ کیا ہے کہ کمپنی کا نام ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ سے تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا جائے، اور تبدیلیء نام کی رسمی درخواست سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو منظوری کے لیے بھیج دی گئی ہے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار نافذ کرنے کے لئے پُر عزم ہے۔ بورڈ آف ڈائریکٹرز (8 ارکان پر مشتمل ہے بشمول چیف ایگزیکٹو ڈائریکٹر (CEO) اور اس میں اصناف اور معلومات کا متنوع امتزاج موجود ہے۔ بورڈ 1 خاتون اور 7 حضرات ڈائریکٹرز پر مشتمل ہے جن کو مندرجہ ذیل زمروں میں تقسیم کیا گیا ہے:

* چار (4) غیر ایگزیکٹو ڈائریکٹرز

* تین (3) خود مختار ڈائریکٹرز

* ایک (1) ایگزیکٹو ڈائریکٹر (CEO)

مندرجہ بالا کی تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون رشید	غیر ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب شعیب ممتاز	غیر ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی
3.	جناب احمد جہانگیر	غیر ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی اور ایچ آر اینڈ آر * کمیٹی
4.	جناب منظر مشتاق	غیر ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	جناب سید ساویل میکان حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6.	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی

* ایچ آر اینڈ آر کا مطلب ہے ہیومن ریسورس اینڈ ریوژنیشن

ڈائریکٹرز رپورٹ

پی کے ساتھ تناسب کم ہو کر 7.5 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.7 فیصد سے 62 فیصد کمی ہے۔ اسی طرح Earning Yield (آمدنی کی پیداوار) میں سے Risk Free Rate (خطرے سے محفوظ شرح) منہا کرنے پر تقریباً 6.0 فیصد بنتا ہے، اور قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد سے فائدہ اٹھانے میں مدد ملے گی۔ 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 کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 11.8 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ ہم ڈیٹا پوائنٹس کی نگرانی اور پُرکشش شرحوں پر اگم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ جاری رکھیں گے تاکہ درمیانی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات دوران مالی سال 2023ء تقریباً 28.9 فیصد بڑھ کر 1,564 بلین روپے ہو گئے۔ Money مارکیٹ کے مجموعی فنڈز میں جون 2022ء سے اب تک تقریباً 34.4 فیصد اضافہ ہوا۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 6.1 فیصد بڑھ کر 473 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 90.4 فیصد بڑھ کر 429 بلین روپے ہو گئے۔ مزید برآں، فیکسڈ انکم کے مجموعی فنڈز جون 2022ء سے اب تک تقریباً 23.7 فیصد بڑھ کر 369 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 27 فیصد کم ہو کر 168 بلین روپے ہو گئے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2023ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 57.7 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر اگم فنڈز تھے جن کا 23.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی اور متعلقہ فنڈز تھے جن کا 10.7 فیصد حصہ تھا۔

میوچل فنڈ صنعت کی مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں زیادہ آمد و رفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم آئی ایم ایف معاہدے کے بعد خارجی خدشات کم ہو گئے ہیں اور طویل المیاد سرمایہ کاران بے حد پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریٹرز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

ڈائریکٹرز رپورٹ

کے تناظر میں زرمبادلہ کے خساروں کا تھا جس سے قریب المیعا سرمایہ کاریوں کو خطرہ لاحق ہو گیا تھا۔ آٹوموبیل اسمبلرز SBP کی عائد کردہ پابندیوں کے نتیجے میں پست حجم ماحولی فروخت کی وجہ سے پریشانی کا شکار رہے۔ دوسری جانب توانائی کے شعبے نے متوقع سے بہتر ڈیویڈنڈز کی بدولت انڈیکس میں 554 پوائنٹس کا اضافہ کیا۔

فنڈ کی کارکردگی

زیادہ جازرہ مدت کے دوران فنڈ کا منافع 10.16 فیصد تھا، بالمقابل مقررہ معیار (بچ مارک) 5.39 فیصد منافع کے۔ 30 جون 2023 فنڈ کی سرمایہ کاری 5.90 فیصد نقد میں، 22.7 فیصد الحما، اسلاک اسٹاک فنڈ میں اور 71.3 فیصد الحما، اسلاک انکم فنڈ میں تھی۔ کو فنڈ کے net اثاثہ جات 115 ملین روپے تھے، جو 30 جون 2022ء کی سطح 145 ملین روپے کے مقابلے میں 20.69 فیصد کمی ہے۔ 30 جون 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 110.3383 روپے تھی، جو 30 جون 2022ء پر ابتدائی این اے وی فی یونٹ 100.1599 کے مقابلے میں 10.1784 روپے فی یونٹ کا اضافہ ہے۔

معیشت اور بازار - مستقبل کا منظر نامہ

انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) اور پاکستان کے درمیان ایک اسٹاف لیول معاہدہ طے پایا ہے جس کے مطابق ایک اسٹینڈ بائی اگریمنٹ (SBA) کے تحت 3 بلین ڈالر فراہم کیے جائیں گے۔ یہ پروگرام نو ماہ پر محیط ہے، اور آئی ایم ایف کی طرف سے SBA کی منظوری سے 1.2 بلین ڈالر فوری طور پر فراہم کر دیے جائیں گے، جبکہ بقیہ 1.8 بلین ڈالر کی فراہمی نومبر 2023ء اور فروری 2024ء میں جائزوں کے بعد طے کی گئی ہے۔ یہ پروگرام ایک اہم موڑ پر طے پایا ہے جب پاکستان ادائیگیوں کے توازن کے سنگین بحران سے نبرد آزما ہے۔ آئی ایم ایف پروگرام کی کامیابی بحالی سے پاکستان کو باہمی اور کثیرالجہتی ذرائع سے رقم کے حصول میں مدد ملے گی جس کی بدولت زرمبادلہ کے ذخائر بھی بحال ہوں گے۔ سعودی عرب نے 2 بلین ڈالر اور متحدہ عرب امارات نے 1 بلین ڈالر فراہم کرنے کا وعدہ کیا تھا جو آئی ایم ایف پروگرام کی بحالی پر مشروط تھا۔ اس میں سے سعودی عرب کی طرف سے 2 بلین ڈالر جولائی 2023ء میں موصول ہو چکے ہیں۔ چین کی طرف سے بھی 2.0 بلین ڈالر، اور چینی کمرشل بینکوں کی طرف سے اضافی 1.5 بلین ڈالر کی فراہمی متوقع ہے۔ مزید برآں، آئی ایم ایف پروگرام کی بحالی سے پاکستان کو ورلڈ بینک اور دیگر کثیرالجہتی ایجنسیوں سے رعایتی شرائط پر رقم کے حصول میں بھی مدد ملے گی۔ اس سے مستقبل قریب میں ڈیفالٹ کا خطرہ ٹل گیا ہے، اور ہمیں اُمید ہے کہ قریب المیعا میں روپے کی قدر مستحکم رہے گی۔

مالی سال 2024ء کی اوسط مہنگائی میں مالی سال 2023ء میں 29.0 فیصد کے مقابلے میں 19.3 فیصد کمی متوقع ہے کیونکہ base effect اپنا کردار ادا کرے گا۔ مہنگائی میں بتدریج کمی متوقع ہے، اور دوران مدت زرمبادلہ کے ذخائر میں اضافے کی بدولت دسمبر 2023ء کو ختم ہونے والی سہ ماہی میں مالیاتی تسہیل کی گردش ممکن ہو سکتی ہے۔ مجموعی طور پر اگلے بارہ ماہ میں تقریباً 6 فیصد تسہیل متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زرمبادلہ کے ذخائر کے رجحان پر ہوگا۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ cap کا جی ڈی

ڈائریکٹرز رپورٹ

میں سود کی شرحوں کو 1.0 فیصد بڑھا کر 22 فیصد کر دیا تاکہ سود کی حقیقی شرح کو ترقی پسند بنیاد پر مثبت علاقے میں لے جایا جائے اور مہنگائی کی توقعات پر قابو پایا جائے۔

عارضی مجموعی منگنی پیداوار (GDP) میں مالی سال 2023ء میں 0.29 فیصد ترقی ہوئی۔ اس ضمن میں زراعت اور خدمات کے شعبوں میں بالترتیب 1.6 فیصد اور 0.9 فیصد اضافہ ہوا جبکہ صنعتی شعبے میں 2.9 فیصد کمی ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ درآمداتی پابندیاں صنعتی ماحصل میں کمی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں ایف بی آر ٹیکس حصولی مالی سال 2023ء میں 16.4 فیصد بڑھ کر 7,154 بلین روپے ہو گئی، بالمقابل گزشتہ سال مماثل مدت میں 6,149 بلین روپے، لیکن 486 بلین روپے کے ہدف تک نہ پہنچ سکی۔

ٹانومی مارکیٹوں کی پیداوار میں مالی سال 2023ء میں اضافہ ہوا جس کے اسباب مالیاتی سختی اور روپے کی قدر میں خطیر کمی کے بعد مہنگائی کے دباؤ کی نئی لہر ہیں۔ 3، 6 اور 12 ماہانہ ٹی۔ بلنز کے منافع جات میں بالترتیب 767، 772 اور 763 بیسیس پوائنٹس (بی پی ایس)، جبکہ 3، 5 اور 10 سالہ بانڈز کے منافع جات میں بالترتیب 602، 315 اور 240 بی پی ایس کا اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج (KSE)-100 انڈیکس مالی سال 2023ء کے دوران 88 پوائنٹس (-0.2 فیصد) کم ہو کر 41,543 پوائنٹس پر بند ہوا۔ آئی ایم ایف پروگرام کی بحالی اور دوست ممالک سے معاونت کی بدولت پیدا ہونے والا ابتدائی جوش و خروش جلد ہی تباہ شکن سیلابوں میں بہہ گیا جس کے باعث پہلے سے کمزور معیشت مزید ابتری کا شکار ہو گئی۔ زیر جائزہ مدت کے دوران مہنگائی بلند بلند پر رہی، اسٹیٹ بینک آف پاکستان (SBP) کے ذخائر میں کمی آئی، اور سود کی شرح عروج پر 22 فیصد رہی، جس کے باعث سرمایہ کار مایوسی کا شکار رہے۔ علاوہ ازیں، ملک میں سیاسی افراتفری کے تناظر میں آئی ایم ایف پروگرام کے نویں جائزے کی تکمیل میں مسلسل تاخیر سے سرمایہ کاروں کی مزید حوصلہ شکنی ہوئی۔ بہر حال سال کے اختتام تک حکومت پاکستان نے اپنی صورتحال کا دوبارہ جائزہ لیا اور آئی ایم ایف پروگرام کے ساتھ ہم آہنگ ہونے کے لیے مجموعی سطح کی ترامیم کیں جس کی بدولت سرمایہ کاروں کا اعتماد کچھ حد تک بحال ہوا اور وسط سال کے خساروں کی تلافی کرنے میں مدد ملی۔

دوران سال زیادہ تر فروخت میوچل فنڈز اور بیمہ کمپنیوں کی طرف سے ہوئیں جو بالترتیب 144.5 ملین ڈالر اور 124.3 ملین ڈالر مالیت کی تھیں۔ سب سے بڑے خریدار کمپنیز، افراد اور بینک تھے جنہوں نے بالترتیب 99.7 ملین ڈالر، 83.9 ملین ڈالر اور 73.7 ملین ڈالر مالیت کی ایکویٹی خریدیں۔ غیر منگنی سرمایہ کار بھی net خریدار بن گئے اور 23.9 ملین ڈالر لانے کا سبب بنے۔ دوران مالی سال 2023ء اوسط یومیہ تجارتی حجم 34 فیصد کم ہو کر 192 ملین حصص ہو گئے، بالمقابل مالی سال 2022ء کے جب یہ اوسط تقریباً 291 ملین حصص تھا۔ اسی طرح دوران مالی سال 2023ء اوسط یومیہ تجارتی قدر سال گزشتہ کے مقابلے میں 54 فیصد کم ہو کر 25 ملین ڈالر رہ گئی۔

انڈیکس کی گراوٹ میں سب سے بڑا ہاتھ دواساز، دیگر، آٹو اسمبلرز، اور ریفرنسز کے شعبوں کا تھا جو بالترتیب -561، -435، -310 اور -159 پوائنٹس کمی کا سبب بنے۔ دواسازی کے شعبے کو درپیش سب سے بڑا مسئلہ روپے کی قدر میں ڈالر کے مقابلے میں کمی

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے اہمراء اسمارٹ پورٹ فولیو کے اکاؤنٹس کا جائزہ برائے سال مُختتمہ 30 جون 2023ء پیش خدمت ہے۔ (فنڈ کا آغاز 11 جون 2021ء کو ہوا ہے)

معیشت اور بازار زر کا جائزہ

مالی سال 2023ء پاکستان کے لیے مشکل سال تھا کیونکہ متعدد مجموعی معاشی مسائل درپیش رہے۔ 2022ء کے مومن سون سیلابوں نے بنیادی ساخت، فصلوں اور موسمیاتیوں کو بہت نقصان پہنچایا اور قیمتی جانیں بھی ضائع ہوئیں۔ عالمی سطح پر ایشیاء کی قیمتوں میں اضافے اور کرنسی کی قدر میں کمی کے باعث مہنگائی کی ایسی لہر آئی جو 1974ء کے بعد سب سے بڑی تھی اور اس کے نتیجے میں سوڈ کی شرحیں بلند ترین سطح پر پہنچ گئیں۔ آئی ایم ایف پروگرام کا آغاز مالی سال کے نصف آخر کے دوران غیر یقینی رہا جس کے باعث سیاسی اور معاشی مسائل سے دوچار حکومت کے لیے سنگین مشکلات پیدا ہو گئیں۔

ملک کی خارجی صورتحال غیر یقینی رہی کیونکہ ایس بی پی کے زرمبادلہ کے ذخائر کم ہو کر 30 جون 2023ء کو 4.5 بلین ڈالر رہ گئے (جو صرف 3 ہفتوں کا درآمداتی cover ہے) جبکہ مالی سال کے آغاز میں 9.8 بلین ڈالر تھے۔

حکومت نے متعدد سیاسی ناپسندیدہ اقدامات اٹھائے، اگرچہ کچھ تاخیر اور ہچکچاہٹ کے ساتھ، مثلاً بجلی اور گیس کی قیمتوں میں اضافہ کیا، روپے کی قدر میں کمی ہونے دی، اضافی ٹیکس عائد کیے اور سوڈ کی شرحوں کو آئی ایم ایف کے مطالبات کے مطابق بڑھا دیا۔ تاہم آئی ایم ایف کے نوٹس (9th) جائزے کا اسٹاف لیول اگرینٹ (SLA) سال بھر غیر یقینی رہا کیونکہ آئی ایم ایف اور حکومت کے درمیان اتفاق نہیں ہو سکا۔ آئی ایم ایف پروگرام میں تاخیر کے باعث باہمی اور کثیرالجہتی شراکت داروں سے غیر ملکی آمد و رفت میں سُستی آئی جس کے باعث ذخائر کم ہوئے۔ اس کے نتیجے میں روپیہ سنگین دباؤ کا شکار رہا اور مالی سال 2023ء میں ڈالر کی قدر 40 فیصد بڑھ کر 286.0 روپے ہو گئی جو اس کی بلند ترین سطح کے قریب ہے۔

ملک کا کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2023ء کے پہلے گیارہ ماہ میں 2.9 بلین ڈالر تھا، جبکہ گزشتہ سال مماثل مدت میں 15.2 بلین ڈالر تھا، یعنی 81 فیصد سال در سال (YoY) کمی ہوئی۔ CAD میں کمی کی سب سے بڑی وجہ کاروباری خسارے میں کمی ہے۔ برآمدات میں 12.2 فیصد کمی اور درآمدات میں 23.9 فیصد کمی کی بدولت کاروباری خسارے میں 33.8 فیصد کمی ہوئی۔ حکومت نے منتخب درآمدات پر درآمداتی کوٹے عائد کر کے انتظامی اقدامات کے ذریعے درآمدات کو قابو میں رکھا۔ تاہم ان اقدامات سے غیر قانونی درآمدات (اسمگلنگ) میں اضافہ ہوا جس کے باعث ترسیلات زر مشتبہ ذرائع کی طرف مائل ہو گئیں۔ علاوہ ازیں، درآمدات پر مضبوط لگام کے نتیجے میں متعدد صنعتوں میں کمی واقع ہوئی اور مجموعی معاشی ترقی متاثر ہوئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفین کی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2023ء کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 12.1 فیصد تھا۔ ایشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی، گیس اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے عوامل رہے۔ مہنگائی کے دباؤ وسیع پیمانے پر محیط تھے جس کا اظہار بنیادی مہنگائی میں 21.2 فیصد کمی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے جون 2023ء کی تازہ ترین MPS

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2023

Fund Type and Category

Alhamra Smart Portfolio is a Shariah Compliant Islamic Asset Allocation Plan.

Fund Benchmark

The benchmark for ALHSP is KMI-30 Index and six (6) months average deposit rates of three (3) "A" rated Scheduled Islamic Banks or Islamic Windows of Conventional Banks as selected by the MUFAP on the basis of actual proportion held by the Scheme.

Investment Objective

Alhamra Smart Portfolio is a Shari'ah Compliant Islamic Asset Allocation Plan with an objective to earn a potentially high return through active asset allocation among Shari'ah Compliant Islamic Scheme based on the Fund Manager's outlook of the asset classes.

Manager's Review

The fund posted a return of 10.16% during the period under review against the benchmark return of 5.39%. Equity exposure of the fund at June end was 22.7% which was invested in Alhamra Islamic Stock Fund, while 71.3% of the fund was invested in Alhamra Islamic Income Fund, whereas cash exposure was 5.9%.

The Net Assets of the fund as at June 30, 2023 stood at Rs. 115 million as compared to Rs. 145 million as at June 30, 2022 registering an decrease of 20.7%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 110.3383 as compared to opening NAV of Rs. 100.1599 per unit as at June 30, 2022 registering an increase of 10.1784 per unit.

Asset Allocation as on June 30, 2023 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-23
Cash	5.9%
Alhamra Islamic Income Fund	71.3%
Others including receivables	0.1%
Alhamra Islamic Stock Fund	22.7%

**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2023**

Asset Quality as on June 30, 2023 (% of total assets)



Syed Muhammad Usama Iqbal
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS



REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

ALHAMRA ISLAMIC ACTIVE ALLOCATION FUND

Report of the Trustee Pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

Al-Hamra Islamic Active Allocation Fund, an open-end Scheme established under a Trust Deed executed between MCB Arif Habib Savings and Investments Limited as Management Company and Digital Custodian Company Limited as Trustee on November 25, 2016. The scheme was approved by Securities & Exchange Commission of Pakistan on December 02, 2016.

MCB Arif Habib Savings and Investments Limited, the Management Company of Al-Hamra Islamic Active Allocation Fund has, in all material respects, managed Al-Hamra Islamic Active Allocation Fund for the year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) the creation and cancellation of units are carried out in accordance with the deed;
- (iv) and any regulatory requirement

Dabeer Khan
Manager Compliance
Digital Custodian Company Limited

Karachi: September 13, 2023

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REPORT OF THE SHARIAH ADVISORY BOARD

Karachi: September 16, 2023

REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of Alhamra Islamic Active Allocation (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 Investment Management Limited (Formerly: MCB Arif Habib Savings and Investments limited), 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.

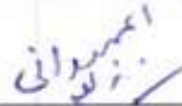
A review is limited primarily to inquire to the Management Company's personnel and review of various documents prepared by the management company to comply with prescribed criteria. In the light of the above, we hereby certify that:

- We have reviewed and approved the modes of investment of ALHIAAP in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHIAAP 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 ALHIAAP for the year ended June 30, 2023 have been in compliance with Shariah principles.

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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INDEPENDENT AUDITORS' REPORT

To the Unit holders of Alhamra Islamic Active Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alhamra Islamic Active Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2023, 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 2023, 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 2023, the bank balances and investments (comprised of open end mutual funds) held by the Fund represent 99.93% of the total assets of the Fund as at the year end. In view of the significance of bank balances and investment in relation to the total assets and the Net Asset Value (NAV) of the Fund, we have considered the existence	We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedures included the following: <ul style="list-style-type: none">- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 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



-: 2 :-

Key audit matter	How our audit addressed the key audit matter
and valuation of such bank balances and investments as a key audit matter.	<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



-: 3 :-

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.

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

Chartered Accountants

Date: 22 September 2023

Place: Karachi

UDIN Number: AR20231007607vxbGn8R

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2023**

		June 30, 2023	June 30, 2022
		Alhamra Smart Portfolio	
	Note	----- (Rupees in '000) -----	
ASSETS			
Balances with banks	5	6,789	7,532
Investments	6	108,347	138,320
Profit receivable		85	69
Total assets		115,221	145,921
LIABILITIES			
Payable to the Management Company	7	18	21
Payable to the Trustee	8	24	24
Payable to the Securities and Exchange Commission of Pakistan	9	24	34
Accrued expenses and other liabilities	10	436	433
Total liabilities		502	512
NET ASSETS		114,719	145,409
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		114,719	145,409
Contingencies and Commitments	11		
		--- (Number of units) ---	
NUMBER OF UNITS IN ISSUE		1,039,702	1,451,767
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		110.3383	100.1599

The annexed notes 1 to 24 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, 2023**

	June 30, 2023	June 30, 2022
	Alhamra Smart Portfolio	
Note	----- (Rupees in '000) -----	
INCOME		
Realized gain on sale of investments - net	2,309	5,088
Net unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss	549	(2,999)
Profit on balances with banks	884	629
Dividend income	9,434	-
Total income	13,176	2,718
EXPENSES		
Remuneration of the Management Company	88	62
Sindh sales tax on remuneration of the Management Company	11	8
Remuneration of the Trustee	250	250
Sindh sales tax on remuneration of the Trustee	32	32
Annual fee to Securities and Exchange Commission of Pakistan	24	34
Allocated expenses	122	171
Auditors' remuneration	519	527
Printing charges	40	72
Settlement and bank charges	4	12
Listing fee	28	-
Legal and professional charges	174	179
Total expenses	1,292	1,347
Net income for the year before taxation	11,884	1,371
Taxation	-	-
Net income for the year	11,884	1,371
Allocation of net income for the year		
Net income for the year after taxation	11,884	1,371
Income already paid on units redeemed	(1,374)	(105)
	10,510	1,266
Accounting income available for distribution		
- Relating to capital gains	1,439	1,266
- Excluding capital gains	9,071	-
	10,510	1,266

The annexed notes 1 to 24 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, 2023**

	June 30, 2023	June 30, 2022
	Alhamra Smart Portfolio	
	----- (Rupees in '000) -----	
Net income for the year after taxation	11,884	1,371
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>11,884</u>	<u>1,371</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

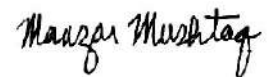
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Alhamra Smart Portfolio					
	June 30, 2023			June 30, 2022		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income / (loss)	Total
----- (Rupees in '000) -----						
Net Assets at the beginning of the year	145,277	132	145,409	123,200	(141)	123,059
Issuance of 60,493 units of Alhamra Smart Portfolio (2022: 1,051,825 units of Smart Portfolio)						
- Capital value (at net assets value per unit at the beginning of the year)	6,059	-	6,059	105,053	-	105,053
- Element of income	335	-	335	523	-	523
	6,394	-	6,394	105,576	-	105,577
Redemption of 472,558 units of Alhamra Smart Portfolio (2022: 832,160 units of Smart Portfolio)						
- Capital value (at net assets value per unit at the beginning of the year)	(47,331)	-	(47,331)	(83,114)	-	(83,114)
- Amount paid out of element of income						
- Relating to 'net income for the year after taxation'	-	(1,374)	(1,374)	-	(105)	(105)
- Adjustment on units as element of income	(263)	-	(263)	(385)	-	(385)
	(47,594)	(1,374)	(48,968)	(83,499)	(105)	(83,604)
Total comprehensive income for the year	-	11,884	11,884	-	1,371	1,371
Distribution during the year	-	-	-	-	(993)	(993)
Net income for the year less distribution	-	11,884	11,884	-	378	378
Net assets at end of the year / maturity	104,077	10,642	114,719	145,277	132	145,409
Payable to unit holders on maturity	-	-	-	-	-	-
Net assets at end of the year	104,077	10,642	114,719	145,277	132	145,409
Undistributed income / (loss) brought forward comprising of:						
- Realised		3,131			216	
- Unrealised		(2,999)			(357)	
		132			(141)	
Accounting income available for distribution:						
- Relating to capital gains		1,439			1,266	
- Excluding capital gains		9,071			-	
		10,510			1,266	
Net loss for the year		-			-	
Distribution during the year		-			(993)	
Undistributed income carried forward		10,642			132	
Undistributed income / (loss) carried forward comprising of:						
- Realised		10,093			3,131	
- Unrealised		549			(2,999)	
		10,642			132	
		-- (Rupees) --			-- (Rupees) --	
Net assets value per unit at beginning of the year	100.1599			99.8771		
Net assets value per unit at end of the year	110.3383			100.1599		

The annexed notes 1 to 24 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, 2023

	June 30, 2023	June 30, 2022
	Alhamra Smart Portfolio	
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	11,884	1,371
Adjustments for non cash and other items:		
Realized gain on sale of investments - net	(2,309)	(5,088)
Net unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	(549)	2,999
Profit on balances with banks	(884)	(629)
Dividend income	(9,434)	-
	(13,176)	(2,718)
Decrease / (Increase) in assets		
Investments - net	32,831	(15,150)
	32,831	(15,150)
(Decrease) / increase in liabilities		
Payable to the Management Company	(3)	11
Payable to the Trustee	-	8
Payable to the Securities and Exchange Commission of Pakistan	(10)	-
Accrued expenses and other liabilities	3	380
	(10)	432
Profit received on balances with banks	868	586
Dividend received	9,434	-
Net cash generated / (used in) from operating activities	41,831	(15,479)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issuance of units	6,394	105,577
Amount paid on redemption of units	(48,968)	(83,604)
Dividend paid	-	(993)
Net cash (outflow) / inflow from financing activities	(42,574)	20,980
Net (decrease) / increase in cash and cash equivalents during the year	(743)	5,501
Cash and cash equivalents at the beginning of the year	7,532	2,031
Cash and cash equivalents at the end of the year	6,789	7,532

The annexed notes 1 to 24 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, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Al-Hamra Islamic Active Allocation Fund (the Fund) was established under a Trust Deed dated, November 25, 2016, executed between MCB-Arif Habib Savings and Investments Limited as Management Company and Digital Custodian Company Limited (Formerly: MCB Financial Services Limited) as Trustee. The Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 02, 2016 under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations 2008). 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.

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 Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company is 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.

On April 18, 2023, MCB Bank Limited (MCB) has acquired 21,664,167 (30.09%) shares of MCB Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH. The Board of Directors of the Management Company has passed a resolution in 188th BOD meeting held on May 2, 2023 for the change of name of the Management Company from "MCB-Arif Habib Savings and Investment Limited" to "MCB Investment Management Limited". The Securities and Exchange Commission of Pakistan has also given approval on the Memorandum of Association regarding the Change of Name. The Change of Name of the Management Company has also been approved in the Extra Ordinary General Meeting (EOGM) held on July, 07, 2023 by the Share Holders representing 89.01% Shareholding. After the conclusion of EOGM, the Management Company has applied to the registrar for the alteration in Memorandum and Article of Association and performing all the legal formalities incidental thereto.

1.3 The Fund commenced its operations from December 29, 2016. The Fund is an open-end Shariah Compliant Fund of Funds that shall invest in other Shariah compliant Collective Investment Schemes as specified in the Investment Policy contained in the offering document and SECP circular No. 7 of 2009, as may be amended or substituted from time to time. The units of the Fund are redeemable subject to a contingent load.

1.4 The duration of the Fund is perpetual however, Allocation Plans launched may have a set time frame. The Fund commenced its operations from December 29, 2016 and on that date, had offered one type of Allocation Plan (Plan-I) which matured on December 28, 2020. On June 16, 2017, the Fund launched Allocation Plan-II which matured on June 16, 2021. The Management Company has settled the unit holders of Plan-I and Plan-II. On June 10, 2021, the Fund launched Alhamra Smart Portfolio. The Fund is allowed to invest in Shariah Compliant Collective Investment Schemes or in cash and / or near cash instruments as allowed under circular no. 7 of 2009 dated March 06, 2009 issued by the SECP.

1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of 'AM1' dated October 06, 2022 to the Management Company.

1.6 Title to the assets of the Fund is held in the name of Digital Custodian Company Limited as Trustee of the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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) 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
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and 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.

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.

Judgments made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in notes 4 till 4.16 respectively.

3.3 Functional and presentation currency

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Fund has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

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

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

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Standard or Interpretation	Effective date (annual periods beginning on or after)
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 01, 2023
International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	January 01, 2023
Classification of liabilities as current or non-current and Non-current Liabilities with Covenants - Amendment to IAS 1	January 01, 2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Fund expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Fund's financial statements in the period of initial application.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments (if any) 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 Financial assets

4.4.1 Classification

Business model assessment

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

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

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

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

In contrast, contractual terms that introduce a more than the minimum 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 fair value through profit or loss.

4.4.2 Initial Measurement

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

Subsequent Measurement

Debt instruments at Amortized Cost

After initial measurement, such debt instruments are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate.

Debt instruments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded in the statement of financial position at fair value. Changes in fair value are recorded in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss.

4.4.3 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

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

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.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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

4.10 Dividend distribution and appropriations

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

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

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 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, 2023

4.13 Revenue recognition

- Realized gain / (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.
- Markup on bank balances, term deposit receipts and government securities is recognised on effective interest rate method.

4.14 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.

4.15 (Loss) / earnings per unit

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

4.16 Element of income / (loss) and capital gains / (losses) included in prices of units issued 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.

		<u>June 30, 2023</u>	<u>June 30, 2022</u>
		<u>Alhamra Smart Portfolio</u>	
		----- (Rupees in '000) -----	
5 BALANCES WITH BANKS	Note		
In current account	5.1	1,382	1,516
In saving accounts	5.2	5,407	6,016
		<u>6,789</u>	<u>7,532</u>

5.1 This account is maintained with MCB Bank Limited, a related party.

5.2 These carry markup ranging from 12.25% to 19% (2022: 6.60% to 13.75%) per annum.

		<u>June 30, 2023</u>	<u>June 30, 2022</u>
		<u>Alhamra Smart Portfolio</u>	
		----- (Rupees in '000) -----	
6 INVESTMENTS			
At fair value through profit or loss			
- Units of open-end mutual funds	6.1	<u>108,347</u>	<u>138,320</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

6.1 Units of open-end mutual funds

Name of the fund	Number of units			Balances as at June 30, 2023			Market value as a percentage of net assets ----- %	Market value as a percentage of total investment ----- %
	As at July 01, 2022	Purchased during the period	Redemption during the period	As at June 30, 2023	Carrying Value	Market Value		
Alhamra Smart Portfolio with related party								
Alhamra Islamic Stock Fund	3,869,444	374,761	1,338,434	2,905,771	26,368	26,210	(158)	22.85%
Alhamra Islamic Income Fund	1,009,242	265,110	475,721	798,631	81,430	82,137	707	71.60%
Total as at June 30, 2023					<u>107,798</u>	<u>108,347</u>	<u>549</u>	
Total as at June 30, 2022					141,319	138,320	(2,999)	

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

		June 30, 2023	June 30, 2022
Alhamra Smart Portfolio			
Note		(Rupees in '000)	
7 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	8	7
Sindh sales tax payable on management remuneration	7.2	1	1
Payable against allocated expenses	7.3	9	13
		18	21

7.1 As per the offering document, the Management Company has charged management fee at the rate of 10% (2022: 10%) on accrued bank mark-up calculated on daily basis.

7.2 During the year, Sindh Sales Tax on management fee has been charged at 13% (2022: 13%).

7.3 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.

		June 30, 2023	June 30, 2022
Alhamra Smart Portfolio			
Note		(Rupees in '000)	
8 PAYABLE TO DIGITAL CUSTODIAN COMPANY LIMITED - TRUSTEE			
Trustee remuneration payable	8.1	21	21
Sindh sales tax payable on trustee remuneration	8.2	3	3
		24	24

8.1 Under the provisions of the Trust Deed, the Trustee is entitled to a remuneration, to be paid monthly in arrears as per the following tariff structure.

Net Assets Value (NAV)	Tariff per annum
Up to Rs.1 billion	Rs.0.09% per annum of Daily Net Assets or Rs.0.25 million per annum, whichever is higher
Over Rs.1 billion	Rs.0.9 million plus 0.065% per annum of Daily Net Assets exceeding

8.2 Sindh Sales Tax at 13% (2022: 13%) is charged on Trustee fee.

9 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% (2022: 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, 2023

	June 30, 2023	June 30, 2022
Alhamra Smart Portfolio		
----- (Rupees in '000) -----		
10 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	356	354
Payable to legal advisor	39	34
Withholding Tax Payable	-	5
Others	41	40
	436	433

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022

	June 30, 2023	June 30, 2022
Alhamra Smart Portfolio		
----- (Rupees in '000) -----		
12 AUDITORS' REMUNERATION		
Annual audit fee	300	300
Half yearly review fee	135	100
	435	400
Sales tax and out of pocket expenses	84	127
	519	527

13 TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, 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. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company has distributed cash dividend subsequent to the year end (refer note 22) that is at least 90 percent of the Fund's accounting income for the year ended June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash.

14 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, the Trustee, directors, 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 is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Details of transactions and balances at year end with related parties / connected persons are as follows:

14.1 Unit Holders' Fund

June 30, 2023							
As at July 01, 2022	Issued for cash / conversion in / transfer in	Redeemed / conversion out / transfer out	As at June 30, 2023	Amount as at July 01, 2022	Issued for cash / conversion in / transfer in	Redeemed / conversion out / transfer out	Amount as at June 30, 2023
----- (Number of units) -----						----- (Rupees in '000) -----	

Alhamra Smart Portfolio

**MCB Arif Habib Savings and Investments
Limited- Management Company**

1,207,021	-	341,662	865,359	120,895	-	35,000	95,484
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June 30, 2022							
As at July 01, 2021	Issued for cash / conversion in / transfer in	Redeemed / conversion out / transfer out	As at June 30, 2022	Amount as at July 01, 2021	Issued for cash / conversion in / transfer in	Redeemed / conversion out / transfer out	Amount as at June 30, 2022
----- (Number of units) -----						----- (Rupees in '000) -----	

Alhamra Smart Portfolio

**MCB Arif Habib Savings and Investments
Limited- Management Company**

1,200,000	7,021	-	1,207,021	119,853	702	-	120,895
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

14.2 Transactions during the year:

**MCB-Arif Habib Savings and Investments Limited -
Management Company**

	June 30, 2023	June 30, 2022
	Alhamra Smart Portfolio	
	(Rupees in '000)	
Remuneration of the Management Company	88	62
Sindh sales tax on remuneration of the Management Company	11	8
Allocated expenses	122	171

Digital Custodian Company Limited - Trustee

Remuneration of the Trustee	250	250
Sindh sales tax on remuneration of the Trustee	32	32

Group / associated company

Alhamra Islamic Stock Fund

Purchase of 374,761 units by the Fund (2022: 2,991,597)	3,327	32,005
Sale of 1,338,434 Units, by the fund (2022: 1,803,254)	12,297	18,684

Alhamra Islamic Income Fund

Purchase of 265,110 units by the Fund (2022 : 2,113,792)	27,107	216,850
Sale of 475,721 units by the Fund (2022: 1,995,175)	50,968	215,020

MCB Bank Limited

Bank charges	-	4
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14.3 Balances outstanding at year end:

**MCB-Arif Habib Savings and Investments Limited -
Management Company**

	June 30, 2023	June 30, 2022
	Alhamra Smart Portfolio	
	(Rupees in '000)	
Management remuneration payable	8	7
Sindh sales tax payable on Management Company remuneration	1	1
Payable against allocated expenses	9	13

Digital Custodian Company Limited - Trustee

Trustee remuneration payable	21	21
Sindh sales tax payable on Trustee remuneration	3	3

Group / associated company

MCB Bank Limited

Balances with bank - current account	1,382	1,516
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Alhamra Islamic Income Fund

Outstanding 798,631 units (2022: 1,009,242 units) (investments made by the Fund)	82,137	103,108
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Alhamra Islamic Stock Fund

Outstanding 2,905,771 units (2022: 3,869,444) (investments made by the Fund)	26,210	35,212
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

15. 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, interest 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 primarily invests in Sharia compliant Islamic schemes of the Management Company and Sharia compliant Islamic schemes of other asset management companies subject to the prior approval of the Commission and the Sharia Advisor, Islamic Bank and Islamic banking windows of conventional bank account.

15.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the 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 and the NBFC Regulations, The NBFC Rules.

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

15.1.1 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 Rupees.

15.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund does not hold any variable rate financial instruments.

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instruments that may expose the Fund to any material interest rate risk.

The composition of the Fund's investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Alhamra Smart Portfolio						
As at June 30, 2023						
Particulars	Effective yield / rate	Exposed to yield risk			Not exposed to yield rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
	%	----- (Rupees in '000) -----				
Financial assets						
Bank balances	12.25% - 19.00%	5,407	-	-	1,382	6,789
Investments		-	-	-	108,347	108,347
Profit receivable		-	-	-	85	85
Sub total		5,407	-	-	109,814	115,221
Financial liabilities						
Payable to the Management Company		-	-	-	17	17
Payable to the Trustee		-	-	-	21	21
Accrued expenses and other liabilities		-	-	-	436	436
Sub Total		-	-	-	474	474
On-balance sheet gap		5,407	-	-	109,340	114,747

There is no off-balance sheet financial instrument that exist as at year ended June 30, 2023.

Alhamra Smart Portfolio						
As at June 30, 2022						
Particulars	Effective yield / rate	Exposed to yield risk			Not exposed to yield rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
	%	----- (Rupees in '000) -----				
On-balance sheet financial instruments						
Financial assets						
Bank balances	6.60% - 13.75%	6,016	-	-	1,516	7,532
Investments		-	-	-	138,320	138,320
Profit receivable		-	-	-	69	69
Sub total		6,016	-	-	139,905	145,921
Financial liabilities						
Payable to the Management Company		-	-	-	20	20
Payable to the Trustee		-	-	-	24	24
Accrued expenses and other liabilities		-	-	-	394	394
Sub total		-	-	-	438	438
On-balance sheet gap		6,016	-	-	139,467	145,483

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

15.1.3 Price risk

Other 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.

A reasonably possible change of 5% increase or decrease in fair values at the reporting date would have increased / decreased the income statement and statement of comprehensive income by Rs. 5.417 million (2022: Rs. 6.915 million) for Smart Portfolio respectively and consequently statement of movement in unit holders' fund would be affected by the same amount. The analysis assumes that all other variables remain constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

15.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted and arises principally from bank balances, investments, markup and other receivable.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. In addition, the risk is managed through assignment of credit limits and by following strict credit evaluation criteria laid down by the Management Company. The Fund does not expect to incur material credit losses on its financial assets.

The main concentration to which the Fund is exposed arises from the Fund's bank balances. The Fund is also exposed to counterparty credit risk on deposits and other receivable balances. The Fund's maximum exposure to credit risk related to receivables at June 30, 2023 and June 30, 2022 is the carrying amounts of following financial assets.

The Fund's maximum exposure to credit risk related to receivables at June 30, 2023 and June 30, 2022 is the carrying amounts of following financial assets.

The maximum exposure to credit risk as at June 30, 2023 and June 30, 2022 were as follows:

	June 30, 2023		June 30, 2022	
	Alhamra Smart Portfolio			
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
	----- (Rupees in '000) -----			
Bank balances	6,789	6,789	7,532	7,532
Investments	108,347	108,347	138,320	138,320
Profit receivable	85	85	69	69
	<u>115,221</u>	<u>115,221</u>	<u>145,921</u>	<u>145,921</u>

Balances by rating category

The Fund held bank balances and investments at June 30, 2023 and June 30, 2022 with banks having following credit ratings:

Rating	June 30, 2023		June 30, 2022	
	Alhamra Smart Portfolio			
	Rupees in '000	%	Rupees in '000	%
Balances with banks				
AAA	1,382	20.36%	1,516	20.13%
AA	5,407	79.64%	6,016	79.87%
	<u>6,789</u>	<u>100.00%</u>	<u>7,532</u>	<u>100.00%</u>
Investment - Units of open-end mutual funds				
AA-(f)	<u>108,347</u>	<u>100.00%</u>	<u>138,320</u>	<u>100.00%</u>

Above rates are on the basis of available ratings assigned by PACRA and VIS as of June 30, 2023 and June 30, 2022.

The unrated balances including deposits and other receivables have been assessed by the investment manager to have credit quality consistent with a bond can have and still be considered investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

15.3 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 balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Alhamra Smart Portfolio				
As at June 30, 2023				
Particulars	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
Liabilities				
Payable to the Management Company	17	-	-	17
Payable to the Trustee	21	-	-	21
Accrued expenses and other liabilities	436	-	-	436
	<u>474</u>	<u>-</u>	<u>-</u>	<u>474</u>

Alhamra Smart Portfolio				
As at June 30, 2022				
Particulars	Upto three months	More than three months and upto one year	More than one year	Total
----- (Rupees in '000) -----				
Liabilities				
Payable to the Management Company	20	-	-	20
Payable to the Trustee	21	-	-	21
Accrued expenses and other liabilities	394	-	-	394
	<u>435</u>	<u>-</u>	<u>-</u>	<u>435</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

15.4 Financial instruments by category

Alhamra Smart Portfolio			
As at June 30, 2023			
Particulars	At fair value through profit or	Amortised cost	Total
----- (Rupees in '000) -----			
Financial assets			
Bank balances	-	6,789	6,789
Investments	108,347	-	108,347
Profit receivable	-	85	85
	<u>-</u>	<u>6,874</u>	<u>115,221</u>

Alhamra Smart Portfolio			
As at June 30, 2023			
Particulars	At fair value through profit or	Amortised cost	Total
----- (Rupees in '000) -----			
Financial liabilities			
Payable to the Management Company	-	17	17
Payable to the Trustee	-	21	21
Accrued expenses and other liabilities	-	436	436
	<u>-</u>	<u>474</u>	<u>474</u>

Alhamra Smart Portfolio			
As at June 30, 2022			
Particulars	At fair value through profit or	Amortised cost	Total
----- (Rupees in '000) -----			
Financial assets			
Bank balances	-	7,532	7,532
Investments	138,320	-	138,320
Profit receivable	-	69	69
	<u>-</u>	<u>7,601</u>	<u>145,921</u>

Alhamra Smart Portfolio			
As at June 30, 2022			
Particulars	At fair value through profit or	Amortised cost	Total
----- (Rupees in '000) -----			
Financial liabilities			
Payable to the Management Company	-	20	20
Payable to the Trustee	-	21	21
Accrued expenses and other liabilities	-	394	394
	<u>-</u>	<u>435</u>	<u>435</u>

16. Unit holders' fund risk management

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The Fund has no restrictions on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs.100 million at all times during the life of the scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

In accordance with the risk management policies as stated above, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

As at June 30, 2023 and June 30, 2022, the Fund held the following instruments measured at fair values:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Alhamra Smart Portfolio				
At fair value through profit or loss	-	108,347	-	108,347
	-	108,347	-	108,347
	-	108,347	-	108,347
	June 30, 2022			
	----- (Rupees in '000) -----			
Alhamra Smart Portfolio				
At fair value through profit or loss	-	138,320	-	138,320
	-	138,320	-	138,320
	-	138,320	-	138,320

17.1 Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the MUFAP as at the close of the business days.

During the year ended June 30, 2023, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

18. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

Details of the members of the investment committee of the Fund are as follows:

S. No.	Name	Designation	Experience in years	Qualification
1	Muhammad Saqib Saleem	Chief Executive Officer	25.5	FCCA & FCA
2	Muhammad Asim	Chief Investment Officer	20	MBA & CFA
3	Awais Abdul Sattar	Portfolio Manager Equities	12	MBA & CFA
4	Jawad Naeem	Head of Islamic Equity	15	MBA Finance & CFA Level 1
5	Saad Ahmed	Head of Fixed Income	17	MBA
6	Syed Abid Ali	Head of Equities	15	MBA
7	Usama Iqbal	Fund Manager	19	MBA

18.1 Other funds managed by the fund manager

Mr. Syed Muhammad Usama Iqbal is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

- Pakistan Income Fund
- Alhamra Islamic Income Fund
- Alhamra Islamic Money Market Fund
- MCB Pakistan Fixed Return Fund
- Alhamra Wada Fund

19. PATTERN OF UNIT HOLDING

Alhamra Smart Portfolio

Category	As at June 30, 2023			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
	----- (Rupees in '000) -----			
Individuals	16	174,331	19,236	16.77%
Asset Management Company	1	865,359	95,482	83.23%
Other	2	12	1	0.00%
	19	1,039,702	114,719	100.00%

Alhamra Smart Portfolio

Category	As at June 30, 2022			
	Number of unit holders	Number of units held	Net assets value of the amount invested	Percentage of total investment
	----- (Rupees in '000) -----			
Individuals	17	244,737	24,513	16.86%
Asset Management Company	1	1,207,021	120,895	83.14%
Other	1	9	1	0.00%
	19	1,451,767	145,409	100.00%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

20. ATTENDANCE AT THE MEETINGS OF THE BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The 177th, 178th, 179th, 180th, 181st, 182nd, 183rd, 184th, 185th, 186th, 187th and 188th meeting of the Board of Directors were held on July 28, 2022, August 02, 2022, August 15, 2022, September 01, 2022, October 18, 2022, October 21, 2022, January 31, 2023, February 03, 2023, March 22, 2023, April 11, 2023, April 14, 2023 and May 02, 2023 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

S. No.	Name	Number of meetings			Meetings not attended	
		Held	Attendance required	Attended		Leave granted
Directors						
1	Mr. Haroun Rashid	12	12	12	-	-
2	Mr. Nasim Beg*	12	12	12	-	-
3	Mr. Ahmed Jahangir	12	12	12	-	-
4	Mr. Mirza Qamar Beg*	12	12	12	-	-
5	Mr. Syed Savail Meekal Hussain	12	12	10	2	185th and 187th
6	Mr. Kashif A. Habib*	12	12	8	4	180th, 184th, 186th and 187th
7	Ms. Mavra Adil Khan	12	12	9	3	178th, 181st and 182nd
8	Mr. Shoaib Mumtaz**	12	1	1	-	-
9	Mr. Manzar Mushtaq**	12	1	1	-	-
10	Mr. Fahd Kamal Chinoy**	12	1	1	-	-
11	Mr. Muhammad Saqib Saleem	12	12	12	-	-

* These director resigned on May 02, 2023

** These director were appointed on May 02, 2023

21. TOTAL EXPENSE RATIO

Total Expense Ratio of the Alhamra Smart Portfolio is 1.06% (2022: 0.79%) as on June 30, 2022 and these include 0.06% (2022: 0.04%) representing Government Levy and SECP fee respectively.

22. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The Fund has distributed cash dividend of Rs. 10.0921 per unit on July 01, 2023, for the year ended June 30, 2023. The financial statements of the Fund for the year ended June 30, 2023 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2024.

23. GENERAL

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on July 26, 2023 by the Board of Directors of the Management Company.

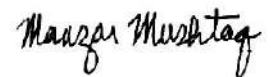
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2023**

No. of Unit Holders	Unit holdings	Total units held
9	A. 001-10,000	138
2	B. 10,001 – 100,000	378
1	C. 100,001 – 1000,000	2,147
7	D. 1000,001 & Above	1,037,039
19		1,039,702

**PERFORMANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2023**

Performance Information	2023	2022	2021
Total Net Assets Value – Rs. in million	114.7190	145.4089	123.0590
Net Assets value per unit – Rupees	110.3383	100.1599	99.8771
Closing Offer Price	114.0788	103.5553	103.2629
Closing Repurchase Price	110.3383	100.1599	99.8771
Highest offer price per unit	114.2728	106.4141	103.8610
Lowest offer price per unit	102.7317	102.1542	100.0000
Highest Redemption price per unit	110.5260	102.9249	100.4556
Lowest Redemption price per unit	99.3633	98.8047	99.6280
Distribution per unit – Rs. *	-	0.6881	-
Average Annual Return - %			
One year (Inception Date 11-Jun-17)	10.16	0.97	-0.12
Two year	5.57	0.43	NA
Three year	3.67	NA	NA
Net (loss) / Income for the period – Rs. in million	11.8840	1.3706	(0.1412)
Distribution made during the year – Rs. in million	-	1.0984	-
Accumulated Capital Growth – Rs. in million	11.8840	0.2722	(0.1412)

* Date of Distribution

2023	
Date	Rate
Nil	

2022	
Date	Rate
June 30, 2022	0.6881

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.

