AL Habib Asset Management Limited

A Wholly Owned Subsidiary of Bank AL Habib Limited

AL HABIB FUNDS

ANNUAL REPORT

JUNE 30, 2022

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Vision

We at AL Habib Asset Management Limited make it possible for everyone to invest in Mutual Funds by providing innovative products.

Mission

We aim to excel in Fund Management business by:

Understanding the customer needs through close interaction.

Focusing on offering our investors the best possible returns on a diverse range of porducts.

Attaining sustained growth in an ethical manner.

Providing a conducive working environment that stimulates talent.

DIRECTORS' REPORT

The Board of Directors of AL Habib Asset Management Limited (AHAM) is pleased to present the Annual Report along with the audited financial statements of the Funds under its management for the year ended June 30, 2022.

ECONOMY AND MONEY MARKET

The outgoing financial year (FY2022) recorded a high growth of GDP at about 6.0%. However, towards the end of the year, uncertainties were witnessed on both economic and political fronts. The situation became more challenging due to sharp increase in commodity prices globally. Consequently, Pakistan's current account deficit increased, foreign reserves declined, the rupee depreciated, and inflation showed a rising trend. State Bank of Pakistan intervened by raising the policy rate and taking measures to restrict further out flow of dollars.

STOCK MARKET

In view of the foregoing, the benchmark KSE-100 index depicted a negative return of 12% during the financial year, as against return of 38% in the previous year. The Government imposed industry wide super tax to meet certain preconditions of IMF which too adversary affected the market. The benchmark index made a high of 48,146 points on August 23, 2021 but closed the year at 41,540 points. Average traded volume and value during FY2022 went down by 45% and 54%, respectively.

MUTUAL FUNDS INDUSTRY

Assets under Management (AUMs) of Mutual Funds (open end funds) increased by 19.83% in the financial year 2022, to reach Rs. 1,214.45 billion as at June 30, 2022, as compared to Rs. 1,056.44 billion on June 30, 2021. Conventional and Shariah Compliant Money Market Funds grew by 56.58% and 24.05%, respectively, whereas Conventional and Shariah Compliant Income Funds increased by 27.90% and 15.01% respectively. However Shariah Compliant and Conventional equity funds decreased by 24.92% and 23.52%, respectively.

FUNDS' PERFORMANCE

AL Habib Cash Fund (AHCF)

The Fund generated a net return of 10.17% for the year ended June 30, 2022. The Fund's gross income for the year was Rs. 2,129.10 million, which comprises income of Rs. 599.11 million from government securities and Rs. 1,514.63 million from bank deposits.

The Fund distributed dividend of Rs. 9.52 per unit for the year ended June 30, 2022 (2021: Rs. 6.4045 per unit). The Fund's Net Assets as on June 30, 2022 were Rs. 22.91 billion with 226,956,248 units outstanding.

AL Habib Money Market Fund (AHMMF)

The Fund generated a net return of 11.79% p.a. annualized for the period ended June 30, 2022. The Fund's gross income for the period was Rs. 166.40 million, which comprises income of Rs. 66.96 million from government securities and Rs. 107.82 million from bank deposits.

The Fund distributed dividend of Rs. 6.00 per unit for the period ended June 30, 2022. The Fund's Net Assets as on June 30, 2022 were Rs. 3.07 billion, with 30,759,028 units outstanding.

AL Habib Income Fund (AHIF)

The Fund generated a net return of 10.16% p.a. for the year ended June 30, 2022. The Fund's gross income for the year was Rs. 173.097 million, which comprises income of Rs. 49.64 million from government securities, Rs. 30.11 million from TFCs & Sukuks and Rs. 93.36 million from bank deposits.

The Fund distributed dividend of Rs. 10.03 per unit for the year ended June 30, 2022 (2021: Rs. 6.60 per unit). The Fund's Net assets as on June 30, 2022 were Rs. 1.62 billion, with 16,025,978 units outstanding.

AL Habib Islamic Cash Fund (AHICF)

The Fund generated a net return of 11.38% p.a. for the period ended June 30, 2022. The Fund's gross income for the period was Rs. 191.48 million, which mainly comprises income from bank deposits.

The Fund distributed dividend of Rs. 5.85 per unit for the period ended June 30, 2022. The Fund's Net assets as on June 30, 2022 were Rs. 10.13 billion, with 101,338,852 units outstanding.

AL Habib Islamic Income Fund (AHIIF)

The Fund generated a net return of 8.99% p.a. for the year ended June 30, 2022. The Fund's gross income for the year was Rs. 789.66 million, which comprises income of Rs. 426.95 million from Sukuk and Rs. 332.75 million from bank deposits.

The Fund distributed dividend of Rs. 8.62 per unit for the year ended June 30, 2022 (2021: Rs. 6.20 per unit). The Fund's Net Assets as at June 30, 2022 were Rs. 8.42 billion with 83,592,276 units outstanding.

AL Habib Islamic Savings Fund (AHISAVF)

The Fund generated a net return of 11.35% p.a. for the period ended June 30, 2022. The Fund's gross income for the period was Rs. 93.24 million, which mainly comprises income from bank deposits.

The Fund distributed dividend of Rs. 5.83 per unit for the period ended June 30, 2022. The Fund's Net Assets as on June 30, 2022 were Rs. 3.34 billion, with 33,422,733 units outstanding.

AL Habib Asset Allocation Fund (AHAAF)

The Fund incurred loss of Rs. 6.00 million for the year ended June 30, 2022, which translated to a negative return of 7.89% p.a.

There is no distribution from the fund during the year ended June 30, 2022 (2021: Rs. 3.00 per unit). The Fund's Net Assets as at June 30, 2022 were Rs. 102.91 million with 1,081,312 units outstanding.

AL Habib Stock Fund (AHSF)

The Fund posted loss of Rs. 20.19 million for the year ended June 30, 2022, which translated to a negative return of 10.39% p.a.

There is no distribution from the fund during the year ended June 30, 2022 (2021: Rs. 2.50 per unit). The Fund's Net Assets as at June 30, 2022 were Rs. 120.46 million with 1,507,062 units outstanding.

AL Habib Islamic Stock Fund (AHISF)

The Fund posted loss of Rs. 25.59 million for the year ended June 30, 2022, which translated to a negative return of 5.95% p.a.

There is no distribution from the fund during the year ended June 30, 2022 (2021: Rs. 9.50 per unit). The Fund's Net Assets as at June 30, 2022 were Rs. 302.74 million with 4,062,928 units outstanding as at June 30, 2022.

AL Habib Pension Fund (AHPF)

AL Habib Pension Fund was launched on June 30, 2022. It comprises three sub funds namely Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund. The Fund's total Net Assets as on June 30, 2022 were Rs. 120.82 million, with 1,207,754 units outstanding. SECP has granted exemption for preparing the financial statement of AL Habib Pension Fund for the period ended June 30, 2022. The first financial statements of AHPF will be prepared for the period from June 30, 2022 to September 30, 2022.

FUTURE OUTLOOK

Market sentiment is expected to remain subdued due to prevailing uncertainty on domestic and global fronts. The

Government in its budget for FY2023 has taken measures to arrest Current Account and Fiscal deficits. Nonetheless, the resumption of IMF program is expected to provide impetus to the economy.

BOARD OF DIRECTORS

At present, six members (including a female member) are on the Board of Directors of the Company, details of which are given below:

S. No.	Name	Status	Membership in Board Committee
1.	Mr. Abbas D. Habib	Chairman / Non-Executive Director	
2.	Mr. Mansoor Ali Khan	Non-Executive Director	Audit Committee Human Resource and Remuneration Committee
3.	Mr. Imran Azim	Non-Executive Director	Audit Committee
4.	Mr. Saeed Allawala	Independent Director	Audit Committee Human Resource and Remuneration Committee
5.	Ms. Zarine Aziz	Independent Director	Human Resource and Remuneration Committee
6.	Mr. Kashif Rafi	Chief Executive	Human Resource and Remuneration Committee

ACKNOWLEDGEMENT

We wish to thank our unit holders for their continued trust and support, Securities & Exchange Commission of Pakistan for their guidance, and Central Depository Company of Pakistan Limited for their cooperation. We also thank all our staff members for their sincerity, dedication, and hard work.

KASHIF RAFI
Chief Executive

ABBAS D. HABIB
Chairman
Board of Directors

Dated: August 29, 2022

AL HABIB CASH FUND
(Formerly: First Habib Cash Fund)
Annual Report

For the year ended June 30, 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4,
Block 9, Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AA+ (f) Fund Stability Rating by VIS
AM2+ Management Company Quality
Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Allied Bank Limited
Habib Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB CASH FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Cash Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022

Karachi: September 21, 2022

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Chartered Accountants
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Pakistan

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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Cash Fund (Formerly: First Habib Cash Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AL Habib Cash Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2022**, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Investments in debt instruments and bank balances	
The investment of the Fund and the bank balances represent significant portion of the total assets of the Fund during the year and / or as at the year end. The bank balances as at year end represents 92% of total assets of the Fund. In view of the above, we have considered this area as a key audit matter. For disclosure refer to note 4 and 5 to the financial statements.	We performed a combination of audit procedures focusing on the existence of the bank balances as at the year end and acquisition and disposal of investment including related income / gains that arose during the year. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on year-end balance maintained with the banks including review of banks' statements, bank reconciliations and obtaining confirmations for bank balances. - We performed verification of acquisition and disposal of investments on sample basis. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investment 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 bank balances and 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.

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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.

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.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 September 2021.

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

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR2022101913UT9d7Bnf

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Bank balances	4	**21,182,077**	15,867,270
Investments	5	**1,575,000**	1,000,000
Profit receivable	6	**234,881**	84,405
Advances, deposits and other receivables	7	**1,368**	1,279
Total assets		**22,993,326**	16,952,954
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	15	**11,941**	3,613
Provision for Federal Excise Duty on remuneration of the Management Company	8	**13,417**	13,417
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**1,075**	837
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**4,078**	1,510
Provision for Sindh Workers' Welfare Fund	11	**-**	24,063
Payable against redemption of units	19	**1,461**	2,378
Accrued expenses and other liabilities	12	**49,781**	7,787
Total liabilities		**81,753**	53,605
Net assets		**22,911,573**	16,899,349
Unit holders' Fund (as per statement attached)		**22,911,573**	16,899,349
Contingencies and Commitments	13		
		(Number of Units)	
Number of units in issue (face value of units is Rs.100 each)		**226,956,248**	167,919,558
		(Rupees)	
Net asset value per unit		**100.95**	100.64

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on bank deposits	14	**1,514,630**	273,828
Income from Government securities	5.2	**599,113**	278,854
Profit on Term deposit receipts		**46,870**	14,748
Net (loss) / gain on investments designated at fair value through profit or loss			
- (Loss) / gain on sale of Government securities - Market Treasury Bills		**(31,511)**	1,493
Total income		**2,129,102**	568,923
Expenses			
Remuneration of AL Habib Asset Management Limited - Management Company	15	**82,285**	21,605
Sindh Sales Tax on Management Company's remuneration	15.1	**10,696**	2,809
Expenses allocated by the Management Company	16	**34,419**	12,352
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	**11,677**	4,907
Sindh Sales Tax on Trustee's remuneration	9.1	**1,518**	638
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	**4,078**	1,510
Brokerage expense		**1,218**	539
Settlement and bank charges		**154**	96
Annual listing fee		**25**	25
Auditors' remuneration	17	**512**	376
Mutual fund rating fee		**266**	266
Printing and other expenses		**70**	320
Total expenses		**146,918**	45,443
Net income from operating activities		**1,982,184**	523,480
Reversal / (provision) for Sindh Workers' Welfare Fund	11	**24,063**	(10,470)
Net income for the year before taxation		**2,006,247**	513,010
Taxation	18	**-**	-
Net income for the year after taxation		**2,006,247**	513,010
Allocation of net income for the year after taxation			
Net income for the year		**2,006,247**	513,010
Income already paid on units redeemed		**(796,457)**	(123,519)
		1,209,790	389,491
Accounting Income available for distribution:	29.1.2		
- Relating to capital gains		**-**	1,493
- Excluding capital gains		**1,209,790**	387,998
		1,209,790	389,491

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

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

	2022	2021
	(Rupees in '000)	
Net income for the year after taxation	**2,006,247**	513,010
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**2,006,247**	513,010

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022			2021		
		Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
		(Rupees in '000)					
Net assets at beginning of the year		**16,873,547**	**25,802**	**16,899,349**	3,629,756	7,178	3,636,934
Issuance of 1,123,641,401 units (2021: 404,356,680 units)							
Including additional 8,524,438 (2021: 1,362,054 units) issued at nil value							
- Capital Value		**113,083,271**	**-**	**113,083,271**	40,461,460	-	40,461,460
- Element of Income		**1,088,988**	**-**	**1,088,988**	282,137	-	282,137
Amount received on issuance of units		**114,172,259**	**-**	**114,172,259**	40,743,597	-	40,743,597
Redemption of 1,064,604,710 units (2021: 272,669,264 units)							
- Capital Value		**(107,141,818)**	**-**	**(107,141,818)**	(27,370,186)	-	(27,370,186)
- Element of Income		**(255,736)**	**(796,457)**	**(1,052,193)**	(129,620)	(123,519)	(253,139)
Amount paid on redemption of units		**(107,397,554)**	**(796,457)**	**(108,194,011)**	(27,499,806)	(123,519)	(27,623,325)
Total comprehensive income for the year		**-**	**2,006,247**	**2,006,247**	-	513,010	513,010
Interim distribution for the year ended 30 June 2022:							
Rs. 9.5200 per unit (30 June 2021: 6.4045 per unit)		**(857,896)**	**(1,114,375)**	**(1,972,271)**	-	(370,867)	(370,867)
Net income for the year less distribution		**(857,896)**	**891,872**	**33,976**	-	142,143	142,143
Net assets at end of the year		**22,790,356**	**121,217**	**22,911,573**	16,873,547	25,802	16,899,349
Undistributed income brought forward							
- Realised income			**25,802**			7,093	
- Unrealised income			**-**			85	
			25,802			7,178	
Accounting income available for distribution	29.1.2						
- Relating to capital gains			**-**			1,493	
- Excluding capital gains			**1,209,790**			387,998	
			1,209,790			389,491	
Interim distribution for the year ended 30 June 2022:							
Rs. 9.5200 per unit (30 June 2021: 6.4045 per unit)			**(1,114,375)**			(370,867)	
Undistributed income carried forward			**121,217**			25,802	
Undistributed income carried forward comprises of:							
- Realised income			**121,217**			25,802	
- Unrealised income			**-**			-	
			121,217			25,802	
			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year			**100.64**			100.38	
Net assets value per unit at end of the year			**100.95**			100.64	

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		**2,006,247**	513,010
Adjustments for:			
Profit on bank deposits		**(1,514,630)**	(273,828)
Income from Government securities		**(599,113)**	(278,854)
Profit on Term deposit receipts		**(46,870)**	(14,748)
		(2,160,613)	(567,430)
Increase in assets			
Investments		**(575,000)**	(133,677)
Advances, deposits and other receivables		**(89)**	(101)
		(575,089)	(133,778)
Increase / (Decrease) in liabilities			
Payable to AL Habib Asset Management Limited - Management Company		**8,328**	2,207
Payable to Central Depository Company of Pakistan Limited - Trustee		**238**	654
Payable to Securities and Exchange Commission of Pakistan (SECP)		**2,568**	1,082
Provision for Sindh Workers' Welfare Fund		**(24,063)**	10,470
Payable against purchase of investment		**-**	(866,238)
Accrued expenses and other liabilities		**41,994**	5,327
		29,065	(846,498)
Profit on bank deposits and term deposit receipt received		**1,411,024**	220,866
Income received from Government securities		**599,113**	278,854
Net cash generated from / (used in) operating activities		**1,309,747**	(534,976)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		**114,172,259**	40,743,597
Payments on redemption of units		**(108,194,928)**	(27,626,641)
Dividend paid		**(1,972,271)**	(370,867)
Net cash generated from financing activities		**4,005,060**	12,746,089
Net increase in cash and cash equivalents during the year		**5,314,807**	12,211,113
Cash and cash equivalents at beginning of the year		**15,867,270**	3,656,157
Cash and cash equivalents at end of the year		**21,182,077**	15,867,270
Cash and cash equivalents comprise of :			
Bank balances	4	**21,182,077**	15,867,270

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Cash Fund (Formerly First Habib Cash Fund (the Fund) was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as Management Company (wholly owned subsidary of Bank AL Habib Limited) and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 14 July 2010 and was approved by the Securities and Exchange Commission of Pakistan on 13 July 2010 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules).

1.2 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 15 October 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.3 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules) by the SECP. The registered office of the Management Company is situated at 3rd Floor, MacKinnon's Building, I.I Chundrigar Road Karachi, Pakistan.

1.4 The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange (PSX). Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the Fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

1.5 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company and VIS has assigned fund stability rating of 'AA (f)' to the Fund.

The Fund has been categorized as an Open-End Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan (SECP) for categorisation of Collective Investment Schemes (CIS).

1.6 The objective of the Fund is to earn competitive returns from a portfolio of low risk short term duration assets while maintaining high level of liquidity through a blend assets of money market and Government debt instruments. The Fund, in line with its investment objective, invests primarily in treasury bills, Government securities and cash and near cash instruments. The Fund has been categorized as money market scheme.

Title of the assets of the Fund are held in name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

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

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets and provision under uncertain circumstances such as taxes recoverable and Federal Excise Duty payable on remuneration of management company as disclosed in notes 07 and 08 respectively.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments which are required to be stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

3.2.3 Business model assessment

"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; 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 etc.

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

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

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

- contingent events that would change the amount and timing of cash flows;

- leverage features;

- prepayment and extension terms;

- terms that limit the Fund’s claim to cash flows from specified assets (e.g. non-recourse loans); and

- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The Government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Equity securities

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

3.2.6 Reclassification

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.3 Regular way contracts

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

3.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.5 Offsetting of financial instruments

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

3.6 Financial liabilities

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

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

3.7 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.8 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.9 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

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

3.10 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.11 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.12 Revenue recognition

- Mark-up on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (loss) arising on marking to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.13 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.14 Expenses

All expenses including Management's fee, Trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.15 Provisions

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

3.16 Distribution

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted 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.

3.17 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the Management, determination of weighted average units for calculating EPU is not practicable.

4	BANK BALANCES	Note	2022	2021
			(Rupees in '000)	
	Savings account	4.1	**21,182,077**	15,867,270

4.1 The profit rates effective at year end on these accounts range from 12.25% to 18.00% (30 June 2021: 4.00% to 7.95%) per annum. It includes balance of Rs. 9.28 million (30 June 2021: Rs 8.80 million) with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at year end is 12.50% (30 June 2021:6.50%) per annum.

5	INVESTMENTS	Note	2022	2021
			(Rupees in '000)	
	At amortised cost:			
	Term deposit receipts	5.1	**1,575,000**	1,000,000
			1,575,000	1,000,000

5.1 This represents term deposit receipt held with Bank AL Falah Limited carrying profit rate 16.60% per annum (30 June 2021: 7.69%) and its maturity date is 18 July 2022. Its original maturity was three months or less and qualifies for Cash and cash equivalents.

5.2 Government securities - Market Treasury Bills

	Face value				As at 30 June 2022			Market value as percentage of	
	As at 01 July 2021	Purchased during the year	Sold / matured during the year	As at 30 June 2022	Carrying value	Market value	Unrealised appreciation/ (diminution)	Net assets (%)	Total investments (%)
Treasury Bills	(Rupees in '000)								
T- BILL 3 MONTHS (22-04-2021)	-	10,000,000	10,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (06-05-2021)	-	97,880,000	97,880,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (20-05-2021)	-	114,500,000	114,500,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (15-07-2021)	-	5,000,000	5,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (29-07-2021)	-	11,250,000	11,250,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (12-08-2021)	-	470,000	470,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (12-08-2021)	-	940,000	940,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (26-08-2021)	-	840,000	840,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (09-09-2021)	-	1,000,000	1,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (23-09-2021)	-	80,000,000	80,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (23-09-2021)	-	112,500,000	112,500,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (07-10-2021)	-	61,000,000	61,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (04-11-2021)	-	16,000,000	16,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (04-11-2021)	-	45,000,000	45,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (04-11-2021)	-	194,690,000	194,690,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (02-12-2021)	-	8,600,000	8,600,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (16-12-2021)	-	8,600,000	8,600,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (30-12-2021)	-	140,000,000	140,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (13-01-2022)	-	135,000,000	135,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (27-01-2022)	-	36,750,000	36,750,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (27-01-2022)	-	329,000,000	329,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (27-01-2022)	-	857,170,000	857,170,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (10-02-2022)	-	147,000,000	147,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (10-02-2022)	-	312,000,000	312,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (24-02-2022)	-	12,100,000	12,100,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (10-03-2022)	-	70,820,000	70,820,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (24-03-2022)	-	20,000,000	20,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (07-04-2022)	-	60,000,000	60,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (21-04-2022)	-	105,000,000	105,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (28-04-2022)	-	74,500,000	74,500,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (28-01-2021)	-	17,007,600	17,007,600	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (11-02-2021)	-	40,000,000	40,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (06-05-2021)	-	49,100,000	49,100,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (06-05-2021)	-	307,045,950	307,045,950	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (06-05-2021)	-	320,959,550	320,959,550	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (20-05-2021)	-	50,000,000	50,000,000	-	-	-	-	0.00%	0.00%

	Face value				As at 30 June 2022			Market value as percentage of	
	As at 01 July 2021	Purchased during the year	Sold / matured during the year	As at 30 June 2022	Carrying value	Market value	Unrealised appreciation/ (diminution)	Net assets (%)	Total investments (%)
Treasury Bills	(Rupees in '000)								
T- BILL 6 MONTHS (20-05-2021)	-	84,640,000	84,640,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (03-06-2021)	-	1,000,000	1,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (17-06-2021)	-	3,000,000	3,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (17-06-2021)	-	9,000,000	9,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (17-06-2021)	-	132,000,000	132,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (02-07-2021)	-	10,000,000	10,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (02-07-2021)	-	181,700,000	181,700,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (02-07-2021)	-	291,700,000	291,700,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (15-07-2021)	-	40,542,000	40,542,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (29-07-2021)	-	72,500,000	72,500,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (12-08-2021)	-	23,500,000	23,500,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (12-08-2021)	-	5,000,000	5,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (26-08-2021)	-	35,000,000	35,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (26-08-2021)	-	105,000,000	105,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (02-12-2021)	-	171,000,000	171,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (16-12-2021)	-	14,960,000	14,960,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (30-12-2021)	-	41,183,000	41,183,000	-	-	-	-	0.00%	0.00%
T-BILL 6 MONTHS (30-12-2021)	-	123,683,000	123,683,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (13-01-2022)	-	25,009,700	25,009,700	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (27-01-2022)	-	5,000,000	5,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (27-01-2022)	-	21,070,000	21,070,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (24-02-2022)	-	30,701,300	30,701,300	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (10-03-2022)	-	251,250,000	251,250,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (21-04-2022)	-	10,000,000	10,000,000	-	-	-	-	0.00%	0.00%
Total as at 30 June 2022					**-**	**-**	**-**		
Total as at 30 June 2021					-	-	-		

5.2.1 Rate of return on above Treasury Bills ranged from 7.07% to 15.07% (2021: 6.33% to 7.79%) per annum.

6	PROFIT RECEIVABLE	Note	2022	2021
			(Rupees in '000)	
	Profit receivable on savings accounts		**213,392**	69,657
	Profit receivable on term deposit receipt		**21,489**	14,748
			234,881	84,405

7	ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
	Mutual fund rating fee		**146**	121
	Security deposit		**100**	100
	Advance tax	7.1	**1,122**	1,058
			1,368	1,279

7.1 Advance tax

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 1 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan (SCP), which is pending for decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provincial sales tax. Therefore, in the current year, provision for FED has not been recorded.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 13.42 million. Had the provision on FED not been made, Net Asset Value per unit of the Fund as at 30 June 2022 would have been higher by Rs. 0.06 per unit (30 June 2021: Rs. 0.08 per unit).

9 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.065% (30 June 2021: 0.065%) per annum, however from October 01, 2021 Trustee Revised remuneration from 0.065% to 0.055% per annum of net assets.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the trustee's remuneration during the year.

10 ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets (30 June 2021: 0.02% of net assets) in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated 12 August 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds till 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly going forward no provision for SWWF would be recognized in the financial statements of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
	(Rupees in '000)	
Auditors' remuneration	**334**	408
Printing charges	**77**	78
Capital gain and withholding tax	**46,536**	6,966
Settlement charges	**1**	3
Brokerage	**404**	332
Other payable	**2,429**	-
	49,781	7,787

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2022 (30 June 2021:Nil).

14 PROFIT ON BANK DEPOSITS	Note	2022	2021
		(Rupees in '000)	
Profit on savings account	14.1	**1,514,630**	273,828

14.1 This includes profit on bank deposits with Bank AL Habib Limited, a related party (ultimate parent) amounting to Rs. 13.817 million (30 June 2021: Rs. 5.168 million).

15 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund.The Management has charged its remuneration at rate ranging from 0% to 10% (30 June 2021: 0% to 10%) of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

15.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Management Company's remuneration during the year.

16 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged Rs. 34.419 Million to the fund (30 June 2021: 12.352 million).

17 AUDITORS' REMUNERATION	2022	2021
	(Rupees in '000)	
Annual audit fee	**303**	202
Half yearly review fee	**164**	102
Out of pocket expenses	**45**	39
Certification	**-**	33
	512	376

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders.The Fund has distributed more than 90% of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2022.

19 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at 01 July 2021	-	2,378	2,378
Receivable against issuance of units	114,172,259	-	114,172,259
Payable against redemption of units	-	(108,194,011)	(108,194,011)
	114,172,259	(108,194,011)	5,978,248
Amount received on issuance of units	(114,172,259)	-	(114,172,259)
Amount paid on redemption of units	-	108,194,928	108,194,928
	(114,172,259)	108,194,928	(5,977,331)
Closing balance as at 30 June 2022	**-**	**1,461**	**1,461**

20 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	Al Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Income Fund (Formerly First Habib Income Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties include directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

20.1 Details of the transactions with connected persons / related parties are as follows:	2022	2021
	(Rupees in '000)	
Details of the transactions with connected persons are as follows:		
AL Habib Asset Management Limited - Management Company		
- Management remuneration	**82,285**	21,605
- Sindh Sales Tax on Management remuneration	**10,696**	2,809
- Expenses allocated by the Management Company	**34,419**	12,352
Central Depository Company of Pakistan Limited - Trustee		
- Trustee remuneration	**11,677**	4,907
- Sindh Sales Tax on Trustee remuneration	**1,518**	638
Bank AL Habib Limited		
- Dividend Paid	**386,223**	50,576
- Profit on bank deposits	**13,818**	5,168
Details of balances with connected persons at year end are as follows:		
Bank AL Habib Limited		
- Bank balances	**9,277**	8,802
AL Habib Asset Management Limited - Management Company		
- Management remuneration payable	**11,941**	3,613
- FED on Management remuneration payable	**13,417**	13,417
Central Depository Company of Pakistan Limited - Trustee		
Trustee Fee payable	**1,075**	837

20.2 Sale / Redemption of units

	2022		2021	
Units sold to:	**Units**	**(Rupees in'000)**	**Units**	**(Rupees in'000)**
Management Company				
AL Habib Asset Management Limited	**22,487,483**	**2,270,717**	11,672,174	1,177,302
Habib Asset Management Limited Employees Provident Fund	**12,258**	**1,237**	14,651	1,472
Parent Company				
Bank AL Habib Limited	**76,013,816**	**7,708,830**	52,724,610	5,310,261
Other related parties				
- Directors & their relative of the management Company	**329,876,192**	**33,438,164**	3,100,557	313,712
- Key management executive of the management Company	**6,850**	**708**	9,950	1,001
- Atco Pharma International Private Limited	**500,718**	**50,471**	-	-
Connected Persons holding 10% or more of the units in issue	**-**	**-**	66,919,035	6,750,200

	2022		2021	
Units redeemed by:	**Units**	**(Rupees in '000)**	**Units**	**(Rupees in '000)**
Management Company				
AL Habib Asset Management Limited	**28,293,072**	**2,855,940**	10,673,169	1,075,506
Habib Asset Management Limited Employees Provident Fund	**41,699**	**4,200**	24,769	2,472
Parent Company				
Bank AL Habib Limited	**62,130,825**	**6,292,261**	14,807,549	1,493,924
Other related parties				
- Directors & their relative of the management Company	**295,575,533**	**29,927,077**	1,158,737	116,827
- Key management executive of the management Company	**5,060**	**512**	10,504	1,028
- Atco Pharma International Private Limited	**495,120**	**49,960**	-	-
Connected Persons holding 10% or more of the units in issue	**-**	**-**	38,601,856	3,899,108

	As at 30 June 2022		As at 30 June 2021	
Units held by:	**Units**	**(Rupees in '000)**	**Units**	**(Rupees in '000)**
Management Company				
AL Habib Asset Management Limited	**-**	**-**	5,805,589	584,274
Habib Asset Management Limited Employees Provident Fund	**32,923**	**3,324**	62,364	6,276
Parent Companies				
- Bank AL Habib Limited	**53,192,241**	**5,369,757**	39,309,250	3,956,083
Other related parties				
- Directors & their relative of the management Company	**30,334,006**	**3,062,218**	3,302,969	332,411
- Key management executive of the management Company	**6,354**	**641**	50	5
- Atco Pharma International Private Limited	**5,598**	**565**	-	-
- Atco Laboratories Limited	**997**	**101**	-	-
Connected Persons holding 10% or more of the units in issue	**-**	**-**	33,104,352	3,331,622

21 RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the NBFC Regulations, NBFC Rules and constitutive documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

21.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year end it arises principally from bank balances, income receivables and deposits etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at year end is as follows:

	2022		2021	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	(Rupees in '000)			
Bank balances	**21,182,077**	**21,182,077**	15,867,270	15,867,270
Investments	**1,575,000**	**1,575,000**	1,000,000	1,000,000
Profit receivable	**234,881**	**234,881**	84,405	84,405
Advances, deposits and other receivables	**100**	**100**	100	100
	22,992,058	**22,992,058**	16,951,775	16,951,775

Credit ratings and Collaterals

Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

Ratings	2022	2021
	(Percentage)	
AA+ to AA	**17.92%**	0.78%
AAA	**82.08%**	99.22%
	100.00%	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit risk worthy counterparties thereby mitigating any significant concentration of credit risk.

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired as at 30 June 2022.

Settlement risk

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

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

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

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.

Maturity analysis of financial liabilities

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.

The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

	2022			
	Carrying amount	Less than one month	One month to three months	Three months to one year
Non - derivative financial liabilities	---------- (Rupees in '000) ----------			
Payable to AL Habib Asset Management Limited - Management Company	**11,941**	**11,941**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**1,075**	**1,075**	**-**	**-**
Payable against redemption of units	**1,461**	**1,461**	**-**	**-**
Accrued expenses and other liabilities	**3,245**	**2,507**	**738**	**-**
	17,722	**16,984**	**738**	**-**
Unit holders' Fund	**22,911,573**	**22,911,573**	**-**	**-**

	2021			
	Carrying amount	Less than one month	One month to three months	Three months to one year
Non - derivative financial liabilities	(Rupees in '000)			
Payable to AL Habib Asset Management Limited - Management Company	3,613	3,613	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	837	837	-	-
Payable against redemption of units	2,378	2,378	-	-
Accrued expenses and other liabilities	821	81	740	-
	7,649	6,909	740	-
Unit holders' Fund	16,899,349	16,899,349	-	-

Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of Market Risk

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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Fund is exposed to interest rate risk only.

21.3.1 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. Majority of the interest rate exposure arises on investment in Government Securities and savings bank accounts. Currently the exposure in fixed rate instruments is in Government securities, commercial papers and placements. Other risk management procedures are the same as those mentioned in the credit risk management.

At year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	**2021**
	(Rupees in '000)	
Fixed rate instruments		
Investments	**1,575,000**	1,000,000
Variable rate instruments		
Bank balances	**21,182,077**	15,867,270

None of the financial liabilities carry any interest rate risk.

a) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased / (decreased) the net assets and net income by Rs. 211.82 million (30 June 2021: Rs. 158.67 million), assuming all other variables held constant.

b) Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2022, investment in Government Securities exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in PKRV on 30 June 2022, the net assets of the Fund would have been lower/ higher by Rs. 15.750 million (2021: 10 million) with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

A summary of the Fund’s interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		2022					
	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	One year and above	Not exposed to profit rate risk	Total
		---------- (Rupees in '000) ----------					
Assets							
Bank balances	**12.00%-18.00%**	**21,182,077**	**-**	**-**	**-**		**21,182,077**
Investments	**16.60%**	**1,575,000**	**1,575,000**	**-**	**-**		**1,575,000**
Profit receivable		**-**	**-**	**-**	**-**	**234,881**	**234,881**
Advances, deposits and other receivables		**-**	**-**	**-**	**-**	**100**	**100**
Total assets		**22,757,077**	**1,575,000**	**-**	**-**	**234,981**	**22,992,058**

		2021					
	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	One year and above	Not exposed to profit rate risk	Total
		---------- (Rupees in '000) ----------					
Assets							
Bank balances	4.00%-7.95%	15,867,270	-	-	-		15,867,270
Investments	7.69%	1,000,000	1,000,000	-	-		1,000,000
Profit receivable		-	-	-	-	84,405	84,405
Advances, deposits and other receivables		-	-	-	-	100	100
Total assets		16,867,270	1,000,000	-	-	84,505	16,951,775

None of the Fund's liabilities are subject to interest rate risk.

21.4 Unit Holders' Fund risk management

Management's objective when managing Unit holders' Fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum return to its unit holders and to ensure reasonable safety of Unit holders' Fund. The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 June 2022	Note	Carrying amount				Fair value			
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
Financial assets - not measured at fair value	22.1								
Bank balances	4	-	21,182,077	-	21,182,077	-	-	-	-
Investments	5	-	1,575,000	-	1,575,000	-	-	-	-
Profit receivable	6	-	234,881	-	234,881	-	-	-	-
Advances, deposits and other receivables	7	-	100	-	100	-	-	-	-
		-	22,992,058	-	22,992,058	-	-	-	-
Financial liabilities - not measured at fair value	22.1								
Payable to AL Habib Asset Management Limited - Management Company	15	-	-	11,941	11,941	-	-	-	-
Provision for Federal Excise Duty on remuneration of the Management Company	8	-	-	13,417	13,417	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	1,075	1,075	-	-	-	-
Payable against redemption of units		-	-	1,461	1,461	-	-	-	-
Accrued expenses and other liabilities	12	-	-	3,245	3,245	-	-	-	-
		-	-	31,139	31,139	-	-	-	-

30 June 2021	Note	Carrying amount				Fair value			
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
Financial assets - not measured at fair value	22.1								
Bank balances	4	-	15,867,270	-	15,867,270	-	-	-	-
Investments	5	-	1,000,000	-	1,000,000	-	-	-	-
Profit receivable	6	-	84,405	-	84,405	-	-	-	-
Advances, deposits and other receivables	7	-	100	-	100	-	-	-	-
		-	16,951,775	-	16,951,775	-	-	-	-
Financial liabilities - not measured at fair value	22.1								
Payable to AL Habib Asset Management Limited - Management Company	15	-	-	3,613	3,613	-	-	-	-
Provision for Federal Excise Duty on remuneration of the Management Company	8	-	-	13,417	13,417	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	837	837	-	-	-	-
Provision for Sindh Workers' Welfare Fund	11	-	-	24,063	24,063	-	-	-	-
Payable against redemption of units		-	-	2,378	2,378	-	-	-	-
Accrued expenses and other liabilities	12	-	-	821	821	-	-	-	-
		-	-	45,129	45,129	-	-	-	-

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

23 PATTERN OF UNITHOLDING

Unit holding pattern of the Fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	**815**	**68,581,545**	**6,923,646**	**30.22%**
Associated Companies and Directors	**1**	**53,192,240**	**5,369,757**	**23.44%**
Insurance Companies	**5**	**5,398,475**	**544,976**	**2.38%**
Retirement Funds	**21**	**16,676,503**	**1,683,493**	**7.35%**
Others	**62**	**83,107,485**	**8,389,701**	**36.62%**
	904	**226,956,248**	**22,911,573**	**100.01%**

Unit holding pattern of the fund as at 30 June 2021 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	628	20,915,867	2,104,973	12.46%
Associated Companies and Directors	6	47,770,428	4,807,616	28.45%
Insurance Companies	1	200,209	20,149	0.12%
Retirement Funds	13	2,001,675	201,449	1.19%
Others	47	97,031,379	9,765,162	57.78%
	695	167,919,558	16,899,349	100.00%

24 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	---------- (Rupees in '000) ----------		
Financial Assets			
Bank balances	**21,182,077**	**-**	**21,182,077**
Investments	**1,575,000**	**-**	**1,575,000**
Profit receivable	**234,881**	**-**	**234,881**
Advances, deposits and other receivables	**100**	**-**	**100**
	22,992,058	**-**	**22,992,058**
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	**11,941**	**-**	**11,941**
Payable to Central Depository Company of Pakistan Limited - Trustee	**1,075**	**-**	**1,075**
Payable against redemption of units	**1,461**	**-**	**1,461**
Accrued expenses and other liabilities	**3,245**	**-**	**3,245**
	17,722	**-**	**17,722**

	30 June 2021		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	15,867,270	-	15,867,270
Investments	1,000,000	-	1,000,000
Profit receivable	84,405	-	84,405
Advances, deposits and other receivables	100	-	100
	16,951,775	-	16,951,775
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	3,613	-	3,613
Payable to Central Depository Company of Pakistan Limited - Trustee	837	-	837
Payable against redemption of units	2,378	-	2,378
Accrued expenses and other liabilities	821	-	821
	7,649	-	7,649

25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2022	2021
	(Percentage)	
Broker name		
Invest One Markets Limited	**29.86%**	34.44%
BMA Capital Market Limited	**25.37%**	13.35%
Optimus Market (Pvt) Limited	**22.52%**	30.55%
Contienental Exchange (Pvt) Limited	**7.59%**	0.00%
BIPL Securities Limited	**5.52%**	5.74%
Arif Habib Limited	**3.34%**	15.86%
Magenta Capital (Pvt) Limited	**2.25%**	0.00%
JS Global Capital Limited	**1.90%**	0.06%
Summit Capital (Pvt) Limited	**1.45%**	0.00%
Icon Securities (Pvt) Limited	**0.20%**	0.00%
	100.00%	100.00%

26 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA-Affiliate	22
Mr. Ahmed Abbas	Fund Manager	MBA	14
Mr. Muhammad Tahir	Risk Officer	BBA	5

26.1 Mr. Ahmed Abbas is also Fund Manager of AL Habib Income Fund (Formerly First Habib Income Fund), AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund), AL Habib Money Market Fund, AL Habib Islamic Cash Fund and AL Habib Islamic Savings Fund.

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting(s) not attended
	Held	Attended	Leave Granted	
Mr. Abbas D.Habib	4	4	0	-
Mr. Mansoor Ali Khan	4	4	0	-
Mr. Saeed Allawala	4	4	0	-
Ms. Zarine Aziz	4	1	3	91st, 93rd and 94th Meeting
Mr. Imran Azim	4	3	1	92nd
Mr. Kashif Rafi	4	4	0	-

28 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the year ended 30 June 2022 is 0.72% which include 0.08% representing government levies and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

29 GENERAL

29.1 Corresponding figures

29.1.1 Corresponding figures have been re-classified and re-arranged in these financial statements, whenever necessary to facilitate comparison and to conform with changes in presentation in the current year.

29.1.2 Accounting income available for distribution as reported in the last year's income statement has been adjusted to reflect a reclassification between "income relating to capital gains" and " income excluding capital gains " as follows:

	As previously reported	Adjusted
Accounting income available for distribution:	**(Rupees in '000)**	
Income relating to capital gains	-	1,493
Income excluding capital gains	389,491	387,998
	389,491	**389,491**

29.2 Date of authorisation for issue

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 29, 2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective

The investment objective of AL Habib Cash Fund (Formerly: First Habib Cash Fund) is to provide its unit-holders optimum return from a portfolio of low risk and short duration assets while being highly liquid.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHCF maintained the strategy to maintain exposure in high stability and low volatility avenues as mentioned in the objectives of the Fund, wherein major portion of investment was held with "AAA" rated Banks and short tenor T-bills.

Fund Description

Fund Type & Category	Open End - Money Market Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	March 10, 2011	**Management Fee**	Up to 10% of the gross earnings of the Scheme
Benchmark	70% three (3) months PKRV rates + 30% three (3) months average deposit rate of three (3) AA rated Scheduled banks as selected by MUFAP.	**Sales Load**	3% (Management has the discretion to reduce or waive load on any transaction)
Annual Return	10.17%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	9.30%	**Dealing Days/Timings**	Monday to Friday 9:00 am to 4:30 pm
Net Assets	Rs. 22.91 billion (June 30, 2022)	**Fund Stability Rating**	AA+(f) by VIS
NAV per unit	Rs. 100.9515 per unit (June 30, 2022	**Fund Stability Rating**	AA+(f) by VIS
Pricing Mechanism	Backward Pricing	**AMC Rating**	"AM2+" by PACRA
Risk Profile	Very Low (Principal at very low risk)	**Trustee**	Central Depository Company of Pakistan Limited.

Market Review:

The Fiscal Year 2022 (FY22) sailed with a stable outlook after a V-shaped recovery in Fiscal Year 2021. The economy grew by 5.97% in FY22 as against a growth of 5.70% in FY21. Inflation and external outlook remained largely stable in the first quarter of FY22. However, rapid pace in Global economies growth post pandemic built pressure on commodities prices across the globe posing a threat to Pakistan's economy. This led SBP to a modest tightening in the monetary policy in first quarter FY 2022 by elevating policy rate by 25bps to 7.25%. SBP further revealed that a timely action would be taken in view of external balance and inflation outlook, wherein SBP raised a total of 275bps in policy rate till December 2021 to 9.75%.

The second half of the FY22 brought challenges to the country on both economic and political front. The Russian-Ukraine war led to sharp increase in commodities and oil prices which adversely impacted Pakistan's external balances on account of rising import. Food and energy import brought a sharp spike in inflation which necessitated SBP to further tight the monetary policy to mitigate the impact of inflation. SBP aggressively increased policy rate by 400 bps in the second half of FY22, a total of 675 bps in FY22 to 13.75%. Yield in secondary market witness a steep volatility whereby short term yield surpassed policy rate by more than 200bps and were trading at close to 15.73%. To contain the secondary market yields, SBP conducted several long tenor OMOs to inject liquidity in the market. Political uncertainty engulfed the country after a vote of no confidence was passed and a new collation government was formed. This uncertainty led to sharp depreciation of PKR against dollar whereby PKR lost around 11% in span of less than 3 months to close at PKR 204.84 per dollar. Cumulatively the PKR depreciated by 30% against the dollar in FY22.

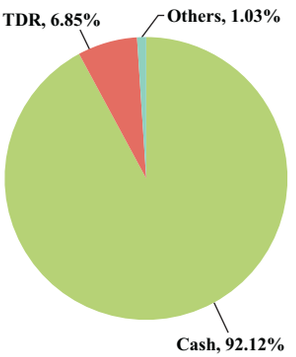
Due to commodities super cycle, current account deficit increased to USD 17.32 billion in FY22 as against USD 2.82 billion in the same period last year (SPLY). However, due to pace in economic activities, balance in overall trade deficit increased to USD 39.57 billion in FY22 as against USD 28.63 billion in SPLY. Pakistan's total debt increased by 23.39% to Rs. 49.19 trillion in FY22 as compared to Rs. 39.86 trillion recorded in SPLY. Fiscal and Primary balance recorded a deficit of 8.2% and 3.2% of GDP respectively for the fiscal year 2022. Debt to GDP ratio increased to 76.9% in FY22 as compared to 71.8% in FY21.

Average Consumer Price Index (CPI) during the year remained at 12.09% with major contribution in inflation from the second half of FY22 on account of expensive import of food and energy. The net Foreign Direct Investment and Workers' Remittances for the year under review stood at USD 1.87 billion and USD 31.24 billion respectively as compared to USD 1.82 billion and USD 29.45 billion respectively during SPLY. Foreign exchange reserves of the country plunged to USD 15.53 billion in June 2022 as compared to USD 24.40 billion in June 2021.

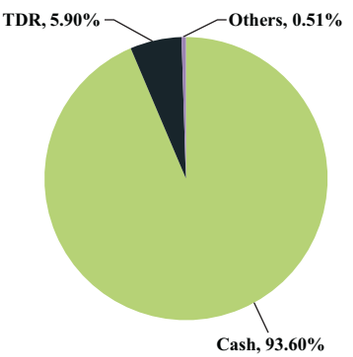
PKRV Rates			
Tenor	**As at June 30, 2022**	**As at June 30, 2021**	**Change**
3 Months	14.98	7.28	7.70
6 Months	15.15	7.53	7.62
12 Months	15.30	7.81	7.49
3 Years	13.45	8.99	4.46
5 Years	13.93	9.49	3.44
5 Years	13.92	9.94	2.98

Policy Rate		
Date	**Policy Rate**	**Change (Bps)**
September 20, 2021	7.25	25
November 19, 2021	8.75	150
December 14, 2021	9.75	100
April 08, 2022	12.25	250
May 24, 2022	13.75	150

Asset Allocation (%age of Total Asset) June 30, 2022



Asset Allocation (%age of Total Asset) June 30, 2021



Income Distribution

AHCF made a total distribution of Rs. 9.50 during FY22 in the form of dividend, the detail of which is given below:

Month	Cum Nav Rs.	EX-NAV Rs.	Distribution Rs.
Aug-21	101.4481	100.6396	0.8085
Sep-21	101.5028	100.6396	0.8632
Oct-20	101.2848	100.6396	0.6452
Jan-21	100.7856	100.6396	0.146
Mar-21	102.8166	100.6396	2.177
Apr-21	102.1865	100.6396	1.5469
Jun-21	101.4778	100.6396	2.4759

Sales and Redemptions of Units

During the year, 1,123,641,401 units valued of Rs. 114.17 billion were sold while 1,064,604,710 units valued Rs. 108.19 billion were redeemed resulting in to a net sale of 59,036,691 units of the value of Rs. 5.98 billion.

Unit Holders Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 23 of the Annual Accounts 2022.

	2022	2021
Net Assets as at June 30 (Rs. in billion)	22.91	16.90
NAV per unit as at June 30 (Rs.)	100.9515	100.6396
Distribution during the year ended June 30 (Rs.)	9.50	6.4045
Annual Return	10.17%	6.84%

AL HABIB MONEY MARKET FUND

Annual Report

For the Period from 20 December 2021
(Date of establishment)
to 30 June 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4,
Block 9, Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2+ Management Company Quality Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Allied Bank Limited
Habib Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB MONEY MARKET FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Money Market Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from December 20, 2021 to June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022



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Pakistan

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ey.khi@pk.ey.com
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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Money Market Fund

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the period 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 judgement, 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.

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Investments in debt instruments and bank balances	
The investment of the Fund and the bank balances represent significant portion of the total assets of the Fund during the period and / or as at the period end. The bank balances as at period end represents 99% of total assets of the Fund. In view of the above, we have considered this area as a key audit matter. For disclosure refer to note 4 and 5 to the financial statements.	We performed a combination of audit procedures focusing on the existence of the bank balances as at the period end and acquisition and disposal of investment including related income / gains that arose during the period. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on period-end balance maintained with the banks including review of banks' statements, bank reconciliations and obtaining confirmations for bank balances. - We performed verification of acquisition and disposal of investments on sample basis. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of investment 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 bank balances and 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.

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.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 Arslan Khalid.

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191Ccl6azQUn

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022 (Rupees in '000)
Assets		
Bank balances	4	**3,039,077**
Profit receivable on bank deposits		**42,844**
Preliminary expenses and floatation costs	5	**663**
Total assets		**3,082,584**
Liabilities		
Payable to AL Habib Asset Management Limited - Management Company	9	**2,385**
Payable to Central Depository Company of Pakistan Limited - Trustee	11	**167**
Payable to Securities and Exchange Commission of Pakistan (SECP)	12	**271**
Accrued expenses and other liabilities	6	**3,858**
Total liabilities		**6,681**
Net assets		**3,075,903**
Unit holders' fund (as per the statement attached)		**3,075,903**
Contingencies and Commitments	7	
		(Number of Units)
Number of units in issue (face value of units is Rs. 100 each) - Growth Units		**30,759,028**
		(Rupees)
Net asset value per unit		**100.00**

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

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

INCOME STATEMENT
For the period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022
		(Rupees in '000)
Income		
Profit on bank deposits	8	**107,820**
Markup on government securities - Market Treasury Bills		**66,965**
Loss on sale of government securities - Market Treasury Bills		**(8,388)**
Total income		**166,397**
Expenses		
Remuneration of AL Habib Asset Management Limited - Management Company	9	**3,353**
Sindh sales tax on Management Company's remuneration	9.1	**436**
Expenses allocated by the Management Company	10	**2,379**
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11	**746**
Sindh sales tax on Trustee remuneration	11.1	**97**
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	12	**271**
Auditors' remuneration	13	**294**
Brokerage expenses		**97**
Annual listing fee		**50**
Other Expenses		**14**
Settelment and Bank Charges		**18**
Amortization of preliminary expenses and floatation costs	5	**35**
Total expenses		**7,790**
Net income for the period before taxation		**158,607**
Taxation	14	**-**
Net income for the period after taxation		**158,607**
Allocation of net income for the period after taxation:		
Net income for the period		**158,607**
Income already paid on units redeemed		**-**
		158,607
Accounting income available for distribution:		
Relating to capital gains		**-**
Excluding capital gains		**158,607**
		158,607

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

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME
For the period from 20 December 2021 (Date of establishment) to 30 June 2022

	For the period from 20 December 2021 to 30 June 2022
	(Rupees in '000)
Net income for the period after taxation	**158,607**
Other comprehensive income for the period	**-**
Total comprehensive income for the period	**158,607**

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

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
For the period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022	
		Capital Value	Undistributed income
		----------(Rupees in '000)----------	
Net assets at the beginning of the period		-	-
Issuance of 95,727,760 units *			
- Capital value		9,572,776	-
- Element of income		-	-
Amount received on issuance of units		9,572,776	-
Redemption of 64,968,733 units			
- Capital value		(6,496,873)	-
- Element of income		-	
Amount paid on redemption of units		(6,496,873)	-
Total comprehensive income for the period		-	158,607
Cash distribution for the period ended 30 June 2022: Rs. 6.0020 per unit *	1.8	-	(158,607)
		-	-
Net assets at the end of the period		3,075,903	-
Undistributed income brought forward			
- Realised income			-
- Unrealised income			-
			-
Accounting income available for distribution			
- Relating to capital gains			-
- Excluding capital gains			158,607
			158,607
Cash distribution for the period ended 30 June 2022: Rs. 6.0020 per unit *			(158,607)
Undistributed income carried forward			-
Undistributed income carried forward comprise of			
- Realised loss			-
- Unrealised gain			-
			-
			(Rupees)
Net assets value per unit at end of the period			100.00

* During the period all the units issued by the Fund are Growth units and dividend on these units have been reinvested on daily basis. (Please refer note 1.7)

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

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CASH FLOW STATEMENT
For the period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		**158,607**
Adjustments for:		
Profit on bank deposits		**(107,820)**
Markup on government securities - Market Treasury Bills		**(66,965)**
Amortization of preliminary expenses and floatation costs		**35**
		(16,143)
Increase in assets		
Preliminary expenses and floatation costs		**(698)**
		(698)
Increase in liabilities		
Payable to AL Habib Asset Management Limited - Management Company		**2,385**
Payable to Central Depository Company of Pakistan Limited - Trustee		**167**
Payable to Securities and Exchange Commission of Pakistan		**271**
Accrued expenses and other liabilities		**3,858**
		6,681
Profit on bank deposits received		**64,976**
Markup on government securities - Market Treasury Bills received		**66,965**
Net cash generated from operating activities		**121,781**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units		**9,572,776**
Payments against redemption of units		**(6,496,873)**
Dividend paid during the period		**(158,607)**
Net cash generated from financing activities		**2,917,296**
Net increase in cash and cash equivalents during the period		**3,039,077**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at the end of the period		**3,039,077**
Cash and cash equivalents comprise of :		
Bank balances	4	**3,039,077**
		3,039,077

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

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
For the period from 20 December 2021 (Date of establishment) to 30 June 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Money Market Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 27 September 2021 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 31 May 2021 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

1.2 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.

1.3 The Fund was launched on 20 December 2021 through initial public offereing (IPO) accordingly these are the first financial statements and therefore comparative information is not available.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.4 The Investment objective of AL Habib Money Market Fund is to provided its unit-holders optimum return from a portfolio of low risk and short duration assets while being highly liquid.

1.5 The Fund has been categorized as an Open-End Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

1.6 Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company on 15 September 2021.

1.7 As per the offering document of the Fund, an investor shall, at the time of opening an account, select the types of units in which the investor wishes to invest, i.e. Growth Unit. Furthermore, at the time of dividend distribution the unit holders receive additional units or cash dividend against Growth unit, respectively.

During the period all the units issued by the Fund are Growth units and dividend has been reinvested on daily basis.

1.8 As per the offering document of the Fund, the Management Company may decide to distribute all net profit (after deducting all expenses of the Fund) on a periodic basis (that is Daily, Weekly, Monthly, Quarterly and Yearly) as dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. During the period, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies, 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 and 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.

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Basis of measurement

These financial information has been prepared under the historical cost convention except that investments which are required to be stated at fair value.

2.6 Functional and presentation currency

These financial information is presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amounts have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

3.2.3 Business model assessment

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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt Instruments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) prevailing on close of business hours on that day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.6 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

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

3.7 Net asset value - per unit

The net asset value 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 outstanding at the year end.

3.8 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. During the period, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.9 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.10 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.11 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the income statement on an accrual basis.

3.12 Provisions

Provisions are recognized in the Statement of Assets and Liabilities 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 obligation can be made. Provisions are regularly reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of ten years commencing from 20 December 2021 as per the Trust Deed of the Fund.

3.14 Distribution

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted 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.

3.15 Earnings per unit (EPU)

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

4	BANK BALANCES	Note	2022 (Rupees in '000)
	Saving accounts	4.1	**3,039,077**

4.1 The profit rates effective at year end on these accounts range from 12.50% to 16.50% per annum. It includes balance of Rs. 0.93 million with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at year end is 12.50% per annum.

5	PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2022 (Rupees in '000)
	Preliminary expenses and floatation costs incurred	5.1	**698**
	Amortization for the period		**(35)**
	Balance as at 30 June 2022		**663**

5.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of ten years effective from 20 December 2021.

6	ACCURED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)
	Auditors' remuneration		**192**
	Withholding tax		**2,979**
	Formation cost		**615**
	Brokerage		**72**
			3,858

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2022.

8	PROFIT ON BANK DEPOSITS		
	Saving accounts	8.1	**107,820**

8.1 This includes profit on bank deposits with Bank AL Habib Limited, a related party (ultimate parent) of Rs. 29.194 million.

9 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund.The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

9.1 Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period.

10 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged 2.379 million to the Fund.

11 PAYABLE / REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.055% per annum of net assets.

11.1 Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period.

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

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

13 AUDITOR'S REMUNERATION	2022 (Rupees in '000)
Audit fee	172
Out of pocket expenses	17
Half yearly review fee	96
Certification	9
	294

14 TAXATION

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

15 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relations
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management
3	AL Habib Capital Markets (Private) Ltd.	Subsidiary of Bank AL Habib Limited
4	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Cash Fund (Formerly First Habib Cash Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Income Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties includes directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

Details of the transactions with connected persons / related parties are as follows:

	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
AL Habib Asset Management Limited - Management Company	
- Management company remuneration	**3,353**
- Sindh sales tax	**436**
- Expenses allocated by the Management Company	**2,379**
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration to the Trustee	**746**
- Sindh sales tax	**97**
Bank AL Habib Limited	
- Profit on Bank deposit	**29,194**

Details of balances with connected persons / related parties at period end are as follows:	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
AL Habib Asset Management Limited - Management Company	
- Management Company payable (Inclusive of Sindh sales tax)	**2,385**
- Formation cost payable	**585**
- Initial deposit payable	**30**
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration payable (Inclusive of Sindh sales tax)	**167**
Bank AL Habib Limited	
- Bank Balance	**933**
- Bank Profit receivable	**451**

16.1 Sale / Redemption of units

	30 June 2022	
Units sold to:	**(Units)**	**(Rupees in '000)**
Management Company		
AL Habib Asset Management Limited	**13,884,691**	**1,390,691**
Parent of Al Habib Asset Management Limited		
- Bank Al Habib Limited	**11,294,442**	**1,129,444**
Other Related Party		
- Atco Pharma International Private Limited	**503,250**	**50,382**
Units sold to Connected Party holding 10% or more of the units in issue:	**20,751,441**	**2,077,816**

	30 June 2022	
Units redeemed by:	**(Units)**	**(Rupees in '000)**
Management Company		
AL Habib Asset Management Limited	**10,128,650**	**1,012,865**
Parent of Al Habib Asset Management Limited		
- Bank Al Habib Limited	**5,213,531**	**521,353**

	30 June 2022	
	(Units)	(Rupees in '000)
Other Related Party		
- Atco Pharma International Private Limited	**500,000**	**50,000**
Units redeemed to Connected Party holding 10% or more of the units in issue:	**7,577,203**	**757,721**

	30 June 2022	
Units held by:	(Units)	(Rupees in '000)
Management Company		
AL Habib Asset Management Limited	**3,756,041**	**375,604**
Parent of Al Habib Asset Management Company		
- Bank AL Habib Limited	**6,080,911**	**608,091**
Other Related Party		
- Atco Pharma International Private Limited	**3,250**	**325**
Units sold to Connected Party holding 10% or more of the units in issue:	**13,174,239**	**1,317,424**

17 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the period ended 30 June 2022 is 0.57% which includes 0.06% representing Government levies and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an money market Fund.

18 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the NBFC Regulations, NBFC Rules and constitutive documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

18.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year end it arises principally from bank balances, income receivables and deposits etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at year end is as follows:

	2022	
	Statement of assets and liabilities	Maximum exposure
	--------- (Rupees in '000) --------	
Bank balances	3,039,077	3,039,077
Profit receivable	42,844	42,844
	3,081,921	3,081,921

Credit ratings and Collaterals

Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

Ratings	2022
	(Percentage)
AA+ to AA	0.01%
AAA	99.99%
	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit risk worthy counterparties thereby mitigating any significant concentration of credit risk.

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired as at 30 June 2022.

Settlement risk

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

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

18.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

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.

Maturity analysis of financial liabilities

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.

The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

	2022			
	Carrying amount	Less than one month	One month to three months	Three months to one year
Non - derivative financial liabilities	---------- (Rupees in '000) ----------			
Payable to AL Habib Asset Management Limited - Management Company	**2,385**	**2,385**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**167**	**167**	**-**	**-**
Accrued expenses and other liabilities	**879**	**879**	**-**	**-**
	3,431	**3,431**	**-**	**-**
Unit holders' Fund	**30,759,028**	**30,759,028**	**-**	**-**

18.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of Market Risk

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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Fund is exposed to interest rate risk only.

18.3.1 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. Majority of the interest rate exposure arises on investment in Government Securities and savings bank accounts. Currently the exposure in fixed rate instruments is in Government securities, commercial papers and placements. Other risk management procedures are the same as those mentioned in the credit risk management.

At year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022 (Rupees in '000)
Variable rate instruments	
Bank balances	**3,039,077**

None of the financial liabilities carry any interest rate risk.

a) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the period end would have increased / (decreased) the net assets and net income by Rs. 30.391 million, assuming all other variables held constant.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	2022						
	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	One year and above	Not exposed to profit rate risk	Total
		---------- (Rupees in '000) ----------					
On-balance sheet financial instrument							
Bank balances	12.50%-16.50%	3,039,077	-	-	-	-	3,039,077
Profit receivable		-	-	-	-	42,844	42,844
Total financial assets		3,039,077	-	-	-	42,844	3,081,921
Financial Liabilities							
Payable to AL Habib Asset Management Limited - Management Company		-	-	-	-	2,385	2,385
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	-	167	167
Accrued expenses and other liabilities		-	-	-	-	879	879
Total assets		-	-	-	-	3,431	3,431

18.4 Unit Holders' Fund risk management

Management's objective when managing Unit holders' Fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum return to its unit holders and to ensure reasonable safety of Unit holders' Fund. The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fundis current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

30 June 2022	Note	Carrying amount				Fair value			
		At fair value through profit or loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)							
Financial assets - not measured at fair value	19.1								
Bank balances	4	-	3,039,077	-	3,039,077	-	-	-	-
Profit receivable	5	-	42,844	-	42,844	-	-	-	-
		-	3,081,921	-	3,081,921	-	-	-	-
Financial liabilities - not measured at fair value	19.1								
Payable to AL Habib Asset Management Limited - Management Company	9	-	-	2,385	2,385	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	11	-	-	167	167	-	-	-	-
Accrued expenses and other liabilities	6	-	-	879	879	-	-	-	-
		-	-	3,431	3,431	-	-	-	-

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

20 PATTERN OF UNITHOLDING

Unit holding pattern of the Fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	8	33,905	3,391	0.11%
Associated Companies and Directors	1	6,080,911	608,091	19.77%
Others	15	24,644,211	2,464,421	80.12%
	24	30,759,027	3,075,903	100.00%

21 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	3,039,077	-	3,039,077
Profit receivable	42,844	-	42,844
	3,081,921	-	3,081,921
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	2,385	-	2,385
Payable to Central Depository Company of Pakistan Limited - Trustee	167	-	167
Accrued expenses and other liabilities	879	-	879
	3,431	-	3,431

22 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Broker name	2022 (Percentage)
Invest One Markets Limited	**27.66%**
Contienental Exchange (Pvt) Limited	**18.53%**
BMA Capital Market Limited	**17.71%**
Arif Habib Limited	**13.12%**
BIPL Securities Limited	**12.86%**
Magenta Capital (Pvt) Limited	**7.26%**
Icon Securities (Pvt) Limited	**2.86%**
	100.00%

23 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA-Affiliate	22
Mr. Ahmed Abbas	Fund Manager	MCS & MBA	21
Mr. Talha A. Siddiqui	Fund Manager (Equities)	M. Sc (Economics)	9
Mr. Nabeel Zafar	Research Analyst	Passed CFA level II ACCA	7

23.1 Mr. Ahmed Abbas is also Fund Manager of AL Habib Cash Fund, AL Islamic Cash Fund, AL Habib Income Fund, AL Habib Islamic Savings Funds and AL Habib Islamic Income Fund.

24 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting(s) not attended
	Held	Attended	Leave Granted	
Mr. Abbas D.Habib	4	4	0	-
Mr. Mansoor Ali Khan	4	4	0	-
Mr. Saeed Allawala	4	4	0	-
Ms. Zarine Aziz	4	1	3	91st, 93rd and 94th Meeting
Mr. Imran Azim	4	3	1	92nd
Mr. Kashif Rafi	4	4	0	-

25 GENERAL

25.1 This is the first period of operations of the Fund, hence there is no comparative information to report in these financial statements.

26 DATE OF AUTHORIZATION FOR ISSUE

26.1 These financial statements was authorised for issue by the board of directors of the Management Company on **August 29,2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective

The investment objective of AL Habib Money Market Fund is to provide its unit-holders optimum return from a portfolio of low risk and short duration assets while being highly liquid.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHMMF maintained the strategy to maintain exposure in high stability and low volatility avenues as mentioned in the objectives of the Fund, wherein major portion of investment was held with "AAA" rated Banks and short tenor T-bills.

Fund Description

Fund Type & Category	Open End - Money Market Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	December 20, 2021	**Management Fee**	10% of the annual gross earnings of the Scheme
Benchmark	70% three (3) months PKRV rates + 30% three (3) months average deposit rate of three (3) AA rated scheduled banks as selected by MUFAP.	**Sales Load**	3% (Management has the discretion to reduce or waive load on any transaction)
Annual Return	11.79%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	10.89%	**Dealing Days/Timings**	Monday to Friday 9:00 am to 4:30 pm
Net Assets	Rs. 3.07 billion (June 30, 2022)	**Fund Stability Rating**	N/A
NAV per unit	Rs. 100.00 per unit (June 30, 2022)	**AMC Rating**	"AM2+" by PACRA
Pricing Mechanism	Backward Pricing		Central Depository Company of Pakistan Limited.
Risk Profile	Very Low (Principal at very low risk)		

Market Review:

The Fiscal Year 2022 (FY22) sailed with a stable outlook after a V-shaped recovery in Fiscal Year 2021. The economy grew by 5.97% in FY22 as against a growth of 5.70% in FY21. Inflation and external outlook remained largely stable in the first quarter of FY22. However, rapid pace in Global economies growth post pandemic built pressure on commodities prices across the globe posing a threat to Pakistan's economy. This led SBP to a modest tightening in the monetary policy in first quarter FY 2022 by elevating policy rate by 25bps to 7.25%. SBP further revealed that a timely action would be taken in view of external balance and inflation outlook, wherein SBP raised a total of 275bps in policy rate till December 2021 to 9.75%.

The second half of the FY22 brought challenges to the country on both economic and political front. The Russian-Ukraine war led to sharp increase in commodities and oil prices which adversely impacted Pakistan's external balances on account of rising import. Food and energy import brought a sharp spike in inflation which necessitated SBP to further tight the monetary policy to mitigate the impact of inflation. SBP aggressively increased policy rate by 400 bps in the second half of FY22, a total of 675 bps in FY22 to 13.75%. Yield in secondary market witness a steep volatility whereby short term yield surpassed policy rate by more than 200bps and were trading at close to 15.73%. To contain the secondary market yields, SBP conducted several long tenor OMOs to inject liquidity in the market. Political uncertainty engulfed the country after a vote of no confidence was passed and a new collation government was formed. This uncertainty led to sharp depreciation of PKR against dollar whereby PKR lost around 11% in span of less than 3 months to close at PKR 204.84 per dollar. Cumulatively the PKR depreciated by 30% against the dollar in FY22.

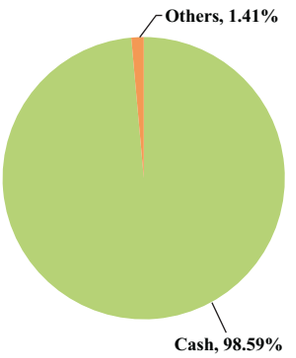
Due to commodities super cycle, current account deficit increased to USD 17.32 billion in FY22 as against USD 2.82 billion in the same period last year (SPLY). However, due to pace in economic activities, balance in overall trade deficit increased to USD 39.57 billion in FY22 as against USD 28.63 billion in SPLY. Pakistan's total debt increased by 23.39% to Rs. 49.19 trillion in FY22 as compared to Rs. 39.86 trillion recorded in SPLY. Fiscal and Primary balance recorded a deficit of 8.2% and 3.2% of GDP respectively for the fiscal year 2022. Debt to GDP ratio increased to 76.9% in FY22 as compared to 71.8% in FY21.

Average Consumer Price Index (CPI) during the year remained at 12.09% with major contribution in inflation from the second half of FY22 on account of expensive import of food and energy. The net Foreign Direct Investment and Workers' Remittances for the year under review stood at USD 1.87 billion and USD 31.24 billion respectively as compared to USD 1.82 billion and USD 29.45 billion respectively during SPLY. Foreign exchange reserves of the country plunged to USD 15.53 billion in June 2022 as compared to USD 24.40 billion in June 2021.

PKRV Rates			
Tenor	**As at June 30, 2022**	**As at June 30, 2021**	**Change**
3 Months	14.98	7.28	7.70
6 Months	15.15	7.53	7.62
12 Months	15.30	7.81	7.49
3 Years	13.45	8.99	4.46
5 Years	13.93	9.49	3.44
5 Years	13.92	9.94	2.98

Policy Rate		
Date	**Policy Rate**	**Change (Bps)**
September 20, 2021	7.25	25
November 19, 2021	8.75	150
December 14, 2021	9.75	100
April 08, 2022	12.25	250
May 24, 2022	13.75	150

Asset Allocation (%age of Total Asset) June 30, 2022



Income Distribution

AHMMF made a total distribution of Rs. 6.00 during FY22 in the form of dividend. EX-NAV of the fund after each dividend becomes Rs. 100

Sales and Redemptions of Units

During the year, 95,727,760 units valued of Rs. 9,572.77 million were sold while 64,968,733 units valued Rs. 6,496.87 million were redeemed resulting in to a net sale of 30,759,027 units of the value of Rs. 3,075.9 million.

Unit Holders Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 20 of the Annual Accounts 2022.

AHMMF Performance at a Glance

	2022
Net Assets as at June 30 (Rs. in billion)	3.07
NAV per unit as at June 30 (Rs.)	100.00
Distribution during the year ended June 30 (Rs.)	6.00
Annual Return	11.79%

AL HABIB INCOME FUND
(Formerly: First Habib Income Fund)
Annual Report

For the year ended June 30, 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AA (f) Fund Stability Rating Rating by PACRA
AM2+ Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Alfalah Limited
Allied Bank Limited
JS bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Income Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022

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

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Income Fund (Formerly: First Habib Income Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AL Habib Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2022**, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Investments in debt instruments	
As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of debt investments which represent significant portion of the total assets of the Fund as at the year end. In view of the above, we have considered this area as a key audit matter.	We performed a combination of audit procedures focusing on the existence and valuation of debt investments. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on the basis of prices determined by Mutual Funds Association of Pakistan (MUFAP). - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of debt 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 debt investments 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.

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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.

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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 September 2021.

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

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191SKDFHTrMN

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Bank balances and Term deposit receipts	4	**1,369,818**	1,261,702
Investments	5	**243,586**	161,054
Income receivable	6	**25,651**	8,382
Receivable against sale of units		**-**	364
Advance, deposits and prepayments	7	**4,942**	4,922
Total assets		**1,643,997**	1,436,424
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	16	**731**	1,569
Provision for Federal Excise Duty on remuneration of the Management Company	8	**8,746**	8,746
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**128**	142
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**343**	210
Provision for Sindh Workers' Welfare Fund	11	**-**	7,237
Payable against redemption of units	21	**1**	11
Accrued expenses and other liabilities	12	**15,231**	5,947
Total liabilities		**25,180**	23,862
Net assets		**1,618,817**	1,412,562
Unit holders' Fund (as per statement attached)		**1,618,817**	1,412,562
Contingencies and commitments	13		
		(Number of Units)	
Number of units in issue (Face value of units is Rs.100 each)		**16,025,978**	14,010,952
		(Rupees)	
Net asset value per unit		**101.01**	100.82

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on bank deposits	14	**93,365**	20,946
Mark-up / return on investments	15	**79,756**	60,373
Profit on term deposit receipt		**2,820**	-
Income from Margin Trading System		**-**	968
Net (loss) / gain on investments classified at fair value through profit or loss			
- Loss on sale of investments		**(4,067)**	(715)
- Net unrealised gain / (loss) on revaluation of investments at fair value through profit or loss	5.2 & 5.3	**1,223**	(925)
		(2,844)	(1,640)
Total income		**173,097**	80,647
Expenses			
Remuneration of AL Habib Asset Management Limited - Management Company	16	**8,891**	7,888
Sindh Sales Tax on Management Company's remuneration	16.1	**1,156**	1,025
Expense allocated by the Management Company	17	**2,426**	1,689
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	**1,285**	788
Sindh Sales tax on Trustee's remuneration	9.1	**167**	103
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	**343**	210
Brokerage expense		**418**	455
Settlement and bank charges		**362**	556
Annual listing fee		**25**	25
Auditor's remuneration	18	**408**	474
Mutual fund rating fee		**504**	463
Printing charges		**65**	65
Fees and subscription		**251**	249
Other expense		**5**	3
Total expenses		**16,306**	13,993
Net income from operating activities		**156,791**	66,654
Reversal / (provision) for Sindh Workers' Welfare Fund	11	**7,237**	(1,333)
Net income for the period before taxation		**164,028**	65,321
Taxation	19	**-**	-
Net income for the year after taxation		**164,028**	65,321
Allocation of net income for the year after taxation			
Net income for the year after taxation		**164,028**	65,321
Income already paid on units redeemed		**(66,917)**	(2,751)
		97,111	62,570
Accounting Income available for distribution:			
- Relating to capital gains		**1,223**	-
- Excluding capital gains		**95,888**	62,570
		97,111	62,570

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

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

	2022	2021
	(Rupees in '000)	
Net income for the year	**164,028**	65,321
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**164,028**	65,321

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	**1,399,355**	**13,207**	**1,412,562**	1,105,868	16,854	1,122,722
Issuance of 40,969,481 units (30 June 2021: 31,518,284) including additional (30 June 2022: 463,798 units issued at nil value (30 June 2021: 618,361)						
- Capital value	**4,130,485**	**-**	**4,130,485**	3,119,680	-	3,119,680
- Element of income	**152,415**	**-**	**152,415**	90,017	-	90,017
Amount received / receivable on issuance of units	**4,282,900**	**-**	**4,282,900**	3,209,697	-	3,209,697
Redemption of 38,954,456 units (30 June 2021: 28,627,707)						
- Capital value	**(3,927,334)**	**-**	**(3,927,334)**	(2,889,905)	-	(2,889,905)
- Element of loss	**(106,151)**	**(66,917)**	**(173,068)**	(26,305)	(2,751)	(29,056)
Amount paid / payable on redemption of units	**(4,033,485)**	**(66,917)**	**(4,100,402)**	(2,916,210)	(2,751)	(2,918,961)
Total comprehensive income for the year	**-**	**164,028**	**164,028**	-	65,321	65,321
interim distribution for the year ended 30 June 2022:						
Rs. 10.02602/- per units (2021: Rs. 6.5994/- per unit declared)	**(46,728)**	**(93,543)**	**(140,271)**	-	(66,217)	(66,217)
Net income for the year less distribution	**(46,728)**	**70,485**	**23,757**	-	(896)	(896)
Net assets at end of the year	**1,602,042**	**16,775**	**1,618,817**	1,399,355	13,207	1,412,562
Undistributed income brought forward						
- Realised gain		**14,132**			20,363	
- Unrealised loss		**(925)**			(3,509)	
		13,207			16,854	
Accounting income available for distribution						
- Relating to capital gains		**1,223**			-	
- Excluding capital gains		**95,888**			62,570	
		97,111			62,570	
interim distribution for the year ended 30 June 2022:						
Rs. 10.02602/- per units (2021: Rs. 6.5994/- per unit declared)		**(93,543)**			(66,217)	
Undistributed income carried forward		**16,775**			13,207	
Undistributed income carried forward comprises of						
- Realised gain		**15,552**			14,132	
- Unrealised gain / (loss)		**1,223**			(925)	
		16,775			13,207	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		**100.82**			100.96	
Net assets value per unit at end of the year		**101.01**			100.82	

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		**164,028**	65,321
Adjustments for:			
Profit on bank deposits		**(93,365)**	(20,946)
Mark-up / return on investments		**(79,756)**	(60,373)
Profit on term deposit receipt		**(2,820)**	-
Income from Margin Trading System		**-**	(968)
Net unrealised (loss) / gain on revaluation of investments classified as fair value through profit and loss		**(1,223)**	925
		(13,136)	(16,041)
(Increase) / decrease in assets			
Investments - net		**(81,309)**	313,634
Receivable against sale of units		**364**	(364)
Deposits and prepayments		**(20)**	70
		(80,965)	313,340
Increase / (decrease) in liabilities			
Payable to AL Habib Asset Management Limited - Management Company		**(838)**	508
Payable to Central Depository Company of Pakistan Limited - Trustee		**(14)**	62
Payable to Securities and Exchange Commission of Pakistan (SECP)		**133**	60
Payable against purchase of investment		**-**	(357,666)
Payable against redemption of units		**(10)**	4
Provision for Sindh Workers' Welfare Fund		**(7,237)**	1,333
Accrued expenses and other liabilities		**9,284**	(5,304)
		1,318	(361,003)
Profit on bank deposits received		**79,534**	18,432
Mark-up / return on investments received		**76,318**	66,218
Profit on term deposit receipt received		**2,820**	-
Income from Margin Trading System received		**-**	968
Net cash generated from operating activities		**65,889**	21,914
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		**4,282,900**	3,209,697
Amount paid on redemption of units		**(4,100,402)**	(2,918,961)
Dividend paid during the year		**(140,271)**	(66,217)
Net cash generated from financing activities		**42,227**	224,519
Net increase in cash and cash equivalents during the year		**108,116**	246,433
Cash and cash equivalents at beginning of the year		**1,261,702**	1,015,269
Cash and cash equivalents at end of the year		**1,369,818**	1,261,702
Cash and cash equivalents comprise of :			
Bank balances and Term deposit receipts	4	**1,369,818**	1,261,702
		1,369,818	1,261,702

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Income Fund (Formerly First Habib Income Fund (the Fund) was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 6 September 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 3 August 2006 under Regulation 67 of the Non- banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). 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 15 October 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 undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 3rd Floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.3 The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the Fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' and "AA(f)' to the Management Company and the Fund respectively.

1.4 The Fund invests in a diversified portfolio of Term Finance Certificates, Government securities, corporate debt securities, certificates of investments, Term Deposit Receipts, continuous funding system and other money market instruments (including the clean placements). The Fund has been categorised as income scheme.

Title of the assets of the Fund is held in the name of Central Depository Company (CDC) as a trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- 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 and the NBFC Regulations and requirements of 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 and the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective Date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets and provision under uncertain circumstances such as taxes recoverable and Federal Excise Duty payable on remuneration of management company as disclosed in notes 07 and 08 respectively.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments are required to be stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3.2.3 Business model assessment

"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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio.

	Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b)Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount 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.

Financial liabilities

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

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

3.4 Provisions

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

3.5 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.6 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.7 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

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

3.8 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.9 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.10 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.11 Marginal Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on an accrual basis using the effective interest method. Cash releases are adjusted against the receivable as a reduction in the amount of receivable. The maximum maturity of an MTS contract is 60 calendar days out of which 25% exposure is automatically released at expiry of every 15th day from the day of contract.

3.12 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.13 Expenses

All expenses including management's fee, trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.14 Distributions

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted 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.

3.15 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the Management, determination of weighted average units for calculating EPU is not practicable.

4 BANK BALANCES AND TERM DEPOSIT RECEIPTS

	Note	2022	2021
		(Rupees in '000)	
Savings accounts	4.1	**1,244,708**	1,261,660
Current accounts	4.2	**110**	42
Term Deposits Receipts	4.3	**125,000**	-
		1,369,818	1,261,702

4.1 The profit rates effective at year end on these accounts range from 10.00% to 16.60% (30 June 2021: 6.50% to 7.69%) per annum. It includes balance of Rs. 4.02 million (30 June 2021: Rs 1.41 million) with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at year end is 12.50% (30 June 2021: 6.50%) per annum.

4.2 This represents balance with Bank AL Habib Limited (ultimate parent), a related party.

4.3 This represents term deposit receipt held with Bank AL falah Limited carrying profit rates at 16.60% per annum and its maturity date is 18 July 2022. Its original maturity was three months or less and qualifies for Cash and cash equivalents.

5 INVESTMENTS

	Note	2022	2021
		(Rupees in '000)	
Investments by Category			
At fair value through profit or loss			
Government securities - Pakistan Investment Bonds	5.1	**99,140**	-
Term Finance Certificates / Sukuk certificates	5.2	**144,446**	161,054
		243,586	161,054

5.1 Government securities - Market Treasury Bills

Issue date	Face value				As at 30 June 2022			Market value as percentage of	
	As at 01 July 2021	Purchased during the year	Sold / Matured during the year	As at 30 June 2022	Carrying value	Market value	Unrealised loss	Net assets	Total investments
					----------(Rupees in '000)----------				
Treasury bills									
T- BILL 3 MONTHS (06-05-2021)	-	462,000,000	462,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (15-07-2021)	-	500,000,000	500,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (29-07-2021)	-	1,000,000,000	1,000,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (12-08-2021)	-	3,355,730,000	3,355,730,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (23-09-2021)	-	2,500,000,000	2,500,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (07-10-2021)	-	1,000,000,000	1,000,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (04-11-2021)	-	1,400,000,000	1,400,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (16-12-2021)	-	140,000,000	140,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (13-01-2022)	-	1,050,000,000	1,050,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (27-01-2022)	-	4,336,000,000	4,336,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (10-02-2022)	-	5,055,000,000	5,055,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (24-02-2022)	-	1,062,000,000	1,062,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (10-03-2022)	-	556,000,000	556,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (24-03-2022)	-	1,000,000,000	1,000,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (21-04-2022)	-	1,320,000,000	1,320,000,000	-	-	-	-	0.00%	0.00%
T- BILL 3 MONTHS (20-05-2021)	-	40,000,000	40,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (06-05-2021)	-	100,000,000	100,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (20-05-2021)	-	250,000,000	250,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (02-07-2021)	-	1,000,000,000	1,000,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (15-07-2021)	-	500,000,000	500,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (29-07-2021)	-	500,000,000	500,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (12-08-2021)	-	2,000,000,000	2,000,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (26-08-2021)	-	4,321,000,000	4,321,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (02-12-2021)	-	1,000,000,000	1,000,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (16-12-2021)	-	1,071,000,000	1,071,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (13-01-2022)	-	500,000,000	500,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (27-01-2022)	-	500,000,000	500,000,000	-	-	-	-	0.00%	0.00%
T- BILL 6 MONTHS (10-03-2022)	-	3,451,000,000	3,451,000,000	-	-	-	-	0.00%	0.00%
Total as at 30 June 2022					**-**	**-**	**-**		
Total as at 30 June 2021					-	-	-		

5.2 Government securities - Pakistan Investment Bonds

Name of the Investee	Face Value				As at 30 June 2022			Market value as percentage of	
	As at 01 July 2021	Purchased during the year	Sold / matured during the year	As at 30 June 2022	Carrying value	Market value	Unrealised (loss) / gain	Net assets	Total investments
	---------- (Number of certificates) ----------				----------(Rupees in '000)----------				
PIB 2 YEARS (26-08-2021) - FLOATER	-	1,400,000,000	1,400,000,000	-	-	-	-	0.00%	0.00%
PIB 2 YEARS (30-12-2021) - FLOATER	-	100,000,000	-	100,000,000	98,729	99,140	411	6.12%	40.70%
PIB 3 YEARS (07-10-2021) - FLOATER	-	100,000,000	100,000,000	-	-	-	-	0.00%	0.00%
PIB 3 YEARS (05-08-2021)	-	400,000,000	400,000,000	-	-	-	-	0.00%	0.00%
PIB 3 YEARS (20-08-2020)	-	200,000,000	200,000,000	-	-	-	-	0.00%	0.00%
PIB 5 YEARS (15-10-2020)	-	425,000,000	425,000,000	-	-	-	-	0.00%	0.00%
Total as at 30 June 2022					**98,729**	**99,140**	**411**		
Total as at 30 June 2021					-	-	-		

5.3 Term Finance Certificates / Sukuk Certificates

Name of the Investee	Note	Face Value: As at 01 July 2021	Face Value: Purchased during the year	Face Value: Sold / matured during the year	Face Value: As at 30 June 2022	As at 30 June 2022: Carrying value	As at 30 June 2022: Market value	As at 30 June 2022: Unrealised (loss) / gain	Market value as percentage of: Net assets	Market value as percentage of: Total investments
		(Number of certificates)				(Rupees in '000)				
Unquoted										
Ghani Gases Limited- Sukuk (2-2-2017) (certificates of Rs. 100,000 each)	5.3.1	250	-	-	**250**	6,703	6,708	5	0.41%	2.75%
AGP Limited - Sukuk (9-6-2017) (certificates of Rs. 100,000 each)		250	-	250	-	-	-	-	0.00%	0.00%
International Brands Limited- Sukuk (15-11-2017) (certificates of Rs.100,000 each)		250	-	250	-	-	-	-	0.00%	0.00%
Bank AL Habib Limited-TFC (6-12-2018) (certificates of Rs. 100,000 each)		15,000	19,000	34,000	-	-	-	-	0.00%	0.00%
Askari Bank Limited-TFC VII (17-03-2020) (certificates of Rs. 100,000 each)	5.3.1	60	-	-	**60**	60,141	60,900	759	3.76%	25.00%
Dubai Islamic Bank Limited - Sukuk (14-07-17)	5.3.1		25		**25**	25,731	25,838	107	1.60%	10.61%
Gas & Oil Pakistan Limited - Sukuk (31-12-2021)	5.3.1		25		**25**	25,000	25,000	-	1.54%	10.26%
Meezan Bank Ltd. - Sukuk (09-01-20)	5.3.1	-	25	-	**25**	26,059	26,000	(59)	1.61%	10.67%
SAMBA BANK LIMITED - TFC		-	14	14	-	-	-	-	0.00%	0.00%
Total as at 30 June 2022						**143,634**	**144,446**	**812**		
Total as at 30 June 2021						161,979	161,054	(925)		

5.3.1 Significant terms and conditions of Sukuk Certificates outstanding at the year end are as follows:

Name of security	Number of Certificates	Repayment frequency	Unredeemed face value per Sukuk (Rupees)	Profit rate (per annum)	Issue date	Maturity date	Rating
Sukuk Certificates							
Unquoted							
Ghani Gases Limited- Secured (2-2-2017)	250	Quarterly	29,167	3 Months KIBOR plus 1%	2-Feb-17	2-Feb-23	A
Meezan Bank Ltd. - Sukuk (09-01-20)	25	Half yYarly	1,000,000	6 Months KIBOR plus 0.90%	9-Jan-20	9-Jan-30	AAA
Askari Bank Limited-TFC VII (17-03-2020)	60	Quarterly	1,000,000	3 Months KIBOR plus 1.20%	17-Mar-20	17-Mar-30	AA
Quoted							
Dubai Islamic Bank Sukuk	25	Half Year	1,000,000	6 months KIBOR plus 0.50%	14-Jul-17	14-Jul-27	AA-
Gas and Oil Pakistan Limited Sukuk	25	Quarterly	1,000,000	3 Months KIBOR plus 1.75%	31-Dec-21	31-Dec-25	Unrated

		Note	2022	2021
			(Rupees in '000)	
6	**INCOME RECEIVABLE**			
	Receivable against Term Finance Certificates and Sukuk Certificates		**4,328**	890
	Bank deposits		**21,323**	7,492
			25,651	8,382
7	**ADVANCE, DEPOSITS AND PREPAYMENTS**			
	Security Deposit with National Clearing Company of Pakistan Limited (NCCPL)		**2,500**	2,500
	Deposit with Central Depository Company of Pakistan Limited		**100**	100
	Deposit with NCCPL against Margin Trading System (MTS)		**250**	250
	Prepayment against MTS account maintenance fee		**126**	127
	Advance tax	7.1	**1,966**	1,945
			4,942	4,922

7.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A and 151 of ITO 2001.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on 4 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provincial sales tax. Therefore, in the current year, provision for FED has not been recorded.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 8.746 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2022 would have been higher by Rs. 0.55 (30 June 2021: Rs. 0.62) per unit.

9 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee during the year 0.075% (30 June 2021: 0.075%) of net assets per annum.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Trustee's remuneration charged during the year.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The fee of the SECP Charged during the year at 0.02% (30 June 2021: 0.02%) of net assets.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated 12 August 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds till 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward no provision for SWWF would be recognized in the financial statements of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
	(Rupees in '000)	
Auditors' remuneration	**262**	372
Others	**14,969**	5,575
	15,231	5,947

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2022 (30 June 2021:Nil).

14 PROFIT ON BANK DEPOSITS	Note	2022	2021
		(Rupees in '000)	
Savings accounts	14.1	**93,365**	20,946

14.1 This includes profit on bank deposits with Bank AL Habib Limited (a related party) of Rs.4.532 million (2021: Rs. 1.396 million).

15 MARK-UP / RETURN ON INVESTMENTS	2022	2021
	(Rupees in '000)	
Mark-up / return on:		
Government securities	**49,644**	41,605
Term Finance Certificates and Sukuk Certificates	**30,112**	18,750
Margin deposit with NCCPL	**-**	18
	79,756	60,373

16 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) I 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund.The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings (30 June 2021: 10% of the gross earnings with a maximum of 1.5% and a minimum of 1% of average daily net assets) of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

16.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the management company's remuneration charged during the year.

17 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged 2.426 Million (30 June 2021: 1.689 million) to the Fund.

18 AUDITOR'S REMUNERATION	2022	2021
	(Rupees in '000)	
Annual audit fee	**247**	338
Half yearly review fee	**124**	87
Out of pocket expenses	**37**	49
	408	474

19 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2022.

20 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	AL Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited

S.No	Company Name	Relationship
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Cash Fund (Formerly First Habib Cash Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties include directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

Remuneration to Management Company and Trustee is determined in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non- Banking Finance Companies and Notified Entities Regulation 2008 and the Trust Deed respectively.

Details of transactions with connected persons / related parties are as follows:

	2022	2021
	(Rupees in '000)	
AL Habib Asset Management Limited - Management Company		
- Management fee	**8,891**	7,888
- Sales tax	**1,156**	1,025
- Allocated Expenses	**2,426**	1,689
- Dividend paid	**1,703**	30,603
Bank AL Habib Limited		
- Profit on bank deposits	**4,532**	1,396
- Dividend paid	**32,270**	10,007
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration to the Trustee	**1,285**	788
- Sales tax	**167**	103

Details of the balances with connected persons as at year end are as follows:

Bank AL Habib Limited		
- Bank balance	**4,023**	1,363
- Profit receivable	**134**	56
AL Habib Asset Management Limited - Management Company		
- Management Company fee payable	**731**	1,569
- Federal Excise duty payable	**8,746**	8,746
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	**128**	142
- Other CDC Charges payable	**1**	17
- Security deposit - Non interest bearing	**100**	100

Sale / Redemption of units

	2022		2021	
Units sold to:	**(Units)**	**(Rupees in '000)**	**(Units)**	**(Rupees in '000)**
Management Company				
AL Habib Asset Management Limited	**23,809,065**	**2,493,302**	5,915,515	624,879
Parent Company				
- Bank AL Habib Limited	**2,481,395**	**255,713**	-	-
Other related parties:				
- Key Executives of the Management Company	**68**	**7**	14,962	1,499
- Directors and spouse of the Management Company	**7,370**	**743**	7,134	838
Connected Parties holding 10% or more of the units in issue	**1,565,711**	**165,641**	223,305	26,517
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited	**21,087,002**	**2,210,082**	5,915,515	593,998
Other related parties				
- Key Executives of the Management Company	**-**	**-**	14,962	1,507
- Directors and spouse of the Management Company	**161**	**17**	19,780	1,997
Units held by:				
Management Company				
AL Habib Asset Management Limited	**2,722,063**	**274,961**	-	-
Parent Company				
- Bank AL Habib Limited	**3,845,203**	**388,412**	1,363,808	137,499
Other related parties				
- Directors and spouse of the Management Company	**92,747**	**9,369**	110,692	11,160
- Key executive of the Management Company	**68**	**7**	-	-
- Habib Insurance Company Limited Pakistan-Employee Provident Fund	**520**	**52**	-	-
Connected Parties holding 10% or more of the units in issue	**2,565,027**	**259,099**	4,218,224	425,281

21 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	---------- (Rupees in '000) ----------		
Opening balance as at 01 July 2021	364	(11)	353
Receivable against issuance of units	4,282,536	-	4,282,536
Payable against redemption of units	-	(4,100,392)	(4,100,392)
	4,282,536	(4,100,392)	182,144
Amount received on issuance of units	4,282,900	-	4,282,900
Amount paid on redemption of units	-	(4,100,402)	(4,100,402)
	4,282,900	(4,100,402)	182,498
Closing balance as at 30 June 2022	-	(1)	(1)

22 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The Fund invests in a diversified portfolio of Term Finance Certificates, Government Securities, MTS Financing, Equity Securities, corporate debt securities, Term Deposit Receipts, continuous funding system and other money market instruments (including the clean placements). Such investments are subject to varying degrees of risk.

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, Rules, and Constitutive Documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications of these developments on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

22.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from bank balances, investment in debt securities, income receivables and deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk is as follows:

	2022		2021	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	---------- (Rupees in '000) ----------			
Bank balances and Term deposit receipts	**1,369,818**	**1,369,818**	1,261,702	1,261,702
Investments	**243,586**	**144,446**	161,054	161,054
Income receivable	**25,651**	**25,651**	8,382	8,382
Receivable against sale of units	**-**	**-**	364	364
Advance, deposits and prepayments	**2,976**	**2,976**	2,977	2,977
	1,642,031	**1,542,891**	1,434,479	1,434,479

Credit ratings and Collaterals

Credit risk arising on debt securities is mitigated by investing primarily in investment-grade rated instruments published by MUFAP and as determined by Pakistan Credit Rating Agency or VIS.

Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

Ratings	2022	2021
	(Percentage)	
A+ to A-	**0.00%**	0.00%
AA+ to AA-	**21.83%**	99.86%
AAA	**78.17%**	0.14%
	100.00%	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Investment in debt securities

Credit risk on debt instrument is mitigated by investing primarily in investment grade rated investment and purchase certificate of investment or make placements with financial institution having sound credit ratings.

Ratings	2022	2021
	(Percentage)	
A+ to A-	**2.75%**	3.13%
AA+ to AA-	**45.87%**	84.32%
AAA	**51.38%**	12.55%
	100.00%	100.00%

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.Around 40.70% (2021: 0%) of the Funds financial assets are in Government Securities which are not exposed to credit risk while the remaining portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

As at year end, the Fund's total credit risk was concentrated in the following industrial / economic sectors:

	2022	2021
	(Percentage)	
Banks	**97.93%**	84.32%
Manufacturing	**2.07%**	15.68%
	100.00%	100.00%

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired. No provisions have been booked during the year.

Settlement risk

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

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

22.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of Liquidity Risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment with in 90 days of such borrowings. No such borrowings have arisen during the year.

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.

Maturity analysis of financial liabilities

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.

22.2.1 The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

	2022			
	Carrying amount	**Less than one month**	**One to three months**	**Three months to one year**
	(Rupees in '000)			
Non-derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	**731**	**731**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**128**	**128**	**-**	**-**
Payable against redemption of units	**1**	**1**	**-**	**-**
Accrued expenses and other liabilities	**732**	**470**	**262**	**-**
	1,592	**1,330**	**262**	**-**
Unit holders' Fund	**1,618,817**	**1,618,817**	**-**	**-**

	2021			
	Carrying amount	**Less than one month**	**One to three months**	**Three months to one year**
	(Rupees in '000)			
Non-derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	1,569	1,569	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	142	142	-	-
Payable against redemption of units	11	11	-	-
Accrued expenses and other liabilities	1,057	685	372	-
	2,779	2,407	372	-
Unit holders' Fund	1,412,562	1,412,562	-	-

22.3 Market risk

Market risk is the risk that the Fund's income or value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of market risks

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 Investment Committee of Management Company and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. Fund is exposed to interest rate risk only.

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. Majority of the interest rate exposure arises on investment in Government Securities, Term Finance Certificates, Term Deposit Receipts, Commercial Papers, clean placements and savings bank accounts. The Fund carries a mix of fixed and floating rate financial instruments. Currently the exposure in fixed rate instruments is in Government securities only. To enhance the earning potential of the Fund, the Fund invests in variable rate instruments as most of the instruments currently available are indexed to KIBOR. The Fund monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. Other risk management procedures are the same as those mentioned in the credit risk management.

At year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	2021
	(Rupees in '000)	
Fixed rate instruments		
Term deposit receipts	**125,000**	-
Variable rate instruments		
Bank balances	**1,244,708**	1,261,660
Government securities	**99,140**	-
Term Finance Certificates / Sukuk Certificates	**144,446**	161,054
	1,488,294	1,422,714

None of the financial liabilities carry any interest rate risk.

a) Cash flow sensitivity analysis for variable rate instruments

In case of change of 100 basis points in KIBOR and Weighted Average Yield on 30 June 2022, the net assets of the Fund would have been lower / higher by Rs 14.88 million (2021: Rs. 14.227 million) with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

b) Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2022, Term Deposit Receipt exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in PKRV on 30 June 2022, the net assets of the Fund would have been lower/ higher by Rs. 1.25 million (2021: Nil million) with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio, KIBOR rates and yield matrix calculated by MUFAP is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

30 June 2022	Markup / profit rate	Less than one month	One to three months	Three months to one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances and Term deposit receipts	**10.00% - 16.60%**	**1,369,818**	**-**	**-**	**-**	**1,369,818**
Investments	**11.97% - 16.25%**	**-**	**-**	**243,586**	**-**	**243,586**
Receivable against Margin Trading System (MTS)		**-**	**-**	**-**	**-**	**-**
Income receivable		**-**	**-**	**-**	**25,651**	**25,651**
Receivable against sale of units		**-**	**-**	**-**	**-**	**-**

30 June 2022	Markup / profit rate	Less than one month	One to three months	Three months to one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
Receivable against sale of investment		-	-	-	-	-
Advance, deposits and prepayments		-	-	-	2,976	2,976
Total financial assets		1,369,818	-	243,586	28,627	1,642,031
Financial liabilities						
Payable to AL Habib Asset Management Limited - Management Company		-	-	-	731	731
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	128	128
Payable against redemption of units		-	-	-	1	1
Provision for Federal Excise Duty on remuneration of the Management Company		-	-	-	8,746	8,746
Accrued expenses and other liabilities		-	-	-	732	732
		-	-	-	10,338	10,338
On-balance sheet gap		1,369,818	-	243,586	18,289	1,631,693
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

30 June 2021	Markup / profit rate	Less than one month	One to three months	Three months to one year	Not exposed to profit rate risk	Total
		(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	6.50% - 7.69%	1,261,702	-	-	-	1,261,702
Investments	7.98% - 8.78%	-	-	161,054	-	161,054
Income receivable		-	-	-	8,382	8,382
Advance, deposits and prepayments		-	-	-	2,977	2,977
Total financial assets		1,261,702	-	161,054	11,359	1,434,115
Financial liabilities						
Payable to AL Habib Asset Management Limited - Management Company		-	-	-	1,569	1,569
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	142	142
Payable against purchase of investments		-	-	-	-	-
Derivative financial liability		-	-	-	-	-
Payable against redemption of units		-	-	-	11	11
Provision for Sindh Workers' Welfare Fund		-	-	-	7,237	7,237
Provision for Federal Excise Duty on remuneration of the Management Company		-	-	-	8,746	8,746
Accrued expenses and other liabilities		-	-	-	1,057	1,057
		-	-	-	18,762	18,762
On-balance sheet gap		1,261,702	-	161,054	(7,403)	1,415,353
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-

22.4 Price Risk

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

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sectors and benchmarking the sector weighting to that of the KSE-100 Index. The Fund's policy is to concentrate the investment portfolio in sectors where management believes the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

22.5 Unit Holders' Fund risk management

Management's objective when managing Unit holders' Fund 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' and to ensure reasonable safety of Unit holders' Fund.

The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market conditions. The Unit holders' Fund structure depends on the issuance and redemption of units.

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
		At fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2022	**Note**	(Rupees in '000)							
Financial assets - measured at fair value									
Government securities	5.1 & 5.2	**99,140**	**-**	**-**	**99,140**	**-**	**99,140**	**-**	**99,140**
TFC and Sukuk bonds	5.3	**144,446**	**-**	**-**	**144,446**	**-**	**144,446**	**-**	**144,446**
Financial assets - not measured at fair value	23.2								
Bank balances and Term deposit receipts	4	**-**	**1,369,818**	**-**	**1,369,818**	**-**	**-**	**-**	**-**
Receivable against sale of units		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Income receivable	6	**-**	**25,651**	**-**	**25,651**	**-**	**-**	**-**	**-**
Advance, deposits and prepayments	7	**-**	**2,976**	**-**	**2,976**	**-**	**-**	**-**	**-**
		243,586	**1,398,445**	**-**	**1,642,031**	**-**	**243,586**	**-**	**243,586**
Financial liabilities - not measured at fair value	23.2								
Payable to AL Habib Asset Management Limited - Management Company	16	**-**	**-**	**731**	**731**	**-**	**-**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	**-**	**-**	**128**	**128**	**-**	**-**	**-**	**-**
Accrued expenses and other liabilities	12	**-**	**-**	**732**	**732**	**-**	**-**	**-**	**-**
Provision for Federal Excise Duty on remuneration of the Management Company	8	**-**	**-**	**8,746**	**8,746**	**-**	**-**	**-**	**-**
Provision for Sindh Workers' Welfare Fund	11	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payable against redemption of units	21	**-**	**-**	**1**	**1**	**-**	**-**	**-**	**-**
		-	**-**	**10,338**	**10,338**	**-**	**-**	**-**	**-**

		Carrying amount				Fair value			
		At fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2021	**Note**	---------- (Rupees in '000) ----------							
Financial assets - measured at fair value									
Government securities	5.1 & 5.2	-	-	-	-	-	-	-	
Quoted equity securities	5.4	-	-	-	-	-	-	-	
TFC and Sukuk bonds	5.3	161,054	-	-	161,054	-	161,054	-	161,054
					-				
Financial assets - not measured at fair value	23.2								
Balances with banks	4	-	1,261,702	-	1,261,702	-	-	-	-
Receivable against sale of units		-	364	-	364	-	-	-	-
Income receivable	6	-	8,382	-	8,382	-	-	-	-
Advance, deposits and prepayments	7	-	2,977	-	2,977	-	-	-	-
		161,054	1,273,425	-	1,434,479	-	161,054	-	161,054
Financial liabilities - not measured at fair value	23.2								
Payable to AL Habib Asset Management Limited - Management Company	16	-	-	1,569	1,569	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	-	-	142	142	-	-	-	-
Accrued expenses and other liabilities	12	-	-	1,057	1,057	-	-	-	-
Provision for Federal Excise Duty on remuneration of the Management Company	8	-	-	8,746	8,746	-	-	-	-
Provision for Sindh Workers' Welfare Fund	11	-	-	7,237	7,237	-	-	-	-
Payable against purchase of investments		-	-	-	-	-	-	-	-
Payable against redemption of units	21	-	-	11	11	-	-	-	-
		-	-	18,762	18,762	-	-	-	-

23.1 Valuation techniques used in determination of fair values within level 2:

Investments in Term Finance Certificates and Sukuk Certificates, issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital, are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

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

24 PATTERN OF UNIT HOLDING

Unit holding pattern of the fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	**334**	**2,738,316**	**276,597**	**17.09%**
Associated companies and directors	**1**	**3,845,202**	**388,404**	**23.99%**
Insurance companies	**2**	**422,887**	**42,716**	**2.64%**
Banks and DFIs	**1**	**24,959**	**2,521**	**0.16%**
Retirement funds	**11**	**512,054**	**51,723**	**3.19%**
Others	**19**	**8,482,560**	**856,856**	**52.93%**
	368	**16,025,978**	**1,618,817**	**100.00%**

Unit holding pattern of the fund as at 30 June 2021 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	329	2,360,878	238,024	16.85%
Associated Companies and Directors	1	1,363,808	137,499	9.73%
Insurance companies	1	35	4	0.00%
Banks and DFIs	1	22,700	2,289	0.16%
Retirement funds	12	1,017,343	102,569	7.27%
Others	21	9,246,188	932,177	65.99%
	365	14,010,952	1,412,562	100.00%

25 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised Cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances and Term deposit receipts	**1,369,818**	**-**	**1,369,818**
Term Finance Certificates / Sukuk certificates	**-**	**144,446**	**144,446**
Income receivable	**25,651**	**-**	**25,651**
Receivable against sale of investments	**-**	**-**	**-**
Advances, deposits and prepayments	**2,976**	**-**	**2,976**
	1,398,445	**144,446**	**1,542,891**
Financial Liabilities			
Payable to the Management Company	**731**	**-**	**731**
Payable to Central Depository Company of Pakistan Limited - Trustee	**128**	**-**	**128**
Payable against redemption of units	**1**	**-**	**1**
Accrued expenses and other liabilities	**732**		**732**
	1,592	**-**	**1,592**

	30 June 2021		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	1,261,702	-	1,261,702
Government securities - Market Treasury Bills	-	-	-
Government securities - Pakistan Investment Bonds	-	-	-
Term Finance Certificates / Sukuk certificates	-	161,054	161,054
Income receivable	8,382	-	8,382
Receivable against sale of investments	364	-	364
Advances, deposits and prepayments	2,977	-	2,977
	1,273,425	161,054	1,434,479

Financial Liabilities			
Payable to the Management Company	1,569	-	1,569
Payable to Central Depository Company of Pakistan Limited - Trustee	142	-	142
Provision for Sindh Workers' Welfare Fund	7,237	-	7,237
Payable against redemption of units	11	-	11
Accrued expenses and other liabilities	1,057	-	1,057
	16,384	-	16,384

26 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Broker name	2022 (Percentage)	2021 (Percentage)
Optimus Market (Pvt) Limited	**40.65%**	33.44%
Next Capital Limited	**19.54%**	20.06%
Invest One Market Limited	**17.94%**	16.99%
BMA Capital Management Limited	**7.47%**	4.84%
Bank Islami Pakistan Limited	**6.71%**	3.78%
Continental Exchange (Pvt) Limited	**4.34%**	8.98%
Arif Habib Limited	**2.00%**	1.39%
Magenta Capital (Pvt) Limited	**1.35%**	10.52%
	100.00%	100.00%

27 PARTICULAR OF INVESTMENT COMMITTEE & FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer	CA-Affiliate	22
Mr. Ahmed Abbas	Fund Manager (Income Fund)	MCS & MBA (Finance)	21
Mr. Talha Akhter Siddiqui	Fund Manager (Equities)	M. Sc (Economics)	9
Mr. Nabeel Zafar	Research Analyst	Passed CFA level II ACCA	7

27.1 Mr. Ahmed Abbas is also the Fund Manager of AL Habib Cash Fund (Formerly First Habib Cash Fund), AL Habib Islamic Income Fund (Formerly Islamic Income Fund), AL Habib Money Market Fund, AL Habib Islamic Savings Fund and AL Habib Islamic Cash Fund.

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings Held	Attended	Leave Granted	Meeting(s) not attended
Mr. Abbas D.Habib	4	4	0	-
Mr. Mansoor Ali Khan	4	4	0	-
Mr. Saeed Allawala	4	4	0	-
Ms. Zarine Aziz	4	1	3	91st, 93rd and 94th Meeting
Mr. Imran Azim	4	3	1	92nd
Mr. Kashif Rafi	4	4	0	-

29 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the year ended 30 June 2022 is 0.95% which include 0.10% representing government levies and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

30.1 Corresponding figures

Corresponding figures have been re-classified and re-arranged in these financial statements, whenever necessary to facilitate comparison and to conform with changes in presentation in the current year. No Significant rearrangements or reclassifications have been made in these financial statements during the current year.

30.2 Date of authorisation for issue

These financial statements were authorized for issue on **August 29, 2022** by the Board of Directors of the Management Company.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective

The investment objective of the Fund and Allocation Plan(s) is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium- and short-term debt instruments while taking into account liquidity considerations.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHIF maintained strategy to get exposure in broadly diversified portfolio of high quality fixed and floating rate instruments with focus to maintain high liquidity in the fund while taking minimum risk.

Fund Description

Fund Type & Category	Open Ended - Income Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	June 2, 2007	**Management Fee**	Up to 10% of the gross earnings of the Scheme
Benchmark	Six (6) months KIBOR rates.	**Sales Load**	3.00% (Management has the discretion to reduce or waive load on any transaction)
Annual Return	10.16%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	10.82%	**Dealing Days/Timings**	Monday to Friday 9:00 am to 4:30 pm
Net Assets	Rs. 1,619 million (June 30, 2022)	**Fund Stability Rating**	AA(f) by PACRA
NAV per unit	Rs. 101.0121 (June 30, 2022)	**AMC Rating**	"AM2+" by PACRA
Pricing Mechanism	Forward Pricing	**Trustee**	Central Depository Company of Pakistan Limited.
Risk Profile	Medium (Principal at medium risk)		

Market Review:

The Fiscal Year 2022 (FY22) sailed with a stable outlook after a V-shaped recovery in Fiscal Year 2021. The economy grew by 5.97% in FY22 as against a growth of 5.70% in FY21. Inflation and external outlook remained largely stable in the first quarter of FY22. However, rapid pace in Global economies growth post pandemic built pressure on commodities prices across the globe posing a threat to Pakistan's economy. This led SBP to a modest tightening in the monetary policy in first quarter FY 2022 by elevating policy rate by 25bps to 7.25%. SBP further revealed that a timely action would be taken in view of external balance and inflation outlook, wherein SBP raised a total of 275bps in policy rate till December 2021 to 9.75%.

The second half of the FY22 brought challenges to the country on both economic and political front. The Russian-Ukraine war led to sharp increase in commodities and oil prices which adversely impacted Pakistan's external balances on account of rising import. Food and energy import brought a sharp spike in inflation which necessitated SBP to further tight the monetary policy to mitigate the impact of inflation. SBP aggressively increased policy rate by 400 bps in the second half of FY22, a total of 675 bps in FY22 to 13.75%. Yield in secondary market witness a steep volatility whereby short term yield surpassed policy rate by more than 200bps and were trading at close to 15.73%. To contain the secondary market yields, SBP conducted several long tenor OMOs to inject liquidity in the market. Political uncertainty engulfed the country after a vote of no confidence was passed and a new collation government was formed. This uncertainty led to sharp depreciation of PKR against dollar whereby PKR lost around 11% in span of less than 3 months to close at PKR 204.84 per dollar. Cumulatively the PKR depreciated by 30% against the dollar in FY22.

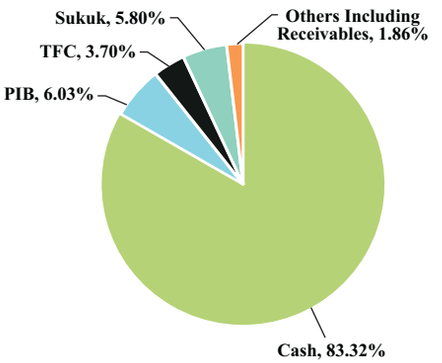
Due to commodities super cycle, current account deficit increased to USD 17.32 billion in FY22 as against USD 2.82 billion in the same period last year (SPLY). However, due to pace in economic activities, balance in overall trade deficit increased to USD 39.57 billion in FY22 as against USD 28.63 billion in SPLY. Pakistan's total debt increased by 23.39% to Rs. 49.19 trillion in FY22 as compared to Rs. 39.86 trillion recorded in SPLY. Fiscal and Primary balance recorded a deficit of 8.2% and 3.2% of GDP respectively for the fiscal year 2022. Debt to GDP ratio increased to 76.9% in FY22 as compared to 71.8% in FY21.

Average Consumer Price Index (CPI) during the year remained at 12.09% with major contribution in inflation from the second half of FY22 on account of expensive import of food and energy. The net Foreign Direct Investment and Workers' Remittances for the year under review stood at USD 1.87 billion and USD 31.24 billion respectively as compared to USD 1.82 billion and USD 29.45 billion respectively during SPLY. Foreign exchange reserves of the country plunged to USD 15.53 billion in June 2022 as compared to USD 24.40 billion in June 2021.

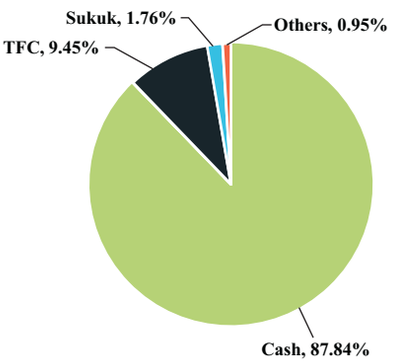
PKRV Rates			
Tenor	**As at June 30, 2022**	**As at June 30, 2021**	**Change**
3 Months	14.98	7.28	7.70
6 Months	15.15	7.53	7.62
12 Months	15.30	7.81	7.49
3 Years	13.45	8.99	4.46
5 Years	13.93	9.49	3.44
5 Years	13.92	9.94	2.98

Policy Rate		
Date	**Policy Rate**	**Change (Bps)**
September 20, 2021	7.25	25
November 19, 2021	8.75	150
December 14, 2021	9.75	100
April 08, 2022	12.25	250
May 24, 2022	13.75	150

Asset Allocation (%age of Total Asset) June 30, 2022



Asset Allocation (%age of Total Asset) June 30, 2021



Income Distribution

AHIF made a total distribution of Rs.10.026 during FY22 in the form of dividend, the details of which is as follows;

Month	Cum Nav Rs.	EX-NAV Rs.	Distribution Rs.
Jun-22	110.7758	100.0260	10.026

Sales and Redemptions of Units

During the year, 40,969,481 units of the value of Rs. 4,283 million were sold while 38,954,456 units of the value of Rs. 4,100 million were redeemed resulting in to a net sale of 2,015,025 units of the value of Rs. 183 million during the year.

Unit Holder Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 24 of the Annual Accounts 2022.

AHIF Performance at a Glance

	2022	2021
Net Assets as at June 30 (Rs. in billion)	1,619	1,413
NAV per unit as at June 30 (Rs.)	101.0121	100.8186
Distribution during the year ended June 30 (Rs.)	10.026	6.5994
Annual Return	10.16%	6.43%

AL HABIB ASSET ALLOCATION FUND
(Formerly: First Habib Asset Allocation Fund)
Annual Report
For the year ended June 30, 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2+ Management Company Quality Rating Assigned by PACRA.

Bankers to the Fund

JS Bank Limited
MCB Bank Limited
Bank Al Habib Limited
Dubai Islamic Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ASSET ALLOCATION FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Asset Allocation Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022



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EY Ford Rhodes
Chartered Accountants
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Pakistan

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ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AL Habib Asset Allocation Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2022**, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Equity Investments	
As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end. In view of the above, we have considered this area as a key audit matter.	We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 30 June 2022. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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.

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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.

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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 September 2021.

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

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191OM1XObu3J

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Bank balances	4	**74,863**	13,849
Investments	5	**24,176**	92,365
Profit and dividend receivable	6	**513**	347
Preliminary expenses and floatation costs	7	**85**	323
Advances, deposits and prepayments	8	**4,117**	4,114
Total assets		**103,754**	110,998
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	16	**122**	203
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**12**	20
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**20**	19
Provision for Sindh Workers' Welfare Fund	11	**-**	410
Payable against purchase of investment		**-**	326
Accrued expenses and other liabilities	12	**685**	1,071
Total liabilities		**839**	2,049
Net assets		**102,915**	108,949
Unit holders' Fund (as per statement attached)		**102,915**	108,949
Contingencies and commitments	13		
		(Number of Units)	
Number of units in issue (face value of units is Rs. 100 each)		**1,081,312**	1,054,370
		(Rupees)	
Net asset value per unit		**95.18**	103.33

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on bank deposits	14	**1,617**	941
Return on deposit with NCCPL		**-**	9
Markup on investments	15	**139**	704
Dividend income		**7,168**	3,891
Net gain / (loss) on investments classified at fair value through profit or loss			
- Gain / (loss) on sale of investments		**(10,034)**	8,943
- Net unrealised gain / (loss) on revaluation of investments	5.2 & 5.3	**(1,394)**	4,623
		(11,428)	13,566
Total income		**(2,504)**	19,111
Expenses			
Remuneration of AL Habib Asset Management Limited - Management Company	16	**2,025**	1,880
Sindh Sales Tax on Management Company's remuneration	16.1	**263**	244
Expenses allocated by the Management Company	17	**123**	58
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	**203**	188
Sindh Sales Tax on trustee remuneration	9.1	**26**	24
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	**20**	19
Brokerage expense		**393**	383
Settlement and bank charges		**389**	396
Annual listing fee		**25**	25
Auditor's remuneration	18	**280**	259
Amortization of preliminary expenses and floatation costs	7	**238**	238
Printing charges		**74**	56
Fees and subscription		**255**	251
Total expenses		**4,314**	4,021
		(6,818)	15,090
Net (loss) / Income from operating activities			
Reversal / (Provision) for Sindh Workers Welfare Fund	11	**410**	(302)
		(6,408)	14,788
Taxation	19	**-**	-
Net (loss) / Income for the year after taxation		**(6,408)**	14,788
Allocation of net (loss) / Income for the year after taxation:			
- Net Income / (loss) for the year after taxation		**-**	14,788
- Income already paid on units redeemed		**-**	(6,781)
		-	8,007
Accounting income available for distribution:	30.1.2		
- Relating to capital gains		**-**	13,566
- Excluding capital loss		**-**	(5,559)
		-	8,007

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

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

	2022	2021
	(Rupees in '000)	
Net (loss) / Income for the year after taxation	**(6,408)**	14,788
Other comprehensive income for the year	**-**	-
Total comprehensive (loss) / Income for the year	**(6,408)**	14,788

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022			2021		
		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
		(Rupees in '000)					
Net assets at the beginning of the year		**112,468**	**(3,519)**	**108,949**	116,807	(10,255)	106,552
Issuance of 1,643,205 units (2021: 1,451,174 units) including additional units 17,679 (2021: Nil units) issued at nil value as capital refund							
- Capital value		**169,792**	**-**	**169,792**	130,032	-	130,032
- Element of income		**(6,150)**	**-**	**(6,150)**	16,118	-	16,118
Amount received / receivable on issuance of units		**163,642**	**-**	**163,642**	146,150	-	146,150
Redemption of 1,616,264 units (2021: 1,571,454 units)							
- Capital Value		**(167,009)**	**-**	**(167,009)**	(142,547)	-	(142,547)
- Element of loss		**3,741**	**-**	**3,741**	(7,942)	(6,781)	(14,723)
Amount paid on redemption of units		**(163,268)**	**-**	**(163,268)**	(155,430)	(6,781)	(157,270)
Total comprehensive loss for the year		**-**	**(6,408)**	**(6,408)**	-	14,788	14,788
interim distribution for the year ended 30 June 2022: Rs. Nil per units (2021: Rs.3.00/- per unit declared)		**-**	**-**	**-**	-	(1,271)	(1,271)
Net income / (loss) for the year less distribution		**-**	**(6,408)**	**(6,408)**	-	13,517	13,517
Net assets at the end of the year		**112,842**	**(9,927)**	**102,915**	107,527	(3,519)	108,949
Undistributed income brought forward							
- Realised loss			**(8,142)**			(4,709)	
- Unrealised gain / (loss)			**4,623**			(5,546)	
			(3,519)			(10,255)	
Accounting income avaliable for distribution	30.1.2						
- Relating to capital gain			**-**			13,566	
- Excluding capital gain			**-**			(5,559)	
			-			8,007	
interim distribution for the year ended 30 June 2022: Rs. Nil per units (2021: Rs.3.00/- per unit declared)			**-**			(1,271)	
Net loss for the year before taxation			**(6,408)**			-	
Undistributed loss carried forward			**(9,927)**			(3,519)	
Undistributed loss carried forward comprises of:							
- Realised loss			**(8,533)**			(8,142)	
- Unrealised (loss) / gain			**(1,394)**			4,623	
			(9,927)			(3,519)	
			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year			**103.33**			90.71	
Net assets value per unit at end of the year			**95.18**			103.33	

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		**(6,408)**	14,788
Adjustments for:			
Net unrealised gain / (loss) on revaluation of investments		**1,394**	(4,623)
Profit on bank deposits		**(1,617)**	(941)
Return on deposit with NCCPL		**-**	(9)
Markup on investments		**(139)**	(704)
Dividend income		**(7,168)**	(3,891)
Amortization of preliminary expenses and floatation costs		**238**	238
		(13,700)	4,858
Decrease / (increase) in assets			
Investments		**66,795**	(42,467)
Receivable against sale of investments		**-**	600
Advances, deposits and prepayments		**(3)**	249
		66,792	(41,618)
(Decrease) / increase in liabilities			
Payable to AL Habib Asset Management Limited - Management Company		**(81)**	38
Payable to Central Depository Company of Pakistan Limited - Trustee		**(8)**	4
Payable to Securities and Exchange Commission of Pakistan (SECP)		**1**	-
Provision for Sindh Workers' Welfare Fund		**(410)**	301
Payable against purchase of investments		**(326)**	326
Accrued expenses and other liabilities		**(386)**	244
		(1,210)	913
Profit on bank deposits received		**1,194**	1,110
Return received on deposit with NCCPL		**-**	9
Markup received on investments		**139**	793
Dividend income received		**7,425**	3,623
Net cash generated from / (used in) from operating activities		**60,640**	(30,312)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		**163,642**	146,150
Amount paid on redemption of units		**(163,268)**	(157,270)
Dividend paid		**-**	(1,271)
Net cash generated from / (used in) financing activities		**374**	(12,391)
Net increase / (decrease) in cash and cash equivalents during the year		**61,014**	(42,703)
Cash and cash equivalents at beginning of the year		**13,849**	56,552
Cash and cash equivalents at end of the year		**74,863**	13,849
Cash and cash equivalents comprise of :			
Bank balances	4	**74,863**	13,849

The annexed notes 1 to 30 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund) (the Fund) was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on August 06, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 26 July 2017 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). 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 15 October 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 undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the Management Company is situated at 3rd floor, Mackinnons Building, I, I Chundrigar Road Karachi, Pakistan.

The Fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.3 The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the Fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company.

1.4 The Fund has been categorized as an Open-End Asset Allocation Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan (SECP) for categorisation of Collective Investment Schemes (CIS).

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- 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 the requirements of the Trust Deed.

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

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets and provision under uncertain circumstances such as taxes recoverable as disclosed in note 08 respectively.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments which are required to be stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

3.2.3 Business model assessment

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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.6 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

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

3.7 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.9 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.10 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.11 Expenses

All expenses including management's fee, trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.12 Provisions

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

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of five years commencing from 08 November 2017 as per the Trust Deed of the Fund.

3.14 Distribution

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted 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.

3.15 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the Management, determination of weighted average units for calculating EPU is not practicable.

4 BANK BALANCES	Note	2022	2021
		(Rupees in '000)	
Savings accounts	4.1	**74,607**	13,715
Current accounts	4.2	**256**	134
		74,863	13,849

4.1 The profit rates effective at year end on these accounts range from 12.25% to 15.50% (30 June 2021: 5.50% to 8.00%) per annum.

4.2 It includes balance of Rs. 5,601 (30 June 2021: Rs 7,847) in current account with Bank AL Habib Limited (ultimate parent), a related party.

5 INVESTMENTS	Note	2022	2021
		(Rupees in '000)	
At fair value through profit or loss			
Listed equity securities	5.1	**24,176**	92,365
		24,176	92,365

5.1 Listed equity securities

Name of the Investee	Note	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Carrying value as at 30 June 2022	Market value as at 30 June 2022	Unrealized gain / (loss)	Market Value as a Percentage of Net assets	Market Value as a Percentage of Total investments	Paid up capital of investee company (with face value of investment)
		(Number of shares)					(Rupees in '000)			%		
Automobile assemblers												
Atlas Honda Limited		1,800	-	-	1,800	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited		1,131	-	-	1,131	-	-	-	-	0.00%	0.00%	0.00%
Indus Motor Company Limited		-	3,060	-	3,060	-	-	-	-	0.00%	0.00%	0.00%
Sazgar Engineering Works Limited		-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
		2,931	**13,060**	**-**	**15,991**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Automobile parts and accessories												
Thal Limited		2,200	-	-	2,200	-	-	-	-	0.00%	0.00%	0.00%
Total		**2,200**	**-**	**-**	**2,200**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Banks												
Askari Bank Limited		51,000	10,000	-	61,000	-	-	-	-	0.00%	0.00%	0.00%
Bank AL Habib Limited	5.1.1	36,500	-	-	-	36,500	2,559	2,119	(440)	2.06%	8.76%	0.00%
Bank Islami Pakistan Limited	5.1.1	-	115,000	-	70,000	45,000	672	542	(130)	0.53%	2.24%	0.00%
The Bank of Punjab Limited		118,000	210,000	16,000	344,000	-	-	-	-	0.00%	0.00%	0.00%
Faysal Bank Limited		45,000	135,000	-	180,000	-	-	-	-	0.00%	0.00%	0.00%
Habib Bank Limited		22,500	-	-	22,500	-	-	-	-	0.00%	0.00%	0.00%
Habib Metropolitan Bank Limited		63,000	10,000	-	73,000	-	-	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	5.1.1	57,250	44,000	6,075	62,325	45,000	5,389	5,084	(305)	4.94%	21.03%	0.00%
National Bank Of Pakistan		-	30,000	-	30,000	-	-	-	-	0.00%	0.00%	0.00%
United Bank Limited		6,200	12,001	-	18,201	-	-	-	-	0.00%	0.00%	0.00%
Total		**399,450**	**566,001**	**22,075**	**861,026**	**126,500**	**8,620**	**7,745**	**(875)**	**7.53%**	**32.03%**	**0.00%**
Fertilizer												
Engro Corporation Limited		10,827	14,000	-	19,827	5,000	1,317	1,285	(32)	1.25%	5.32%	0.00%
Engro Fertilizer Limited		18,000	25,000	-	33,000	10,000	913	886	(27)	0.86%	3.66%	0.00%
Fauji Fertilizer Bin Qasim Limited		80,000	25,000	-	105,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Fertilizer Company Limited		21,500	35,000	-	38,500	18,000	2,082	1,984	(98)	1.93%	8.21%	0.00%
Total		130,327	99,000	-	196,327	33,000	4,312	4,155	(157)	4.04%	17.19%	0.00%
Glass & Ceramics												
Shabbir Tiles & Ceramics Limited		20,000	-	-	20,000	-	-	-	-	0.00%	0.00%	0.00%
Tariq Glass Industries Limited		13,000	56,000	-	66,500	2,500	296	260	(36)	0.25%	1.08%	0.00%
		33,000	**56,000**	**-**	**86,500**	**2,500**	**296**	**260**	**(36)**	**0.25%**	**1.08%**	0.00%

	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Carrying value as at 30 June 2022	Market value as at 30 June 2022	Unrealized gain / (loss)	Market Value as a Percentage of Net assets	Market Value as a Percentage of Total investments	Paid up capital of investee company (with face value of investment)
	(Number of shares)					(Rupees in '000)					
Insurance											
Adamjee Insurance Company Limited	35,000	-	-	35,000	-	-	-	-	0.00%	0.00%	0.00%
Jubilee Life Insurance Company Limited	6,000	-	-	6,000	-	-	-	-	0.00%	0.00%	0.00%
	41,000	**-**	**-**	**41,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Leasing Companies											
Orix Leasing Pakistan Limited	-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.00%
	-	**50,000**	**-**	**50,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Miscellaneous											
TPL Properties Limited	88,000	66,000	15,000	169,000	-	-	-	-	0.00%	0.00%	0.00%
	88,000	**66,000**	**15,000**	**169,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Cement											
Attock Cement Pakistan Limited	12,000	-	-	12,000	-	-	-	-	0.00%	0.00%	0.00%
Cherat Cement Limited	6,000	25,000	-	31,000	-	-	-	-	0.00%	0.00%	0.00%
D.G. Khan Cement Company Limited	10,000	-	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Company Limited	-	180,000	-	180,000	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Company Limited	3,600	-	-	3,600	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Company Limited	10,000	2,000	-	12,000	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Company Limited	50,000	115,000	-	165,000	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited	8,000	10,000	-	18,000	-	-	-	-	0.00%	0.00%	0.00%
Power Cement Limited	165,000	-	-	165,000	-	-	-	-	0.00%	0.00%	0.00%
Total	**264,600**	**332,000**	**-**	**596,600**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Engineering											
Amreli Steel	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Aisah Steel Mills Limited	-	45,000	-	45,000	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited	-	2,500	-	2,500	-						
International Steels Limited	13,000	13,000	-	26,000	-	-	-	-	0.00%	0.00%	0.00%
Mughal Iron & Steels Ind Ltd	-	10,000	-	10,000	-	-	-	-	0.00%	0.00%	0.00%
Total	**13,000**	**70,500**	**-**	**83,500**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Oil and Gas Exploration Companies											
Mari Gas Company Limited	5,470	1,030	-	4,700	1,800	2,962	3,132	170	3.04%	12.95%	0.00%
Oil & Gas Development Company Limited	13,400	77,000	-	90,400	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Oilfields Limited	8,300	20,000	-	10,300	18,000	7,176	7,305	129	7.10%	30.22%	0.01%
Pakistan Petroleum Limited	14,300	70,000	-	84,300	-	-	-	-	0.00%	0.00%	0.00%
Total	**41,470**	**168,030**	**-**	**189,700**	**19,800**	**10,138**	**10,437**	**299**	**10.14%**	**43.17%**	**0.01%**
Oil and Gas Marketing Companies											
Attock Petroleum Limited	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited	9,500	-	-	9,500	-	-	-	-	0.00%	0.00%	0.00%
Sui Northen Gas Company Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Total	**13,500**	**-**	**-**	**13,500**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Power Gen & Distribution											
Hub Power Company Limited	15,500	20,000	-	35,500	-	-	-	-	0.00%	0.00%	0.00%
Kot Addu Power Company Limited	35,500	20,000	-	55,500	-	-	-	-	0.00%	0.00%	0.00%
	51,000	**40,000**	**-**	**91,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Paper And Boards											
Security Papers Limited	3,500	-	-	3,500	-	-	-	-	0.00%	0.00%	0.00%
Total	**3,500**	**-**	**-**	**3,500**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Technology and Communication											
Avencion Limited	-	26,000	4,000	30,000	-	-	-	-	0.00%	0.00%	0.00%
Air Link Communication Limited	-	90,000	6,750	96,750	-	-	-	-	0.00%	0.00%	0.00%
Octopus Digital Limited	-	16,361	-	16,361	-	-	-	-	0.00%	0.00%	0.00%
Pakistan Telecommunication Co.	-	125,000	-	125,000	-	-	-	-	0.00%	0.00%	0.00%
Systems Limited	-	9,000	-	6,500	2,500	822	825	3	0.80%	3.41%	0.00%
TPL Limited	-	68,000	-	68,000	-	-	-	-	0.00%	0.00%	0.00%
TPL Trakker Limited	66,500	115,000	-	146,500	35,000	615	303	(312)	0.29%	1.25%	0.02%
Total	**66,500**	**449,361**	**10,750**	**489,111**	**37,500**	**1,437**	**1,128**	**(309)**	**1.09%**	**4.66%**	**0.02%**
Textile Composite											
Feroze 1888 Mills Limited	12,000	1,000	-	13,000	-	-	-	-	0.00%	0.00%	0.00%
Feroze 1888 Mills Limited-Right	-	330	-	330	-	-	-	-	0.00%	0.00%	0.00%
Interloop Limited	35,000	-	750	35,750	-	-	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited	17,000	3,000	-	20,000	-	-	-	-	0.00%	0.00%	0.00%
Nishat Mills Limited	7,500	-	-	7,500	-	-	-	-	0.00%	0.00%	0.00%
Nishat (Chunia) Ltd	-	15,000	-	15,000	-	-	-	-	0.00%	0.00%	0.00%
Gul Ahmed Textile Limited	-	-	-	-	-	-	-	-	0.00%	0.00%	0.00%
Total	**71,500**	**19,330**	**750**	**91,580**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**

	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Carrying value as at 30 June 2022	Market value as at 30 June 2022	Unrealized gain / (loss)	Market Value as a Percentage of Net assets	Market Value as a Percentage of Total investments	Paid up capital of investee company (with face value of investment)
	(Number of shares)					(Rupees in '000)					
Chemical											
Engro Polymer and Chemical Limited	80,000	35,000	-	115,000	-	-	-	-	0.00%	0.00%	0.00%
ICI Pakistan Limited	1,000	-	-	1,000	-	-	-	-	0.00%	0.00%	0.00%
Lotte Chemical Limited	33,000	-	-	33,000	-	-	-	-	0.00%	0.00%	0.00%
Dynea Pakistan Limited	-	4,600	-	2,000	2,600	767	451	(316)	0.44%	1.87%	0.03%
Sitara Chemical Industries Limited	4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.00%
Total	**118,000**	**39,600**	**-**	**155,000**	**2,600**	**767**	**451**	**(316)**	**0.44%**	**1.87%**	**0.03%**
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	-	1,800	-	1,800	-	-	-	-	0.00%	0.00%	0.00%
	-	**1,800**	**-**	**1,800**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Refinery											
National Refinery Limited	-	3,500	-	3,500	-	-	-	-	0.00%	0.00%	0.00%
Attock Refinery Limited	-	5,000	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
	-	**8,500**	**-**	**8,500**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Total as at 30 June 2022	**1,339,978**					**25,570**	**24,176**	**(1,394)**			
Total as at 30 June 2021	616,650					87,742	92,365	4,623			

5.1.1 Following Shares were pledged with National Clearing Company Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses:

	2022	2021
	Number of shares	
Bank AL Habib	36,500	36,500
Bank Islami Pakistan Limited	25,000	-
Meezan Bank Limited	32,000	-
	93,500	36,500

5.2 Government securities - Market Treasury Bills

Issue date	Face Value				As at 30 June 2022			Market Value as a Percentage of	
	As at 01 July 2021	Purchased during the year	Sold / Matured during the year	As at 30 June 2022	Carrying value	Market value	Unrealised loss	Net assets	Total investments
	(Rupees in '000)								
Treasury bills - 3 months									
24-Mar-2022	-	25,000	25,000	-	-	-	-	0.00%	0.00%
Total as at 30 June 2022					**-**	**-**	**-**		
Total as at 30 June 2021					-	-	-		

	Note	2022	2021
5.3 Net unrealised loss on revaluation of investments at fair value through profit or loss		(Rupees in '000)	
Market value of investments		**24,176**	92,365
Less: Carrying value of investments		**(25,570)**	(87,742)
		(1,394)	4,623
6 PROFIT AND DIVIDEND RECEIVABLE			
Profit receivable on bank deposits		**483**	60
Dividend receivable		**30**	287
		513	347
7 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs incurred	7.1	**323**	561
Amortization for the year		**(238)**	(238)
Balance as at year end		**85**	323

7.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 08 November 2017.

8 ADVANCES, DEPOSITS AND PREPAYMENTS	Note	2022	2021
		(Rupees in '000)	
Security Deposit with National Clearing Company of Pakistan Limited (NCCPL)		**2,750**	2,750
Security Deposit with Central Depository Company of Pakistan Limited (CDC)		**100**	100
Advance tax	8.1	**1,140**	1,137
Prepayments		**127**	127
		4,117	4,114

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A and 151 of ITO 2001

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee has been calculated as per following applicable tariff during the year and 30 June 2021:

Net Assets (Rs.)	
- Up to 1 billion	0.20% per annum of net asset value.
- Over 1 billion	Rs. 2 million plus 0.10% per annum of net assets on amount exceeding Rs. 1,000 million.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the trustee's remuneration charged during the year.

10 ANNUAL FEE PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% (30 June 2021: 0.02%) of net assets. in accordance with regulation 62 of the NBFC Regulations.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated 12 August 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the funds on 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward no provision for SWWF would be recognized in the financial statements of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	2022	2021
	(Rupees in '000)	
Auditors' remuneration	**181**	186
Settlement charges	**53**	63
Withholding tax	**71**	218
Brokerage payable	**301**	165
Dividend payable	**-**	360
Others	**79**	79
	685	1,071

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2022 (30 June 2021: Nil).

14 PROFIT ON BANK DEPOSITS		
Saving accounts	**1,617**	941

15 MARKUP ON INVESTMENTS		
Mark-up / return on:		
Term Finance Certificates and Sukuk Certificates	**-**	175
Government Securities	**139**	529
	139	704

16 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 2% of average annual net assets in case of Asset Allocation scheme. The Management Company has charged remuneration at the rate of 2% (30 June 2021: 2%). The remuneration is paid to the Management Company on monthly basis in arrears.

16.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Management company's remuneration charged during the year.

17 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged Rs. 0.123 million (30 June 2021: Rs.0.058 million) to the Fund.

18 AUDITORS' REMUNERATION	2022	2021
	(Rupees in '000)	
Annual audit fee	**165**	122
Half yearly review fee	**99**	72
Out of pocket expenses	**16**	22
Certification	**-**	52
	280	268

19 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The 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. Since no distributable income has been earned by the Fund, therefore, no dividend has been distributed.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value' is 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
30 June 2022		**At fair value through profit or loss**	**Amortised Cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Note	---------- (Rupees in '000) ----------							
Financial assets - measured at fair value									
Investment - Listed equity securities	5.1	**24,176**	**-**	**-**	**24,176**	**24,176**	**-**	**-**	**24,176**
Financial assets - not measured at fair value	20.1								
Bank balances	4	**-**	**74,863**	**-**	**74,863**	**-**	**-**	**-**	**-**
Profit and dividend receivable	6	**-**	**513**	**-**	**513**	**-**	**-**	**-**	**-**
Preliminary expenses and floatation costs	7	**-**	**85**	**-**	**85**	**-**	**-**	**-**	**-**
Receivable against sale of investments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Advances, deposits and prepayments	8	**-**	**4,117**	**-**	**4,117**	**-**	**-**	**-**	**-**
		24,176	**79,578**	**-**	**103,754**	**24,176**	**-**	**-**	**24,176**

		Carrying amount				Fair value			
30 June 2022		**At fair value through profit or loss**	**Amortised Cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Note	---------- (Rupees in '000) ----------							
Financial liabilities - not measured at fair value	20.1								
Payable to AL Habib Asset Management Limited - Management Company	15	**-**	**-**	**122**	**122**	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**-**	**-**	**12**	**12**	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**-**	**-**	**20**	**20**	-	-	-	-
Provision for Sindh Workers' Welfare Fund	11	**-**	**-**	**-**	**-**	-	-	-	-
Payable against purchase of investments		**-**	**-**	**-**	**-**	-	-	-	-
Accrued expenses and other liabilities	12	**-**	**-**	**685**	**685**	-	-	-	-
		-	**-**	**839**	**839**	**-**	**-**	**-**	**-**

30 June 2021	Note	Carrying amount: Fair value through profit or loss	Carrying amount: Amortised Cost	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
		(Rupees in '000)							
Financial assets - measured at fair value									
Investment - Listed equity securities	5.2	92,365	-	-	92,365	92,365	-	-	92,365
Financial assets - not measured at fair value	20.1								
Bank balances	4	-	13,849	-	13,849	-	-	-	-
Profit and dividend receivable	6	-	347	-	347	-	-	-	-
Preliminary expenses and floatation costs	7	-	323	-	323	-	-	-	-
Receivable against sale of units		-	-	-	-	-	-	-	-
Advances, deposits and prepayments	8	-	4,114	-	4,114	-	-	-	-
		92,365	18,633	-	110,998	92365	-	-	92365

30 June 2021	Note	Carrying amount: Fair value through profit or loss	Carrying amount: Amortised Cost	Carrying amount: Other financial liabilities	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
		(Rupees in '000)							
Financial liabilities - not measured at fair value	20.1								
Payable to AL Habib Asset Management Limited - Management Company	15	-	-	203	203	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	20	20	-	-	-	-
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	-	-	19	19	-	-	-	-
Provision for Sindh Worker's Welfare Fund	11	-	-	410	410	-	-	-	-
Payable against purchase of investment		-	-	326	326	-	-	-	-
Accrued expenses and other liabilities	12	-	-	1,071	1,071	-	-	-	-
		-	-	2,049	2,049	-	-	-	-

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

21 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against sale of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at 01 July 2021	-	-	-
Receivable against sale of units	163,232	-	163,232
Payable against redemption of units	-	(163,268)	(163,268)
	163,232	(163,268)	(36)
Amount received on issuance of units	(163,232)	-	(163,232)
Amount paid on redemption of units	-	163,268	163,268
	(163,232)	163,268	36
Closing balance as at 30 June 2022	**-**	**-**	**-**

22 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS (RELATED PARTIES)

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	AL Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Income Fund (Formerly First Habib Income Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Cash Fund (Formerly First Cash Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties include directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

Details of the transactions with connected persons / related parties	2022	2021
	(Rupees in '000)	
AL Habib Asset Management Limited - Management Company		
- Management company remuneration	**2,025**	1,880
- Sindh sales tax	**263**	244
- Expenses allocated	**123**	58
AL Habib Capital Markets (Private) Limited- Brokerage House		
-Brokerage	**77**	81
Bank AL Habib Limited		
-Dividend income	**-**	164
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration to the Trustee	**188**	188
- Sindh sales tax	**24**	24

Details of balances with connected persons at year end are as follows:

Bank AL Habib Limited		
-Equity securities	**2,119**	2,559
-Bank balance	**6**	8
AL Habib Asset Management Limited - Management Company		
-Remuneration payable (inclusive of Sindh Sales Tax)	**122**	203
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable (Inclusive of Sindh sales tax)	**12**	20
- Security deposit - Non interest bearing	**100**	100

Sale / Redemption of Units

	2022		2021	
Units sold to:	**(Units)**	**(Rupees in '000)**	**(Units)**	**(Rupees in '000)**
Management Company				
AL Habib Asset Management Limited	**1,255,835**	**126,548**	1,315,496	132,253
Connected Party holding 10% or more of the units in issue:	**365,297**	**34,790,545**	**-**	**-**
Units redeemed by:				
Management Company				
- AL Habib Asset Management Limited	**1,466,937**	**147,969**	1,389,583	131,417

	2022		2021	
Units held by:	**(Units)**	**(Rupees in '000)**	**(Units)**	**(Rupees in '000)**
Management Company				
AL Habib Asset Management Limited	**387,660**	**36,896**	598,763	61,870
Parent Company				
- Bank AL Habib Limited	**200,149**	**19,049**	200,149	20,681
Other related parties				
- Key executive of the Management Company	**4**	**-**	4	-
Connected Party holding 10% or more of the units in issue:	**365,297**	**34,768**	-	-

23 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund primarily invests in high quality TFC's, Sukuks and Government Securities, quoted equity securities and short term money market instruments. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board of Directors of Managment Company. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, Rules, and Constitutive Documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

23.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year end it arises principally from bank balances, investment in debt securities, profit receivable and deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as follows:

	2022		2021	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances	**74,863**	**74,863**	13,849	13,849
Investments	**24,176**	**-**	92,365	-
Profit and dividend receivable	**513**	**513**	347	347
Advances, deposits and prepayments	**2,977**	**2,977**	2,977	2,977
	102,529	**78,353**	105,015	17,173

Differences in the balances as per the statement of assets & liabilities and maximum exposures in investments were due to the fact that investments of Rs. 24.176 million (2021:92.365 million) relate to investment in quoted equity securities which are not considered to carry credit risk.

None of the above financial assets were considered to be past due or impaired as on 30 June 2022.

Credit ratings and Collaterals

Credit risk arising on debt securities is mitigated by investing primarily in investment grade rated instruments published by MUFAP and as determined by Pakistan Credit Rating Agency or VIS.

Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

	2022	2021
	(Percentage)	
Ratings		
A- to A+	**4.21%**	98.00%
AA	**95.38%**	0.00%
AAA	**0.41%**	1.00%
BBB-	**0.00%**	1.00%
	100.00%	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Fund's financial assets are in quoted equity investments which are not exposed to credit risk.
Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Around 23.30% (30 June 2021: 83.00%) of the Fund's financial assets are in quoted equity investments which are not exposed to credit risk.

As at year end, the Fund's total credit risk was concentrated in the following industrial / economic sectors:

	2022		2021	
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)
Commercial Banks	**74,863**	**95.70%**	13,849	81.24%
Profit receivable	**483**	**0.62%**	60	0.35%
Dividend recievable	**30**	**0.04%**	287	1.68%
NCCPL - Security Deposit	**2,750**	**3.52%**	2,750	16.13%
CDC- Security Deposit	**100**	**0.12%**	100	0.59%
	78,226	**100.00%**	17,046	99.99%

Past due and impaired assets
None of the financial assets of the Fund are past due / impaired. No provisions have been booked during the year.

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

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

23.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of Liquidity Risk
The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment with in 90 days of such borrowings. No such borrowings have arisen during the year.

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.

Maturity analysis of financial liabilities

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.

23.2.1 The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2022			
	Carrying amount	Less than one month	One to three months	Three months to one year
	(Rupees in '000)			
Non-derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	**122**	**-**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**12**	**12**	**-**	**-**
Accrued expenses and other liabilities	**614**	**433**	**181**	**-**
	748	**445**	**181**	**-**
Unit holders' Fund	**102,915**	**102,915**	**-**	**-**

	30 June 2021			
	Carrying amount	Less than one month	One to three months	Three months to one year
	(Rupees in '000)			
Non-derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	203	165	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	20	20	-	-
Payable against purchase of shares	326	326		
Accrued expenses and other liabilities	853	667	186	-
	1,402	1,178	186	-
Unit holders' Fund	108,949	108,949	-	-

23.3 Market risk

Market risk is the risk that the Fund's income or value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of market risks

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 Investment Committee of Management Company and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. Fund is exposed to interest rate risk only.

Foreign currency risk

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

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. Majority of the interest rate exposure arises on investment in Saving Accounts , Margin Trading System, Term Finance Certificate, Sukuks and Treasury bills. To enhance the earning potential of the Fund, the Fund invests in variable rate instruments as most of the instruments currently available are indexed to KIBOR. The Fund monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. Other risk management procedures are the same as those mentioned in the credit risk management.

As at 30 June 2022 the investment in Term Finance Certificate and Sukuks exposed to interest rate risk is detailed in note 5.1.

As at year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	2021
	(Rupees in '000)	
Variable rate instruments		
Bank balances - savings accounts	**74,607**	13,715

None of the financial liabilities carry any interest rate risk.

a) Cash flow Sensitivity analysis for variable rate instruments

In case of change of 100 basis point in KIBOR, the net assets of the Fund would have been lower / higher by Rs. 0.746 (30 June 2021 Rs. 0.137) million with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

b) Fair value Sensitivity analysis for fixed rate instruments

As at 30 June 2022 the Fund is not exposed to fair value interest rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and yield matrix calculated by MUFAP is expected to change over time. Accordingly, the sensitivity analysis prepared is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

30 June 2022	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	Not exposed to profit rate risk	One year and above	Total
		(Rupees in '000)					
On-balance sheet financial assets							
Financial assets							
Bank balances	12.25% - 15.50%	74,863	-	-	-	-	74,863
Investments		-	-	-	24,176	-	24,176
Profit and dividend receivable		-	-	-	513	-	513
Advances, deposits and prepayments		-	-	-	2,977	-	2,977
Total financial assets		74,863	-	-	27,666	-	102,529
Financial liabilities							
Payable to the AL Habib Asset Management Limited - Management Company		-	-	-	122	-	122
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	12	-	12
Accrued expenses and other liabilities		-	-	-	614	-	614
Total Financial liabilities		-	-	-	748	-	748
On-balance sheet gap		74,863	-	-	26,918	-	101,781
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-

30 June 2021	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	Not exposed to profit rate risk	One year and above	Total
		(Rupees in '000)					
On-balance sheet financial assets							
Financial assets							
Bank balances	5.50% - 8.00%	13,849	-	-	-	-	13,849
Investments		-	-	-	92,365	-	92,365
Profit and dividend receivable		-	-	-	347	-	347
Advances, deposits and prepayments		-	-	-	2,977	-	2,977
Total assets		13,849	-	-	95,689	-	109,538
Financial liabilities							
Payable to the AL Habib Asset Management Limited - Management Company		-	-	-	203	-	203
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	20	-	20
Payable against purchase of shares		-	-	-	326	-	326
Accrued expenses and other liabilities		-	-	-	853	-	853
Total Financial liabilities		-	-	-	1,402	-	1,402
On-balance sheet gap		13,849	-	-	94,287	-	108,136
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-

23.4 Price Risk

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

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sectors and benchmarking the sector weighting to that of the KSE-100 Index. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed. The table below is a summary of the significant sector concentrations within the equity portfolio.

24 PATTERN OF UNIT HOLDING

Unit holding pattern of the fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	**88**	**390,005**	**37,119**	**36.07%**
Associated companies and Directors	**1**	**200,149**	**19,049**	**18.51%**
Other	**2**	**491,157**	**46,747**	**45.42%**
	91	**1,081,311**	**102,915**	**100.00%**

Unit holding pattern of the fund as at 30 June 2021 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	83	48,387	5,000	8.48%
Associated companies and Directors	2	798,912	82,552	74.32%
Others	2	207,071	21,397	17.20%
	87	1,054,370	108,949	100.00%

25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2022	2021
	(Percentage)	
Optimus Market Private Limited	**19.96%**	1.31%
Al-Habib Capital Market (Pvt) Limited	**19.50%**	21.23%
Arif Habib Limited	**13.72%**	7.95%
Taurus Securities Limited	**11.92%**	7.97%
DJM Securities Limited	**9.47%**	2.92%
Next Capital Limited	**5.74%**	13.80%
Topline Securities (Pvt) Limited	**5.73%**	16.25%
Habib Metropolitan Financial Services Limited	**5.01%**	14.59%
BMA Capital Management Limited	**4.17%**	11.58%
Ismail Iqbal Securities (Pvt) Limited	**4.78%**	2.40%
	100.00%	100.00%

26 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At Amortised Cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	**74,863**	**-**	**74,863**
Investments	**-**	**24,176**	**24,176**
Profit and dividend receivable	**513**	**-**	**513**
Preliminary expenses and floatation costs	**85**	**-**	**85**
Advances, deposits and prepayments	**2,977**	**-**	**2,977**
	78,438	**24,176**	**102,614**
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	**122**	-	**122**
Payable to Central Depository Company of Pakistan Limited - Trustee	**12**	-	**12**
Accrued expenses and other liabilities	**614**	-	**614**
	748	**-**	**748**

	2021		
	At Amortised Cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	13,849	-	13,849
Investments	-	92,365	92,365
Profit and dividend receivable	347	-	347
Preliminary expenses and floatation costs	323	-	323
Advances, deposits and prepayments	2,977	-	2,977
	17,496	92,365	109,861
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	203	-	203
Payable to Central Depository Company of Pakistan Limited - Trustee	20	-	20
Payable against purchase of investment	326	-	-
Accrued expenses and other liabilities	853	-	853
	1,402	-	1,076

27 INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Experience in years
Mr. Kashif Rafi	Chief Executive Officer	MBA-IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA Affiliate	22
Mr. Talha A. Siddiqui	Fund Manager	Post Graduate - Economics	5

27.1 Mr. Talha Akhtar Siddiqui is also Fund Manager of AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund) and AL Habib Stock Fund (Formerly: First Habib Stock Fund).

28 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave	
Mr. Abbas D. Habib	4	4	-	-
Mr. Mansoor Ali Khan	4	4	-	-
Mr. Saeed Allawala	4	4	-	-
Mr. Imran Azim	4	1	3	91st, 93rd and 94th Meeting
Ms. Zarine Aziz	4	3	1	92nd
Mr. Kashif Rafi (CEO)	4	4	-	-

29 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the year ended 30 June 2022 is 4.26% which includes 0.35% representing government levies and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an asset allocation scheme.

30 GENERAL

30.1 Corresponding figures

30.1.1 Corresponding figures have been re-classified and re-arranged in these financial statements, whenever necessary to facilitate comparison and to conform with changes in presentation in the current year.

30.1.2 Accounting income available for distribution as reported in the last year's income statement has been adjusted to reflect a reclassification between "income relating to capital gains" and " income excluding capital gains " as follows:

	As previously reported	Adjusted
	(Rupees in '000)	
Accounting income available for distribution:		
Income relating to capital gains	8,943	13,566
Income / (loss) excluding capital gains	(936)	(5,559)
	8,007	**8,007**

30.2 Date of authorisation for issue

These financial statements were authorized for issue by the Board of Directors of the Management Company on **August 29, 2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective:

The objective of AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund) is to provide risk adjusted competitive returns to its investors by investing in multiple assets classes based on market outlook

Fund Objective Achieved:

The fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHAAF maintained its strategy of reaping maximum benefits emanating from volatility experienced in both equity and debt markets. The selection criterion for equity securities is based upon hybrid investment approach with companies having sound financial history backed by strong fundamentals. The exposure in debt portion was also in line with the investment objectives with preference given to highly rated and liquid debt securities.

Fund Description

Fund Type & Category	Open Ended - Asset Allocation Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	November 08, 2017	**Management Fee**	2% per annum of average daily net assets.
Benchmark	Weighted average daily return of KSE - 100 & 6M KIBOR	**Sales Load**	2% front-end-load (Management has the discretion to reduce or waive load on any transaction)
Annual Return	-7.89%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	-6.11%	**Dealing Days/Timings**	Monday to Thursday 9:00 am to 3:30 pm Friday 9:00 am to 4:30 pm
Net Assets	Rs. 102.92 million (June 30, 2022)	**AMC Rating**	AM2+" by PACRA
NAV per unit	Rs. 95.1765 per unit (June 30, 2022)	**Trustee**	Central Depository Company of Pakistan Limited.
Pricing Mechanism	Forward Pricing	**Risk Profile**	High (Principal at High Risk)

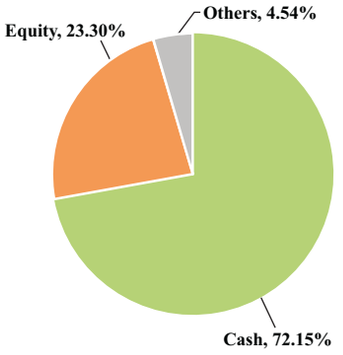
Market Review:

The benchmark KSE-100 exhibited a range bound trend for most of the Fiscal Year 2022 oscillating between 42,000 points and 46,000 points. The benchmark KSE-100 index posted a negative return of 12.28% as against a remarkable return of 38% in the FY2021, as it shed 5,815 points to close at 41,540 points. Market remained subdued due to rising inflationary readings exacerbated by the commodity super cycle, change in political leadership of the country, delay in approval of IMF's 7th and 8th review, and transition from Emerging Market to the Frontier Market. Flight of capital from stock market to money market was witnessed on account of shift in SBP stance from accommodative to tightening the monetary policy by raising policy rate by 675bps in FY22 after a status quo of more than a year. Another notable development was imposition of industry wide super tax which adversely effected the market.

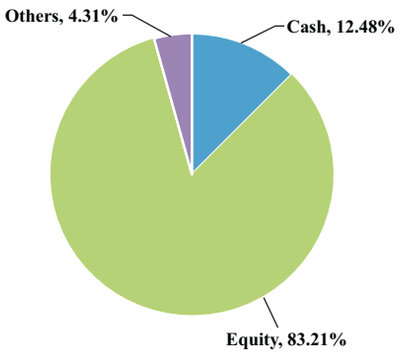
During the year, Positive index contribution was led by Fertilizer (667pts), Chemical (424pts), and Miscellaneous (295pts) whereas, Negative contributors during FY22 were Cement (2,328pts), followed by Technology (912pts). The benchmark index made a high of 48,146.19 points on August 23, 2021 while made a low of 40,540.58 points on June 24, 2022. Average traded volume and value during FY22 went down by a massive 45% (291mn shares) and 54% (USD 55mn) YoY, respectively. On the local front, Individuals, Banks/DFI and companies remained the largest accumulators amounting to USD 157.18, USD 115.18 and USD 111.07 million respectively while Mutual Funds and Broker Proprietary sold stocks worth USD 128.22 and USD 20.16 million respectively. During FY22, foreigners (FIPI) sold stocks worth USD 297.50 million.

Market sentiment is expected to remain subdued due to prevailing uncertainty on political and economic front. Moreover, there is fear of global recession as may be seen from negative GDP growth of US in last two quarters. The federal government in budget FY2023 has taken contractionary measure to arrest CAD and Fiscal deficit. The recent flood is expected to take toll on the economy of country. Nonetheless, the resumption of IMF program is expected to attract more inflows from bilateral and multilateral which shall relive pressure on currency and foreign reserves.

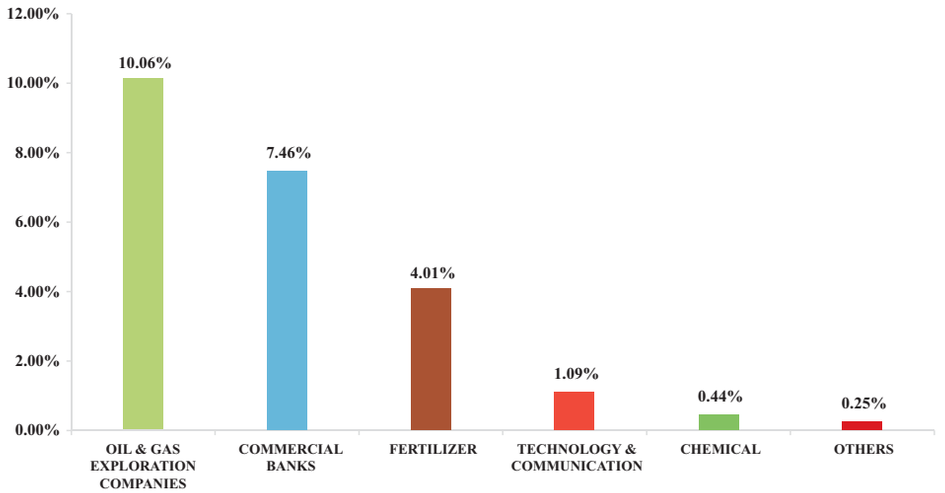
Asset Allocation (%age of Total Asset) June 30, 2022



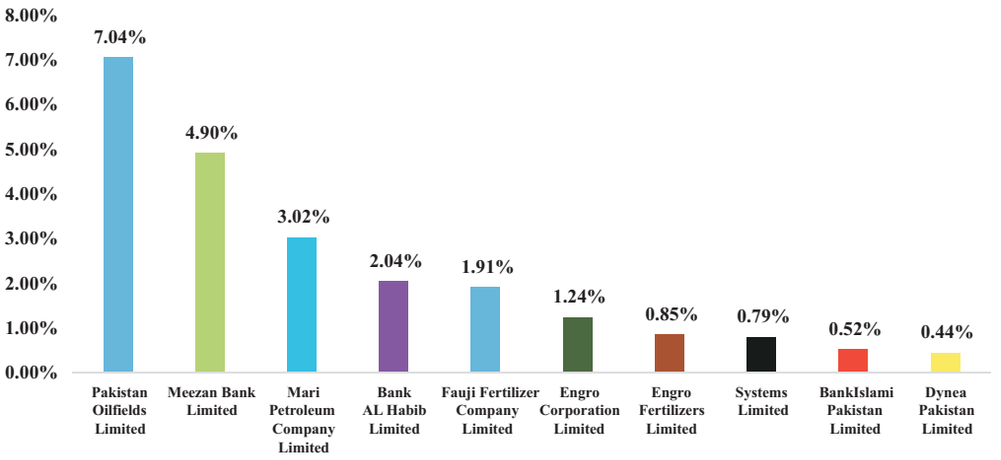
Asset Allocation (%age of Total Asset) June 30, 2021



Sector Allocation (%age of Total Assets) June 30, 2022



Top Ten holding (%age of Total Asset) June 30, 2022



Income Distribution

AHAAF made no distribution during FY22.

Sales and Redemptions of Units

During the year ended June 30, 2022, 1,643,205 units valued Rs. 163.64 million were sold while 1,616,264 units valued of Rs. 163.26 million were redeemed resulting in to a net sale of 26,941 units valued Rs. 0.38 million.

Unit Holders Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 24 of the Annual Accounts 2022.

AHAAF Performance at a Glance

	2022	2021
Net Assets as at June 30 (Rs. in million)	102.92	108.95
NAV per unit as at June 30 (Rs.)	95.1765	103.3323
Distribution during the year ended June 30 (Rs.)	-	3.00
Annual Return	-7.89%	17.22%

AL HABIB STOCK FUND
(Formerly: First Habib Stock Fund)
Annual Report

For the year ended June 30, 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2+ Management Company Quality Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
MCB Bank Limited
National Bank of Pakistan Limited
Dubai Islamic Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Stock Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022

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

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Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Stock Fund (Formerly: First Habib Stock Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AL Habib Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2022**, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Equity Investments	
As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end. In view of the above, we have considered this area as a key audit matter.	We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 30 June 2022. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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 investments 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.

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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.

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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 September 2021.

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



Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191j7NLofZzC

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Bank balances	4	**27,388**	9,510
Investments	5	**87,033**	226,089
Dividend and profit receivable	6	**72**	1,111
Receivable against sale of units		**-**	622
Receivable against sale of investment		**6,478**	20
Advances and deposits	7	**2,792**	2,789
Total assets		**123,763**	240,141
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	15	**233**	425
Provision for Federal Excise Duty on remuneration of the Management Company	8	**2,043**	2,043
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**23**	42
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**48**	28
Provision for Sindh Workers' Welfare Fund	11	**-**	1,570
Accrued expenses and other liabilities	12	**958**	1,560
Total liabilities		**3,305**	5,668
Net assets		**120,458**	234,473
Unit Holders' Fund (as per statement attached)		**120,458**	234,473
Contingencies and commitments	13		
		(Number of units)	
Number of units in issue (Face value of units is Rs. 100 each)		**1,507,062**	2,628,631
		(Rupees)	
Net asset value per unit		**79.93**	89.20

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on bank deposits	14	**1,570**	972
Dividend income		**18,161**	7,528
Net gain / loss on investments designated at fair value through profit or loss			
- Net capital (loss) / gain on sale of investments		**(21,228)**	14,104
- Net unrealised (loss) / gain on revaluation of investments	5.1	**(11,948)**	14,013
		(33,176)	28,117
Total (loss) / income		**(13,445)**	36,617
Expenses			
Remuneration of AL Habib Asset Management Limited - Management Company	15	**4,764**	2,848
Sindh Sales Tax on Management Company's remuneration	15.1	**619**	370
Expenses allocated by the Management Company	16	**259**	79
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	**476**	285
Sindh Sales Tax on Trustee's remuneration	9.1	**62**	37
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	10	**48**	28
Brokerage expenses		**1,241**	652
Settlement and bank charges		**411**	353
Annual listing fee		**30**	27
Auditors' remuneration	17	**337**	382
Mutual fund rating fee		**-**	139
Printing charges		**65**	163
Total expenses		**8,312**	5,363
Net (loss) / income from operating activities		**(21,757)**	31,254
Reversal / (Provision) for sindh Worker's Welfare Fund		**1,570**	(625)
Net (loss) / income for the year before taxation		**(20,187)**	30,629
Taxation	18	-	-
Net (loss) / income for the year after taxation		**(20,187)**	30,629
Allocation of net income for the year after taxation			
Net income for the year after taxation		**-**	30,629
Income already paid on units redeemed		**-**	(4,587)
		-	26,042
Accounting income available for distribution:	29.1.2		
- Relating to capital gains		**-**	28,117
- Excluding capital gains		**-**	(2,075)
		-	26,042

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

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

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	**(20,187)**	30,629
Other comprehensive income for the year	**-**	-
Total comprehensive (loss) / income for the year	**(20,187)**	30,629

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022			2021		
		Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
		(Rupees in '000)					
Net assets at beginning of the year		**271,621**	**(37,148)**	**234,473**	165,076	(60,234)	104,842
Issuance of units 2,492,448 (2021: 2,252,304 units)							
Including additional Nil units issue at nil Vallue (30 June 2021 : 61,356)							
- Capital Value		**222,326**	**-**	**222,326**	161,783	-	161,783
- Element of (loss) / income		**(413)**	**-**	**(413)**	37,184	-	37,184
Amount received on issuance of units		**221,913**	**-**	**221,913**	198,967	-	198,967
Redemption of units 3,614,016 (2021: 1,083,336 units)							
- Capital Value		**(322,370)**	**-**	**(322,370)**	(77,816)	-	(77,816)
- Element of income / (loss)		**6,629**	**-**	**6,629**	(14,606)	(4,587)	(19,193)
Amount paid on redemption of units		**(315,741)**	**-**	**(315,741)**	(92,422)	(4,587)	(97,009)
Total comprehensive (loss) / income for the year		**-**	**(20,187)**	**(20,187)**	-	30,629	30,629
interim distribution for the year ended 30 June 2022:							
Rs. Nil per units (2021: 2.50/- per unit declared)		**-**	**-**	**-**	-	(2,956)	(2,956)
Net (loss) / income for the year less distribution		**-**	**(20,187)**	**(20,187)**	-	27,673	27,673
Net assets at end of the year		**177,793**	**(57,335)**	**120,458**	271,621	(37,148)	234,473
Undistributed loss brought forward							
- Realised loss			**(51,161)**			(51,879)	
- Unrealised gain / (loss)			**14,013**			(8,355)	
			(37,148)			(60,234)	
Accounting income available for distribution:	29.1.2						
- Relating to capital gains			**-**			28,117	
- Excluding capital gains			**-**			(2,075)	
			-			26,042	
Net loss for the year before taxation			**(20,187)**			-	
interim distribution for the year ended 30 June 2022:							
Rs. Nil per units (2021: 2.50/- per unit declared)			**-**			(2,956)	
Undistributed loss carried forward			**(57,335)**			(37,148)	
Undistributed loss carried forward comprises of:							
- Realised loss			**(45,387)**			(51,161)	
- Unrealised (loss) / gain			**(11,948)**			14,013	
			(57,335)			(37,148)	
			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year			**89.20**			71.83	
Net assets value per unit at end of the year			**79.93**			89.20	

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		**(20,187)**	30,629
Adjustments for:			
Profit on bank deposits		**(1,570)**	(972)
Dividend income		**(18,161)**	(7,528)
Net unrealised gain / (loss) on revaluation of investments classified as 'at fair value through profit or loss'	5.1	**11,948**	(14,013)
		(27,970)	8,116
Decrease / (Increase) in assets			
Investments		**127,108**	(121,962)
Receivable against sale of units		**622**	(622)
Receivable against sale of investment		**(6,458)**	(20)
Advances and deposits		**(3)**	-
		121,269	(122,604)
Decrease in liabilities			
Payable to AL Habib Asset Management Limited - Management Company		**(192)**	243
Payable to Central Depository Company of Pakistan Limited - Trustee		**(19)**	24
Payable to Securities and Exchange Commission of Pakistan (SECP)		**20**	6
Provision for Sindh Workers' Welfare Fund		**(1,570)**	625
Payable against purchase of Investments		**-**	(2,085)
Accrued expenses and other liabilities		**(602)**	628
		(2,363)	(559)
Profit on bank deposit and dividend income received		**20,770**	7,496
Net cash generated from / (used in) operating activities		**111,706**	(107,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		**221,913**	198,967
Amount paid on redemption of units		**(315,741)**	(97,009)
Dividend paid during the year		**-**	(2,956)
Net cash (used in) / generated from financing activities		**(93,828)**	99,002
Net increase / (decrease) in cash and cash equivalents during the year		**17,878**	(8,549)
Cash and cash equivalents at beginning of the year		**9,510**	18,059
Cash and cash equivalents at end of the year		**27,388**	9,510
Cash and cash equivalents comprise of :			
Bank balances	4	**27,388**	9,510

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Stock Fund (Formerly: First Habib Stock Fund) (the Fund) was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 21 August 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 11 August 2008 under Rule 67 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). 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 15 October 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 undertake Asset Management Services as Non Banking Finance Company under the NBFC Rules by the SECP. The registered office of the Management Company is situated at 3rd Floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.

1.3 The Fund has been categorized as an Open-End Asset Allocation Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS), and is listed on Pakistan Stock Exchange Limited (PSX). Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company .

1.4 The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

The policy of the fund is to invest in equity securities of listed companies, cash and near cash instruments. The Fund has been categorized as equity scheme.

Title of the assets of the Fund are held in the name of Central Depository Company (CDC) as a Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

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

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.3 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets and provision under uncertain circumstances such as taxes recoverable and Federal Excise Duty payable on remuneration of management company as disclosed in notes 07 and 08 respectively.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments are required to be stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand rupees.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments
On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3.2.3 Business model assessment

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; 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 etc.

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

For the purposes of this assessment on debt securities, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The government securities are valued on the basis of rates announced by the Mutual Fund Association of Pakistan (MUFAP).

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Provisions

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

3.5 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.6 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.7 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price. Income already paid on redemption of units during the year are taken separately in statement of movement in unitholders' fund.

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

3.8 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.9 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realized or unrealized, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.10 Revenue recognition

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Markup on deposits with banks is recognized using effective yield method.

- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (loss) arising on marking to market of investments classified as ' Financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.11 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.12 Expenses

All expenses including management's fee, trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.13 Distributions

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted 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.

3.14 Earnings per unit (EPU)

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

4 BANK BALANCES	Note	2022	2021
		(Rupees in '000)	
Saving accounts	4.1	**27,173**	9,385
Current accounts		**215**	125
		27,388	9,510

4.1 The profit rates effective at year end on these accounts range from 10.00% to 12.50% (30 June 2021: 5.5% to 6.9%) per annum. It includes balance of Rs. 27.03 million (30 June 2021: Rs 9.3 million) with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at year end is 12.50% (30 June 2021: 6.50%) per annum.

5 INVESTMENTS	Note	2022	2021
		(Rupees in '000)	
At fair value through profit or loss			
Quoted equity securities	5.1	**87,033**	226,089

5.1 Quoted equity securities

Name of Investee	Note	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Cost / carrying value as at 30 June 2022	Market value as at 30 June 2022	Unrealised (loss) /gain	Market Value as a percentage of Net Assets	Market Value as a percentage of Total Investment	Paid up capital of investee company (with face value of investment)
		(Number of shares)					(Rupees in '000)			(%)		
Unless stated otherwise, the holdings are in ordinary shares of Rs. 10 each.												
Commercial Banks												
Allied bank Limited		-	35,000	-	35,000	-	-	-	-	0.00%	0.00%	0.00%
Askari Bank Limited	5.1.1	90,000	210,000	-	211,000	89,000	2,073	1,551	(522)	1.29%	1.78%	0.01%
Bank Alfalah Limited		-	75,000	-	75,000	-	-	-	-	0.00%	0.00%	0.00%
Bank AL Habib Limited	5.1.1	45,500	-	-	19,500	26,000	1,823	1,509	(314)	1.25%	1.73%	0.00%
Bank of Punjab Limited		265,500	730,000	74,437	1,069,937	-	-	-	-	0.00%	0.00%	0.00%
Bank Islami Pakistan Limited		-	250,000	-	250,000	-	-	-	-	0.00%	0.00%	0.00%
Faysal Bank Limited	5.1.1	70,000	239,000	-	179,000	130,000	2,831	2,998	167	2.49%	3.44%	0.01%
Habib Bank Limited	5.1.1	46,500	40,000	-	72,500	14,000	1,728	1,279	(449)	1.06%	1.47%	0.00%
Habib Metro Bank Limited	5.1.1	80,000	45,000	-	62,000	63,000	2,685	2,460	(225)	2.04%	2.83%	0.01%
MCB Bank Limited		10,470	-	-	10,470	-	-	-	-	0.00%	0.00%	0.00%
Meezan Bank Limited	5.1.1	120,123	108,617	12,150	175,890	65,000	8,271	7,344	(927)	6.10%	8.44%	0.00%
National Bank Limited		-	70,000	-	70,000	-				0.00%	0.00%	0.00%
United Bank Limited	5.1.1	39,000	65,000	-	74,000	30,000	3,972	3,394	(578)	2.82%	3.90%	0.00%
		767,093	**1,867,617**	**86,587**	**2,304,297**	**417,000**	**23,383**	**20,535**	**(2,848)**	**17.05%**	**23.59%**	**0.03%**
Oil & Gas Marketing Companies												
Sui Nouthern Gas Pipelines Limied		-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
Pakistan State Oil Company Limited		25,840	10,000	-	35,840	-	-	-	-	0.00%	0.00%	0.00%
Attock Petroleum Limited		3,500	-	-	3,500	-	-	-	-	0.00%	0.00%	0.00%
		29,340	**35,000**	**-**	**64,340**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Engineering												
Mughal Iron and Steel Industries Limited		20,000	60,000	3,000	83,000	-	-	-	-	0.00%	0.00%	0.00%
Amreli Steel Limited		50,000	70,000	-	120,000	-	-	-	-	0.00%	0.00%	0.00%
International Steels Limited		20,000	80,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited		-	5,000	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
Aisha Steel Mills Limited		-	200,000	-	200,000	-	-	-	-	0.00%	0.00%	0.00%
		90,000	**415,000**	**3,000**	**508,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Cable & Electrical Goods												
TPL	5.1.1	120,500	260,000	-	380,500	-	-	-	-	0.00%	0.00%	0.00%
		120,500	**260,000**	**-**	**380,500**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Chemicals												
Sitara Chemical Industries Limited		5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
Engro Polymer and Chemicals Limited		153,500	100,000	-	223,500	30,000	1,723	2,389	666	1.98%	2.74%	0.00%
ICI Pakistan Limited		2,300	-	-	2,300	-	-	-	-	0.00%	0.00%	0.00%
Lotte Chemical (Pak) Limited		97,000	-	-	97,000	-	-	-	-	0.00%	0.00%	0.00%
Dynea Pakistan Limited		5,000	14,000	-	2,700	16,300	4,571	2,835	(1,736)	2.35%	3.26%	0.17%
Archroma Pakistan Limited		950	-	-	950	-	-	-	-	0.00%	0.00%	0.00%
		263,750	**114,000**	**-**	**331,450**	**46,300**	**6,294**	**5,224**	**(1,070)**	**4.33%**	**6.00%**	**0.17%**
Fertilizers												
Fauji Fertilizer Company Limited		24,000	67,000	-	55,000	36,000	3,898	3,968	70	3.29%	4.56%	0.00%
Engro Fertilizers Limited	5.1.1	29,000	91,000	-	66,000	54,000	4,587	4,787	200	3.97%	5.50%	0.00%
Engro Corporation Limited	5.1.1	25,850	13,000	-	27,350	11,500	3,342	2,957	(385)	2.45%	3.40%	0.00%
Fauji Fertilizer Bin Qasim Limited		245,000	-	-	230,000	15,000	396	304	(92)	0.25%	0.35%	0.00%
		323,850	**171,000**	**-**	**378,350**	**116,500**	**12,223**	**12,016**	**(207)**	**9.96%**	**13.81%**	**0.00%**
Oil & Gas Exploration Companies												
Oil and Gas Development Company Limited	5.1.1	59,799	225,000	-	214,799	70,000	6,118	5,507	(611)	4.57%	6.33%	0.00%
Pakistan Oilfeilds Limited		10,600	45,000	-	26,600	29,000	11,002	11,768	766	9.77%	13.52%	0.01%
Pakistan Petroleum Limited	5.1.1	41,036	245,000	-	251,036	35,000	2,658	2,363	(295)	1.96%	2.72%	0.00%
Mari Petroleum Company Limited	5.1.1	8,400	-	-	4,100	4,300	6,555	7,481	926	6.21%	8.60%	0.00%
		119,835	**515,000**	**-**	**496,535**	**138,300**	**26,333**	**27,119**	**786**	**22.51%**	**31.17%**	**0.01%**

Name of Investee	Note	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Cost / carrying value as at 30 June 2022	Market value as at 30 June 2022	Unrealised gain / (loss)	Market Value as a percentage of		Paid up capital of investee company (with face value of investment)
										Net Assets	Total Investment	
Glass & Ceramics												
Shabbir Tiles & Ceramics Limited		35,000	-	-	35,000	-	-	-	-	0.00%	0.00%	0.00%
Tariq Glass Industries Limited		38,000	115,000	-	136,000	17,000	1,906	1,765	(141)	1.47%	2.03%	0.01%
		73,000	**115,000**	**-**	**171,000**	**17,000**	**1,906**	**1,765**	**(141)**	**1.47%**	**2.03%**	**0.01%**
Insurance												
Adamjee Insurance Company Limited		25,000	-	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
Adamjee Life Assurance Co Limited		-	32,783	-	32,783	-	-	-	-	0.00%	0.00%	0.00%
Jubilee Life Insurance Company Limited		5,700	-	-	5,700	-	-	-	-	0.00%	0.00%	0.00%
		30,700	**32,783**	**-**	**63,483**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Miscellaneous												
Synthetic Products Enterprise Limited		50,000	54,000	4,000	73,000	35,000	697	493	(204)	0.41%	0.57%	0.04%
TPL Properties Limited		315,000	150,000	37,500	462,500	40,000	1,172	806	(366)	0.67%	0.93%	0.01%
		365,000	**204,000**	**41,500**	**535,500**	**75,000**	**1,869**	**1,299**	**(570)**	**1.08%**	**1.50%**	**0.05%**
Paper and Board												
Security Papers Limited		5,000	-	-	5,000	-	-	-	-	0.00%	0.00%	0.00%
		5,000	**-**	**-**	**5,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Construction and Materials (Cement)												
Cherat Cement Pakistan Limited		33,000	73,000	-	97,000	9,000	1,342	837	(505)	0.69%	0.96%	0.00%
D.G. Khan Cement Company limited		17,000	-	-	17,000	-	-	-	-	0.00%	0.00%	0.00%
Lucky Cement Limited		15,650	18,500	-	34,150	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited		243,500	435,000	-	648,500	30,000	1,040	821	(219)	0.68%	0.94%	0.00%
Pioneer Cement Limited		50,500	50,000	-	100,500	-	-	-	-	0.00%	0.00%	0.00%
Attock Cement Pakistan Limited		21,000	-	-	21,000	-	-	-	-	0.00%	0.00%	0.00%
Gharibwal Cement Limited		150,000	3,000	-	63,000	90,000	3,507	1,755	(1,752)	1.46%	2.02%	0.02%
Kohat Cement Limited		22,100	22,000	-	39,100	5,000	932	651	(281)	0.54%	0.75%	0.00%
Bestway Cement Limited		-	20,000	-	11,000	9,000	1,365	1,143	(222)	0.95%	1.31%	0.00%
Power Cement Limited		300,000	-	-	300,000	-	-	-	-	0.00%	0.00%	0.00%
Fauji Cement Co Limited		-	775,000	-	725,000	50,000	887	709	(178)	0.59%	0.81%	0.00%
		852,750	**1,396,500**	**-**	**2,056,250**	**193,000**	**9,073**	**5,916**	**(3,157)**	**4.91%**	**6.79%**	**0.02%**
Automobiles Assemblers												
Indus motor Company limited		-	9,483	-	9,483	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited		1,837	-	-	1,837	-	-	-	-	0.00%	0.00%	0.00%
Sazgar Engineering Works Limited		-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
		1,837	**34,483**	**-**	**36,320**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Automobiles Parts and Accessories												
Thal Limited		5,150	-	-	5,150	-	-	-	-	0.00%	0.00%	0.00%
Panther Tyres Limited		6,319	-	-	6,319	-	-	-	-	0.00%	0.00%	0.00%
		11,469	**-**	**-**	**11,469**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Textile Composition												
Nishat Mills Limited		18,000	-	-	18,000	-	-	-	-	0.00%	0.00%	0.00%
Interloop Limited		73,500	7,500	2,430	69,430	14,000	958	854	(104)	0.71%	0.98%	0.00%
Feroze1888 Mills Limited	5.1.1	19,000	8,540	-	27,540	-	-	-	-	0.00%	0.00%	0.00%
Kohinoor Textile Mills Limited		30,000	1,500	-	31,500	-	-	-	-	0.00%	0.00%	0.00%
Nishat Chunian Limited		-	50,000	-	50,000	-	-	-	-	0.00%	0.00%	0.00%
		140,500	**67,540**	**2,430**	**196,470**	**14,000**	**958**	**854**	**(104)**	**0.71%**	**0.98%**	**0.00%**
Pharmaceutical												
Abbot Lab (Pakistan) Limied		1,500	3,000	-	2,100	2,400	1,834	1,571	(263)	1.30%	1.81%	0.00%
		1,500	**3,000**	**-**	**2,100**	**2,400**	**1,834**	**1,571**	**(263)**	**1.30%**	**1.81%**	**0.00%**
Power Generation and Distribution												
Hub Power Company Limited	5.1.1	79,400	80,000	-	159,400	-	-	-	-	0.00%	0.00%	0.00%
K-Electric Limited		100,000	-	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
Kot Addu Power Company Limited		123,000	70,000	-	193,000	-	-	-	-	0.00%	0.00%	0.00%
		302,400	**150,000**	**-**	**452,400**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Technology & Communications												
Pakistan Telelcommunication Limited		-	275,000	-	275,000	-	-	-	-	0.00%	0.00%	0.00%
System Limited		9,460	15,000	460	17,420	7,500	2,761	2,474	(287)	2.05%	2.84%	0.01%
TPL Trakker Limited		140,000	181,000	-	121,000	200,000	3,489	1,730	(1,759)	1.44%	1.99%	0.11%
Avanceon Limited		-	60,000	10,000	70,000	-	-	-	-	0.00%	0.00%	0.00%
Octopus Digital Limited		-	64,272	-	64,272	-	-	-	-	0.00%	0.00%	0.00%
Air Link Communication		-	172,500	12,937	110,437	75,000	4,988	3,029	(1,959)	2.51%	3.48%	0.02%
Netsol Technologies Limited		-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
		149,460	**792,772**	**23,397**	**683,129**	**282,500**	**11,238**	**7,233**	**(4,005)**	**6.00%**	**8.31%**	**0.14%**
Leather & Tanneries												
Service Global Foot		-	45,000	-	25,000	20,000	1,040	804	(236)	0.67%	0.92%	0.01%
		-	**45,000**	**-**	**25,000**	**20,000**	**1,040**	**804**	**(236)**	**0.67%**	**0.92%**	**0.01%**
Refinery												
Attock Refinery Limited		-	8,000	-	2,000	6,000	1,005	1,055	50	0.88%	1.21%	0.01%
National Refinery Limited		-	5,000	-	-	5,000	1,270	1,262	(8)	1.05%	1.45%	0.01%
		-	**13,000**	**-**	**2,000**	**11,000**	**2,275**	**2,317**	**42**	**1.93%**	**2.66%**	**0.02%**
Food and Personal Care Products												
At-Tahur Limited.		-	100,000	-	80,000	20,000	555	380	(175)	0.32%	0.44%	0.01%
		-	**100,000**	**-**	**80,000**	**20,000**	**555**	**380**	**(175)**	**0.32%**	**0.44%**	**0.01%**
Inv.Banks / Inv. Cos./ Securities cos												
OLP Financial Services Pak Limited		-	100,000	-	100,000	-	-	-	-	0.00%	0.00%	0.00%
		-	**100,000**	**-**	**100,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
Total as at 30 June 2022		**3,647,984**	**6,431,695**	**156,914**	**8,883,593**	**1,353,000**	**98,981**	**87,033**	**(11,948)**			
Total as at 30 June 2021							212,076	226,089	14,013			

5.1.1 Following shares were pledged with National Clearing Company Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses:

	2022	2021
	(Number of Shares)	
Engro Fertilizer Limited	**15,000**	15,000
Engro Corporation Limited	**10,000**	10,000
Feroze1888 Mills Limited	**-**	10,000
Habib Bank Limited	**14,000**	15,000
Hub Power Company Limited	**-**	13,500
Mari Petroleum Limited	**4,300**	8,400
Meezan Bank Limited	**65,000**	80,000
Oil & Gas Development Company Limited	**40,000**	15,000
Pakistan Petroleum Limited	**36**	35,000
United Bank Limited	**13,000**	13,000
Askari Bank Limited	**89,000**	-
Bank AL Habib Limited	**26,000**	-
Faysal Bank Limited	**100,000**	-
Habib Metropolitan Bank Limited	**50,000**	-
TPL Trakker Limited	**100,000**	-
	526,336	214,900

6	**DIVIDEND AND PROFIT RECEIVABLE**	**Note**	**2022**	**2021**
			-------- (Rupees in '000) --------	
	Dividend receivable		**70**	1,016
	Profit receivable		**2**	95
			72	1,111

7	**ADVANCES AND DEPOSITS**			
	Deposit with National Clearing Company of Pakistan Limited (NCCPL)		**2,500**	2,500
	Deposit with Central Depository Company of Pakistan Limited (CDC)		**100**	100
	Advance tax	7.1	**192**	189
			2,792	2,789

7.1 Advance tax

The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION OF THE MANAGEMENT COMPANY

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan (MUFAP) with the Honorable Sindh High Court (SHC) on 04 September 2013.

While disposing the above petition through order dated 16 July 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 july 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan (SCP), which is pending for decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provincial sales tax. Therefore, in the current year, provision for FED has not been recorded.

However, since the appeal is pending in the Supreme Court of Pakistan, the Fund, as a matter of abundant caution, is carrying provision for FED for the period from 13 June 2013 to 30 June 2016 aggregating to Rs. 2.043 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2022 would have been higher by Rs. 1.35 (30 June 2021: Rs. 0.78) per unit.

9 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee has been calculated as per following applicable tariff during the year and for 30 June 2021:

Average net assets (Rs. in million)	**Tariff**
Upto Rs. 1,000	0.2% per annum of net asset value.
Rs. 1,000 and above	Rs. 2 million plus 0.10% per annum of net asset value exceeding Rs. 1,000 million.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Trustee's remuneration during the year.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% (30 June 2021: 0.02%) of net assets in accordance with regulation 62 of the NBFC Regulations.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated 12 August 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the Funds till 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly going forward no provision for SWWF would be recognized in the financial statements of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
	(Rupees in '000)	
Auditors' remuneration	**214**	427
Printing charges	**77**	77
Withholding tax payable	**296**	594
Dividend payable	**-**	198
Others	**371**	264
	958	1,560

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2022 (30 June 2021: Nil).

14 PROFIT ON BANK DEPOSITS

	Note	2022	2021
		(Rupees in '000)	
Saving accounts	14.1	**1,570**	972

14.1 This includes profit on bank deposits with Bank AL Habib Limited, a related party (ultimate parent) of Rs. 1.559 million (2021: Rs.0.92 million)

15 PAYABLE / REMUNERATION TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio.The Management Company has charged management fee at the rate of 2.00% (30 June 2021: 2.00%) of the average annual net assets of the Fund. The fee is payable to the Management Company monthly in arrears.

15.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Management Company's remuneration during the year.

16 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

17 AUDITORS' REMUNERATION

	2022	2021
	(Rupees in '000)	
Annual audit fee	**193**	260
Half yearly review fee	**115**	80
Out of pocket expenses	**29**	42
	337	382

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since no distributable income has been earned by the Fund, therefore, no dividend has been distributed.

19 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at 01 July 2021	-	-	-
Receivable against issuance of units	221,913	-	221,913
Payable against redemption of units	-	(315,741)	(315,741)
	221,913	(315,741)	(93,828)
Amount received on issuance of units	(221,913)	-	(221,913)
Amount paid on redemption of units	-	315,741	315,741
	(221,913)	315,741	93,828
Closing balance as at 30 June 2022	**-**	**-**	**-**

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

According to the amendments to IFRS 7, Financial Instruments: Disclosure - Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 5.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
		At fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
30 June 2022	**Note**	---------- (Rupees in '000) ----------							
Financial assets - measured at fair value									
Investments	5	**87,033**	**-**	**-**	**87,033**	**87,033**	**-**	**-**	**87,033**
Financial assets - not measured at fair value	20.1								
Bank balances	4	**-**	**27,388**	**-**	**27,388**	**-**	**-**	**-**	**-**
Dividend and profit receivable	6	**-**	**72**	**-**	**72**	**-**	**-**	**-**	**-**
Advances and deposits	7	**-**	**2,600**	**-**	**2,600**	**-**	**-**	**-**	**-**
		87,033	**30,060**	**-**	**117,093**	**87,033**	**-**	**-**	**87,033**
Financial liabilities - not measured at fair value	20.1								
Payable to AL Habib Asset Management Limited - Management Company	15	**-**	**-**	**233**	**233**	**-**	**-**	**-**	**-**
Provision for Federal Excise Duty on remuneration of the Management Company	8	**-**	**-**	**2,043**	**2,043**	**-**	**-**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**-**	**-**	**23**	**23**	**-**	**-**	**-**	**-**
Payable against purchase of Investments		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accrued expenses and other liabilities	12	**-**	**-**	**662**	**662**	**-**	**-**	**-**	**-**
		-	**-**	**2,961**	**2,961**	**-**	**-**	**-**	**-**

		Carrying amount				Fair value			
		At fair value through profit or loss	Amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
30 June 2021	**Note**	---------- (Rupees in '000) ----------							
Financial assets - measured at fair value									
Investments	5	226,089	-	-	226,089	226,089	-	-	226,089
Financial assets - not measured at fair value	20.1								
Bank balances	4	-	9,510	-	9,510	-	-	-	-
Advance, deposits and prepayments	7	-	2,600	-	2,600	-	-	-	-
Dividend and profit receivable	6	-	1,111	-	1,111	-	-	-	-
		226,089	13,221	-	239,310	-	-	-	-
Financial liabilities - not measured at fair value	20.1								
Payable to AL Habib Asset Management Limited - Management Company	15	-	-	425	425	-	-	-	-
Provision for Federal Excise Duty on remuneration of the Management Company	8	-	-	2,043	2,043	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	42	42	-	-	-	-
Payable against purchase of investment		-	-	-	-	-	-	-	-
Accrued expenses and other liabilities	12	-	-	966	966	-	-	-	-
		-	-	3,476	3,476	-	-	-	-

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

21 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	AL Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Income Fund (Formerly First Habib Income Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Cash Fund (Formerly First Cash Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties include directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

Details of the transactions with connected persons / related parties are as follows:

	2022	2021
	(Rupees in '000)	
AL Habib Asset Management Limited - Management Company		
Management remuneration	**4,764**	2,848
Sindh Sales Tax on Management's remuneration	**619**	370
Expenses allocated by the Management Company	**259**	79
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage	**278**	120
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Trustee	**476**	285
Sindh Sales Tax on Trustee's remuneration	**62**	37
Bank AL Habib Limited (Ultimate Parent)		
Profit on bank balances	**1,559**	916
Dividend Income	**-**	205
Details of the balances with connected persons as at year end are as follows:		
Bank AL Habib Limited (Ultimate parent)		
Bank balance	**27,034**	9,303
Equity Securities	**1,509**	3,190
Bank Profit receivable	-	94
AL Habib Asset Management Limited - Management Company		
Remuneration payable (inclusive of Sindh Sales Tax)	**233**	425

	2022	2021
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (inclusive of Sindh Sales Tax)	**23**	42
Security deposit - non interest bearing	**100**	100
AL Habib Capital Markets (Private) Limited - Brokerage house		
Brokerage payable	**9**	9

21.1 Sale / Redemption of units

	2022		2021	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
AL Habib Asset Management Limited	**1,174,994**	**104,522**	321,702	27,424
Other related parties				
Directors & their relatives of the Management Company	**-**	**-**	281	30
Key Management executives & their relatives of the Management Company	**51,632**	**4,761**	178,052	15,705
Connected persons holding 10% or more of the units in issue	**-**	**-**	16,917	1,520
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited	**1,347,980**	**119,402**	249,318	19,220
Other related parties				
Directors & their relatives of the Management Company	**2,046**	**191**	2,359	115
Key Management executives & their relatives of the Management Company	**41,313**	**3,801**	151,149	12,345
Units held by:				
Management Company				
AL Habib Asset Management Limited	**-**	**-**	172,986	15,430
Parent Company				
Bank AL Habib Limited	**100,000**	**7,993**	100,000	8,920
Other related parties				
Directors & their relatives of the Management Company	**10,047**	**803**	12,093	1,078
Key Management executives & their relatives of the Management Company	**100,904**	**8,065**	94,123	8,396
Connected persons holding 10% or more of the units in issue	**621,008**	**49,637**	621,008	55,393

22 RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the NBFC Regulations, NBFC Rules, and constitutive documents of the Fund in addition to the Fund's internal risk management policies.

The Covid-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

22.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from bank balances, dividend and profit receivables, receivable against sale of investments and deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at year end is as follows:

	2022		2021	
	Statement of assets and liabilities	Maximum exposure	Statement of assets and liabilities	Maximum exposure
	---------- (Rupees in '000) ----------			
Bank balances	**27,388**	**27,388**	9,510	9,510
Investments	**87,033**	**-**	226,089	-
Dividend and profit receivable	**72**	**72**	1,111	1,111
Receivable against sale of units	**-**	**-**	622	622
Receivable against sale of investments	**6,478**	**6,478**	20	20
Advances and deposits	**2,600**	**2,600**	2,600	2,600
	123,571	**36,538**	239,952	13,863

Differences in the balances as per the Statement of Assets and Liabilities and maximum exposures were due to the fact that investments of Rs.87.03 million (2021: Rs.226.09 million) relates to investments in quoted equity securities which are not considered to carry credit risk.

Credit ratings and collaterals
Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

Ratings	2022	2021
	(Percentage)	
A	**48.94%**	99.51%
AA+	**1.73%**	0.00%
AAA	**49.33%**	0.49%
	100.00%	100.00%

Concentration of credit risk
Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Around 70% (30 June 2021: 94%) of the Fund's financial assets are in quoted equity investments which are not exposed to credit risk.

As at year end, the Fund's total credit risk was concentrated in the following industrial / economic sectors:

	2022	2021
	(Percentage)	
Banks (including bank profit due)	**91.33%**	78.70%
Financial services	**8.67%**	21.30%
	100.00%	100.00%

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired. No provisions have been booked during the year.

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

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

22.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk
The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption requests in excess of 10% 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 10% of the units then in issue. The Fund did not withhold any redemptions during the year.

Maturity analysis of financial liabilities

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.

The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

	2022			
	Carrying amount	Less than one month	One to three months	Three months to one year
	(Rupees in '000)			
Non- derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	**233**	**-**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**23**	**23**	-	**-**
Accrued expenses and other liabilities	**662**	**491**	**171**	**-**
	918	**514**	**171**	**-**
Unit holders' Fund	**120,458**	**120,458**	**-**	**-**

	2021			
	Carrying amount	Less than one month	One to three months	Three months to one year
	(Rupees in '000)			
Non- derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	425	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	42	42	-	-
Accrued expenses and other liabilities	966	795	171	-
	1,433	837	171	-
Unit holders' Fund	234,473	234,473	-	-

22.3 Market risk

Market risk is the risk that the Fund's income or value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of market risk

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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP).The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Fund is exposed to interest rate and other price risk only.

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.

At year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	2021
	(Rupees in '000)	
Variable rate instruments		
Bank balances	**27,388**	9,510

a) Cash flow Sensitivity analysis for variable rate instruments

In case of change of 100 basis points in KIBOR on 30 June 2022, the net assets of the Fund would have been lower / higher by Rs. 0.274 million (2021: 0.095 million) with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

The composition of the Fund's financial instruments, interest rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		2022				
	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	More than one year	Total
		(Rupees in '000)				
Assets						
Bank balances	**10.00% - 12.50%**	**27,388**	**-**	**-**	**-**	**27,388**
Total assets		**27,388**	**-**	**-**	**-**	**27,388**

		2021				
	Mark-up / profit rate	Less than one month	One to three months	Three months to one year	More than one year	Total
		(Rupees in '000)				
Assets						
Bank balances	5.50% - 6.90%	9,510	-	-	-	9,510
Total assets		9,510	-	-	-	9,510

None of the Fund's financial liabilities are subject to interest rate risk.

Other price risk

Other price risk is the risk of unfavourable changes in the fair value of equity securities and units of mutual funds as a result of changes in the levels of respective indices and the value of individual securities. This arises from the investment held by the Fund for which prices in the future are uncertain. The Fund's policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines.

The Fund manages this risk by limiting its investment exposure in the following ways:

- 10% of NAV or index weight of a single security, subject to a maximum limit of 15%, whichever is higher.
- higher of 30% of NAV or index weight of a single stock exchange sector, subject to a maximum limit of 35% of NAV.

A summary analysis of local investments by industry sector, the percentage in relation to Fund's assets is presented in note 5.1 to these financial statements. Further, the Fund's policy requires that the overall Fund position is monitored on a daily basis by the Fund Manager and is reviewed on bi-monthly basis by the Investment Committee and by the Board of Directors in every meeting of the Board. Non - compliance with the Fund's investment policies is reported to the Board of Directors.

The Fund's investments in equity securities are publicly traded and are valued at the rates quoted on the Pakistan Stock Exchange.

In case of 5% increase / decrease in KSE-100 index on 30 June 2022 with all other variables held constant, other components of equity and the Net Assets of the Fund would increase / decrease by Rs. 4.352 million as a result of gains / losses on equity securities.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE index, is expected to change over the time. Accordingly, the sensitivity analysis prepared as of 30 June 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of KSE-100 index.

22.4 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum return to its unit holders' and to ensure reasonable safety of unit holders' funds. The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations, the minimum size of an open end scheme shall be Rs.100 million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

23 PATTERN OF UNITHOLDING

Unit holding pattern of the fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment Amount (Rupees in '000)	Percentage of total investment
Individuals	**155**	**741,203**	**59,243**	**49.17%**
Associated companies and directors	**1**	**100,000**	**7,993**	**6.64%**
Retirement Funds	**1**	**621,008**	**49,637**	**41.21%**
Others	**1**	**44,851**	**3,585**	**2.98%**
	158	**1,507,062**	**120,458**	**100.00%**

Unit holding pattern of the fund as at 30 June 2021 is as follows:

Category	Number of unit holders	Number of units	Investment Amount (Rupees in '000)	Percentage of total investment
Individuals	160	1,561,035	139,244	59.40%
Associated companies and directors	2	272,986	24,350	10.38%
Retirement Funds	1	621,008	55,394	23.62%
Others	3	173,602	15,485	6.60%
	166	2,628,631	234,473	100.00%

24 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	**27,388**	**-**	**27,388**
Investments	**-**	**87,033**	**87,033**
Dividend and profit receivable	**72**	**-**	**72**
Advances, deposits and prepayments	**2,600**	**-**	**2,600**
	30,060	**87,033**	**117,093**
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	**233**	**-**	**233**
Payable to Central Depository Company of Pakistan Limited - Trustee	**23**	**-**	**23**
Accrued expenses and other liabilities	**662**	**-**	**662**
	918	**-**	**918**

	30 June 2021		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	9,510	-	9,510
Investments	-	226,089	226,089
Dividend and profit receivable	1,111	-	1,111
Receivable against sale of investments	622	-	622
Advances, deposits and prepayments	2,600	-	2,600
	13,843	226,089	239,932
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	425	-	425
Payable to Central Depository Company of Pakistan Limited - Trustee	42	-	42
Accrued expenses and other liabilities	966	-	966
	1,433	-	1,433

25 TOP 10 BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Name of Broker	2022	2021
	(Percentage)	
AL Habib Capital Markets (Private) Limited	**24.58%**	21.30%
Arif Habib Limited	**15.41%**	10.34%
BMA Capital Management Limited	**14.57%**	11.54%
DJM Securities Limited	**10.56%**	8.55%
Taurus Securities Limited	**9.89%**	10.27%
Optimus Capital Management (Pvt.) Limited	**9.34%**	0.00%
Topline Securities (Pvt.) Limited	**4.41%**	14.03%
Next Capital Limited	**4.32%**	10.56%
KTRade Securities Limited	**2.80%**	0.00%
Habib Metropolitan Financial Services Limited	**2.40%**	12.27%
Ismail Iqbal Securities (Pvt.) Limited	**1.72%**	1.14%
	100.00%	100.00%

27 INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Experience in years
Mr. Kashif Rafi	Chief Executive Officer	MBA-IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA Affiliate	22
Mr. Talha A. Siddiqui	Fund Manager	Post Graduate - Economics	5

Mr. Talha Akhtar Siddiqui is also Fund Manager of AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund) and AL Habib Islamic Stock fund (Formerly: First Habib Islamic Stock Fund.)

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave	
Mr. Abbas D. Habib	4	4	-	-
Mr. Mansoor Ali Khan	4	4	-	-
Mr. Saeed Allawala	4	4	-	-
Mr. Imran Azim	4	1	3	91st, 93rd and 94th Meeting
Ms. Zarine Aziz	4	3	1	92nd
Mr. Kashif Rafi (CEO)	4	4	-	-

28 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the year ended 30 June 2022 is 3.49% which include 0.35% government levies and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

29 GENERAL

29.1 CORRESPONDING FIGURES

29.1.1 Corresponding figures have been re-classified and re-arranged in these financial statements, whenever necessary to facilitate comparison and to conform with changes in presentation in the current year.

29.1.2 Accounting income available for distribution as reported in the last year's income statement has been adjusted to reflect a reclassification between "income relating to capital gains" and " income excluding capital gains " as follows:

	As previously reported	Adjusted
Accounting income available for distribution:	**(Rupees in '000)**	
Income relating to capital gains	14,104	28,117
Income / (loss) excluding capital gains	11,938	(2,075)
	26,042	**26,042**

29.2 Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Management Company on **August 29, 2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective:

The investment objective of the Fund is to provide investors with long term capital growth from an actively managed portfolio invested primarily in diversified pool of listed equities and other approved instruments.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

AHSF primarily invests in equity securities listed on Pakistan Stock Exchange. The selection criterion for these securities is based upon hybrid investment approach with companies having sound financial history backed by strong fundamentals. The residual funds are placed with Commercial Banks in order to maintain liquidity requirements of the fund.

Fund Description

Fund Type & Category	Open Ended - Asset Allocation Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	October 10, 2009	**Management Fee**	2% per annum of average daily net assets.
Benchmark	KSE - 30 Index (Total Return)	**Sales Load**	2% front-end-load (Management has the discretion to reduce or waive load on any transaction)
Annual Return	-10.39%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	-10.44%	**Dealing Days/Timings**	Monday to Thursday 9:00 am to 3:30 pm Friday 9:00 am to 4:30 pm
Net Assets	Rs. 120.46 million (June 30, 2022)	**AMC Rating**	AM2+" by PACRA
NAV per unit	Rs. 79.9290 per unit (June 30, 2022)	**Trustee**	Central Depository Company of Pakistan Limited.
Pricing Mechanism	Forward Pricing	**Risk Profile**	High (Principal at High Risk)

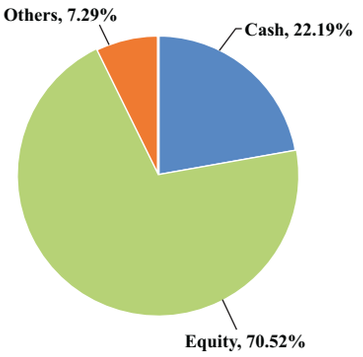
Market Review:

The benchmark KSE-100 exhibited a range bound trend for most of the Fiscal Year 2022 oscillating between 42,000 points and 46,000 points. The benchmark KSE-100 index posted a negative return of 12.28% as against a remarkable return of 38% in the FY2021, as it shed 5,815 points to close at 41,540 points. Market remained subdued due to rising inflationary readings exacerbated by the commodity super cycle, change in political leadership of the country, delay in approval of IMF's 7th and 8th review, and transition from Emerging Market to the Frontier Market. Flight of capital from stock market to money market was witnessed on account of shift in SBP stance from accommodative to tightening the monetary policy by raising policy rate by 675bps in FY22 after a status quo of more than a year. Another notable development was imposition of industry wide super tax which adversely effected the market.

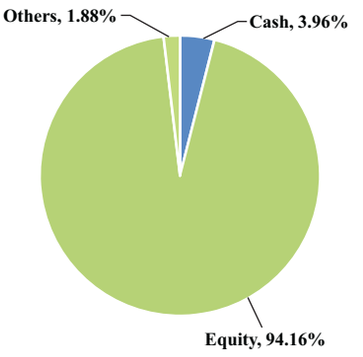
During the year, Positive index contribution was led by Fertilizer (667pts), Chemical (424pts), and Miscellaneous (295pts) whereas, Negative contributors during FY22 were Cement (2,328pts), followed by Technology (912pts). The benchmark index made a high of 48,146.19 points on August 23, 2021 while made a low of 40,540.58 points on June 24, 2022. Average traded volume and value during FY22 went down by a massive 45% (291mn shares) and 54% (USD 55mn) YoY, respectively. On the local front, Individuals, Banks/DFI and companies remained the largest accumulators amounting to USD 157.18, USD 115.18 and USD 111.07 million respectively while Mutual Funds and Broker Proprietary sold stocks worth USD 128.22 and USD 20.16 million respectively. During FY22, foreigners (FIPI) sold stocks worth USD 297.50 million.

Market sentiment is expected to remain subdued due to prevailing uncertainty on political and economic front. Moreover, there is fear of global recession as may be seen from negative GDP growth of US in last two quarters. The federal government in budget FY2023 has taken contractionary measure to arrest CAD and Fiscal deficit. The recent flood is expected to take toll on the economy of country. Nonetheless, the resumption of IMF program is expected to attract more inflows from bilateral and multilateral which shall relive pressure on currency and foreign reserves.

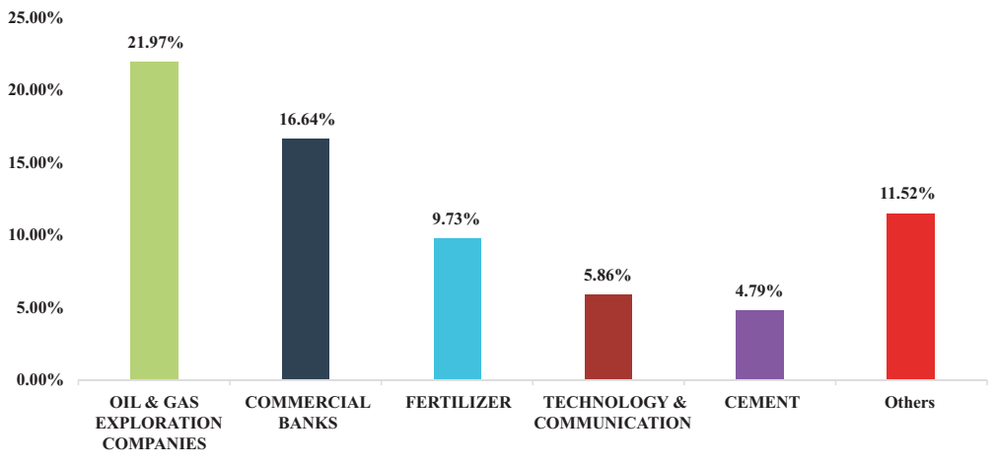
Asset Allocation (%age of Total Asset) June 30, 2022



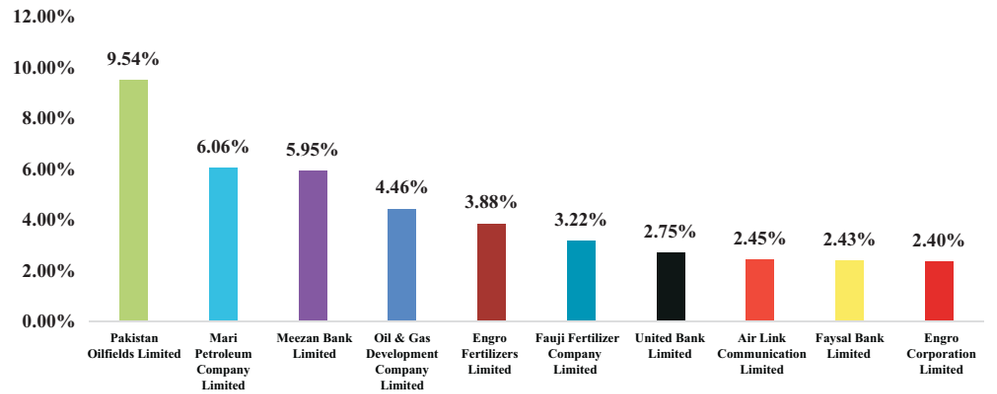
Asset Allocation (%age of Total Asset) June 30, 2021



Sector Allocation (%age of Total Assets) June 30, 2022



Top Ten holding (%age of Total Asset) June 30, 2022



Income Distribution

AHSF made no distribution during FY22.

Sales and Redemptions of Units

During FY22, 2,492,448 units of the value of Rs. 221.91 million were sold while 3,614,016 units of value of Rs. 315.74 million were redeemed resulting in to a net redemption of 1,121,568 units of the value of Rs. 93.83 million.

Unit Holders Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 23 of the Annual Accounts 2022.

AHSF Performance at a Glance

	2022	2021
Net Assets as at June 30 (Rs. in million)	120.46	234.47
NAV per unit as at June 30 (Rs.)	79.9290	89.1988
Distribution during the year ended June 30 (Rs.)	-	2.50
Annual Return	-10.39%	27.66%

AL HABIB ISLAMIC CASH FUND

Annual Report

For the Period from 20 December 2021
(Date of establishment)
to 30 June 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2+ Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank Islami Pakistan Limited
Bank Al Habib Limited
Meezan Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ISLAMIC CASH FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Islamic Cash Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from December 20, 2021 to June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022



REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Advisor of the **AL Habib Islamic Cash Fund (AHICF)** , I am issuing this report. The scope of the report is to express an opinion on the Shariah compliance of the fund's activities.

It is the responsibility of the management of aforesaid fund to establish and maintain a system of internal control to ensure compliance with Shariah guidelines. My responsibility is to express an opinion, based on my 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, I hereby certify that:

- I have reviewed and approved the modes of investment of AHICF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of AHICF 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 AHICF for the period from December 20, 2021 to June 30, 2022 have been in compliance with Shariah principles.

Mufti Ismatullah
Shariah Advisor

Date: June 30, 2022

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Independent Reasonable Assurance Report to the Participants in respect of Shariah Compliance

1. Introduction

We were engaged by the Board of Directors of Al Habib Asset Management Limited (the Fund Manager) to report on the Shariah compliance of **Al Habib Islamic Cash Fund** (the Fund), as set out in the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments for the period **from 20 December 2021 to 30 June 2022**, in the form of an independent reasonable assurance conclusion. Our engagement was carried out as required under clause 11.5 of trust deed of the Fund.

2. Applicable Criteria

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

3. Responsibilities of the Fund Manager

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

4. Our Independence and Quality Control

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

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

This engagement was conducted by a multidisciplinary team including assurance practitioners and internal Shariah expert.

5. Our Responsibility and Summary of Work Performed

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

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

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

Amongst others, our scope included procedures to:

- Check compliance of Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments.
- Check that the Shariah Advisor has certified that all the provisions of the scheme and investments made by the Fund for the period from 20 December 2021 to 30 June 2022 are in compliance with the Shariah principles.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

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

6. **Conclusion**

In our opinion, the Fund was, in all material respects, in compliance with the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments during the period ended 30 June 2022.

Date: 29 September 2022
Karachi

Signature
Chartered Accountants

Arsalan Khalid
Assurance Engagement Partner

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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Islamic Cash Fund

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the period 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 judgement, 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.

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Bank balances	
The bank balances represent significant portion of the total assets of the Fund during the period and / or as at the period end. The bank balances as at period end represents 99% of total assets of the Fund. In view of the above, we have considered this area as a key audit matter. For disclosure refer to note 4 to the financial statements.	Our key procedures included the following: - We performed substantive audit procedures on period-end balance maintained with the banks including review of banks' statements, bank reconciliations and obtaining confirmations for bank balances. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the bank balances 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- 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.

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

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

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 Arslan Khalid.

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191yTQPw8UZ1

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022 (Rupees in '000)
Assets		
Bank balances and Term deposit receipt	4	**10,038,254**
Profit receivable	5	**112,588**
Other receivable	6	**13**
Preliminary expenses and floatation costs	7	**663**
Total assets		**10,151,518**
Liabilities		
Payable to AL Habib Asset Management Limited - Management Company	11	**2,120**
Payable to Central Depository Company of Pakistan Limited - Trustee	12	**424**
Payable to Securities and Exchange Commission of Pakistan (SECP)	14	**287**
Accrued expenses and other liabilities	8	**14,802**
Total liabilities		**17,633**
Net assets		**10,133,885**
Unit holders' fund (as per the statement attached)		**10,133,885**
Contingencies and Commitments	9	
		(Number of Units)
Number of units in issue (face value of units is Rs. 100 each) - Growth Units		**101,338,852**
		(Rupees)
Net asset value per unit		**100.00**

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
Income		
Profit on bank deposits	10	**190,305**
Profit on term deposits receipts		**1,180**
Total income		**191,485**
Expenses		
Remuneration of AL Habib Asset Management Limited - Management Company	11	**1,761**
Sindh sales tax on management company's remuneration	11.1	**229**
Expense allocated by Management Company	13	**1,796**
Remuneration of Central Depository Company of Pakistan Limited - Trustee	12	**792**
Sindh sales tax on trustee remuneration	12.1	**103**
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	14	**287**
Settlement and bank charges		**6**
Listing fee		**50**
Auditors' remuneration	15	**354**
Amortization of preliminary expenses and floatation costs	7	**35**
Other expense		**14**
Total expenses		**5,427**
Net income for the period before taxation		**186,058**
Taxation	16	**-**
Net income for the period after taxation		**186,058**
Allocation of net income for the period after taxation:		
Net income for the period		**186,058**
Income already paid on units redeemed		**-**
		186,058
Accounting income available for distribution:		
Relating to capital gains		**-**
Excluding capital gains		**186,058**
		186,058

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	For the period from 20 December 2021 to 30 June 2022
	(Rupees in '000)
Net income for the period after taxation	**186,058**
Other comprehensive income for the period	**-**
Total comprehensive income for the period	**186,058**

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022		
		Capital Value	Undistributed income	Net Asset
		(Rupees in '000)		
Net assets at the beginning of the period		-	-	-
Issuance of 128,797,906 units *				
- Capital value		**12,879,790**	**-**	**12,879,790**
- Element of income		**-**	**-**	**-**
Amount received on issuance of units		**12,879,790**	**-**	**12,879,790**
Redemption of 27,459,054 units				
- Capital value		**(2,745,905)**	**-**	**(2,745,905)**
- Element of income		**-**		**-**
Amount paid on redemption of units		**(2,745,905)**	**-**	**(2,745,905)**
Total comprehensive income for the period		-	**186,058**	**186,058**
Cash distribution for the period ended 30 June 2022: Rs. 5.8463 per unit *	1.10	-	**(186,058)**	**(186,058)**
		-	**-**	**-**
Net assets at the end of the period		**10,133,885**	**-**	**10,133,885**
Undistributed income brought forward				
- Realised income			**-**	
- Unrealised income			**-**	
Accounting income available for distribution			**-**	
- Relating to capital gains			**-**	
- Excluding capital gains			**186,058**	
			186,058	
Cash distribution for the period ended 30 June 2022: Rs. 5.8463 per unit *			**(186,058)**	
Undistributed income carried forward			**-**	
Undistributed income carried forward				
- Realised income			**-**	
- Unrealised income			**-**	
			-	
			(Rupees)	
Net assets value per unit at end of the period			**100.00**	

* During the period all the units issued by the Fund are Growth units and dividend on these units have been reinvested on daily basis. (Please refer note 1.9)

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CASH FLOW STATEMENT
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		**186,058**
Adjustments for:		
Profit on bank deposits		**(190,305)**
Profit on term deposits receipts		**(1,180)**
Amortization of preliminary expenses and floatation costs		**35**
		(5,392)
Increase in assets		
Other receivable		**(13)**
Preliminary expenses and floatation costs		**(698)**
		(711)
Increase in liabilities		
Payable to AL Habib Asset Management Limited - Management Company		**2,120**
Payable to Central Depository Company of Pakistan Limited - Trustee		**424**
Payable to Securities and Exchange Commission of Pakistan		**287**
Accrued expenses and other liabilities		**14,802**
		17,633
Profit on bank deposit and term deposit receipt received		**78,897**
Net cash generated from operating activities		**90,427**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units		**12,879,790**
Payments against redemption of units		**(2,745,905)**
Dividend paid during the period		**(186,058)**
Net cash generated from financing activities		**9,947,827**
Net increase in cash and cash equivalents during the period		**10,038,254**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at the end of the period		**10,038,254**
Cash and cash equivalents comprise of :		
Bank balances and Term deposit receipt	4	**10,038,254**
		10,038,254

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Islamic Cash Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 27 September 2021 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 31 May 2021 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

1.2 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.

1.3 The Fund was launched on 20 December 2021 through initial public offereing (IPO) accordingly these are the first financial statements and therefore comparative information is not available.

1.4 The Fund is an open-end mutual fund and is in the process of listing on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.5 The investment objective of the Fund is to provide its unit-holders optimum return from a shariah compliant portfolio of low risk and short duration assets while being highly liquid.

1.6 The Fund has been categorized as an Open-ended Shariah Compliant Money Market Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

1.7 Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.

1.8 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company on 15 September 2021.

1.9 "As per the offering document of the Fund, an investor shall, at the time of opening an account, select the types of units in which the investor wishes to invest, i.e. Growth Unit. Furthermore, at the time of dividend distribution the unit holders receive additional units or cash dividend against Growth unit, respectively.

During the period all the units issued by the Fund are Growth units and dividend has been reinvested on daily basis."

1.10 As per the offering document of the Fund, the Management Company may decide to distribute all net profit (after deducting all expenses of the Fund) on a periodic basis (that is Daily, Weekly, Monthly, Quarterly and Yearly) as dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. During the period, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.5 Basis of measurement

These financial information has been prepared under the historical cost convention except that investments which are required to be stated at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

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

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

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

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

3.2.3 Business model assessment

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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to income statement.

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The Government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Provisions

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

3.5 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.6 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.7 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit Holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP) the refund of capital is made in the form of additional units at zero price

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

3.8 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.9 Taxation

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

The Fund intends to continue availing the tax exemption in future periods by distributing at least ninety percent of its accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders every period. During the period, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.10 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.11 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.12 Expenses

All expenses including management's fee, trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of ten periods commencing from 20 December 2021 as per the Trust Deed of the Fund.

3.14 Distribution

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

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 period. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.15 Earnings per unit (EPU)

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

		Note	2022 (Rupees in '000)
4	**BANK BALANCES AND TERM DEPOSIT RECEIPT**		
	Saving accounts	4.1	**9,138,254**
	Term deposit receipt	4.2	**900,000**
			10,038,254

4.1 The profit rates effective at period end on these accounts range from 15.50% to 16.00% per annum. It includes balance of Rs. 665.61 million with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at period end is 15.50% per annum.

4.2 This represents term deposit receipt held with Askari bank carrying profit rates at 15.95% per annum and its maturity date is 28 July 2022. Its original maturity was three months or less and qualifies for Cash and cash equivalents.

		Note	2022 (Rupees in '000)
5	**PROFIT RECEIVABLE**		
	Savings accounts		**111,408**
	Term deposit receipt		**1,180**
			112,588
6	**OTHER RECEIVABLE**		
	Advance tax	6.1	**13**

6.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		Note	2022 (Rupees in '000)
7	**PRELIMINARY EXPENSES AND FLOATATION COSTS**		
	Preliminary expenses and floatation costs incurred	7.1	**698**
	Amortization for the period		**(35)**
	Balance as at 30 June 2022		**663**

7.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of ten periods effective from 20 December 2021.

		Note	2022 (Rupees in '000)
8	**ACCURED EXPENSES AND OTHER LIABILITIES**		
	Auditors' remuneration		**252**
	Preliminary expenses and floatation costs		**585**
	Initial deposits for opening of bank accounts		**50**
	Withholding tax		**13,915**
			14,802

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2022.

10 PROFIT ON BANK DEPOSITS

Saving accounts	10.1	**190,305**

10.1 This includes profit on bank deposits with Bank Al Habib (a related party) of Rs. 109.359 million.

11 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund.The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

11.1 Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period.

12 PAYABLE / REMUNERATION OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.055% per annum of net assets.

12.1 Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period.

13 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged 1.796 Million to the Fund.

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

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

15 AUDITOR'S REMUNERATION	**2022 (Rupees in '000)**
Audit fee	**173**
Out of pocket expenses	**17**
Half yearly review fee	**95**
Shariah compliance fee	**60**
Certification	**9**
	354

16 TAXATION

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

17 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS

Connected persons / related parties include:

S.No	Company Name	Relationship
1	Al Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent of AL Habib Asset Management Limited
3	AL Habib Capital Markets (Private) Ltd.	Subsidiary of Bank AL Habib Limited
4	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Cash Fund (Formerly First Habib Cash Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Income Fund (Formerly First Habib Income	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties includes directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

Details of the transactions with connected persons are as follows:

	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
AL Habib Asset Management Limited - Management Company	
- Management company remuneration	**1,761**
- Sindh sales tax	**229**
- Expense allocated by Management Company	**1,796**
- Dividend paid	**12,894**
Bank AL Habib Limited	
- Profit on bank deposits	**109,359**
- Dividend paid	**17,861**
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration to the Trustee	**792**
- Sindh sales tax	**103**
Details of balances with connected persons at period end are as follows:	
AL Habib Asset Management Limited - Management Company	
- Management Fee payable (Inclusive of Sindh sales tax)	**2,120**
- Formation cost payable	**585**
- Initial deposit payable	**50**
Bank AL Habib Limited	
- Bank balance	**665,614**
- Profit receivable	**42,086**
Central Depository Company of Pakistan Limited - Trustee	
- Remuneration payable (Inclusive of Sindh sales tax)	**424**

18.1 Sale / Redemption of units

Units sold to:	For the period from 20 December 2021 to 30 June 2022	
	(Units)	(Rupees in '000)
Management Company		
- AL Habib Asset Management Limited	**9,531,816**	**953,182**
Parent of AL Habib Asset Management Limited		
- Bank Al Habib Limited	**23,678,613**	**2,367,861**

	For the period from 20 December 2021 to 30 June 2022	
	(Units)	(Rupees in '000)
Other related parties		
- Directors & their relative of the Management Company	305	30
- Delhi Punjabi Saudagran Foundation	16,781	1,678
Units sold to Connected Party holding 10% or more of the units in issue:	45,861,703	4,586,170
Units redeemed by:		
Management Company		
- AL Habib Asset Management Limited	9,531,816	953,182
Parent of AL Habib Asset Management Limited		
- Bank Al Habib Limited	2,552,043	255,204
Other related parties		
- Delhi Punjabi Saudagran Foundation	2,000	200
Connected Party holding 10% or more of the units in issue:	230,752	23,075

18.2 Units held by:

	30 June 2022	
	(Units)	(Rupees in '000)
Management Company		
AL Habib Asset Management Limited	-	-
Parent of AL Habib Asset Management Limited		
- Bank AL Habib Limited	21,126,570	2,112,657
Other related parties		
- Directors & their relative of the Management Company	305	30
- Delhi Punjabi Saudagran Foundation	14,781	1,478
Connected Party holding 10% or more of the units in issue:	45,630,951	4,563,095

19 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the period ended 30 June 2022 is 0.38% which includes 0.04% representing Government levies and SECP fee. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the NBFC Regulations, NBFC Rules and constitutive documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

20.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the period end it arises principally from bank balances, income receivables and deposits etc.

Management of credit risk
The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk
In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at period end is as follows:

	2022	
	Statement of assets and liabilities	Maximum exposure
	--------- (Rupees in '000) --------	
Bank balances and Term deposit receipt	10,038,254	10,038,254
Profit receivable	112,588	112,588
	10,150,842	10,150,842

Credit ratings and Collaterals

Details of the credit ratings of balances with the banks (including profit receivable) as at period end are as follows:

Ratings	2022 (Percentage)
AA+ to AA	58.08%
AAA	41.92%
	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Concentration of credit risk
Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit risk worthy counterparties thereby mitigating any significant concentration of credit risk.

Past due and impaired assets
None of the financial assets of the Fund are past due / impaired as at 30 June 2022.

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

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

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk
The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the period.

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 period.

Maturity analysis of financial liabilities
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.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2022			
	Carrying amount	Less than one month	One month to three months	Three months to one period
Non - derivative financial liabilities	(Rupees in '000)			
Payable to AL Habib Asset Management Limited - Management Company	**2,120**	**2,120**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**424**	**424**	**-**	**-**
Accrued expenses and other liabilities	**887**	**50**	**252**	**585**
	3,431	**2,594**	**252**	**585**
Unit holders' Fund	**10,133,885**	**10,133,885**	**-**	**-**

20.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of Market Risk
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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Fund is exposed to interest rate risk only.

20.3.1 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. Majority of the interest rate exposure arises on investment in Government Securities and savings bank accounts. Currently the exposure in fixed rate instruments is in Government securities, commercial papers and placements. Other risk management procedures are the same as those mentioned in the credit risk management.

At period end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022 (Rupees in '000)
Fixed rate instruments	
Term deposit receipt	**900,000**
Variable rate instruments	
Bank balances	**9,138,254**

None of the financial liabilities carry any interest rate risk.

a) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the period end would have increased / (decreased) the net assets and net income by Rs. 91.383 million, assuming all other variables held constant.

b) Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2022, investment in Term deposit receipts exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in PKRV on 30 June 2022, the net assets of the Fund would have been lower/ higher by Rs. 9 million with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		30 June 2022					
	Mark-up / profit rate	Less than one month	One to three months	Three months to one period	One period and above	Not exposed to profit rate risk	Total
		---------- (Rupees in '000) ----------					
On-balance sheet financial instrument							
Bank balances	15.50%-16.00%	9,138,254	-	-	-	-	9,138,254
Term deposit receipts	15.95%	900,000	-	-	-	-	-
Profit receivable		-	-	-	-	112,588	112,588
Total financial assets		10,038,254	-	-	-	112,588	9,250,842
Financial Liabilities							
Payable to AL Habib Asset Management Limited - Management Company		-	-	-	-	2,120	2,120
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	-	424	424
Accrued expenses and other liabilities		-	-	-	-	887	887
Total assets		-	-	-	-	3,431	3,431

20.4 Unit Holders' Fund risk management

Management's objective when managing Unit holders' Fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum return to its unit holders and to ensure reasonable safety of Unit holders' Fund. The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
30 June 2022		**At fair value through profit or loss**	**Amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Note								
Financial assets - not measured at fair value	21.1								
Saving accounts	4.1	-	9,138,254	-	9,138,254	-	-	-	-
Term deposit receipt	4.2	-	900,000	-	900,000	-	-	-	-
Profit receivable	5	-	112,588	-	112,588	-	-	-	-
		-	10,150,842	-	10,150,842	-	-	-	-
Financial liabilities - not measured at fair value	21.1								
Payable to AL Habib Asset Management Limited - Management Company	11	-	-	2,120	2,120	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	12	-	-	424	424	-	-	-	-
Accrued expenses and other liabilities	8	-	-	887	887	-	-	-	-
		-	-	3,431	3,431	-	-	-	-

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

22 PATTERN OF UNITHOLDING

Unit holding pattern of the Fund as at 30 June 2022 is as follows:

Category	**Number of unit holders**	**Number of units**	**Investment amount (Rupees in '000)**	**Percentage of total investment**
Individuals	22	252,561	25,256	0.25%
Associated Companies and Directors	1	1,011,303	101,130	1.00%
Retirement Funds	4	539,920	53,992	0.53%
Others	12	99,535,068	9,953,507	98.22%
	39	101,338,852	10,133,885	100.00%

23 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised cost	**At fair value through profit or loss**	**Total**
	---------- (Rupees in '000) ----------		
Financial Assets			
Saving accounts	9,138,254	-	9,138,254
Term deposit receipt	900,000	-	900,000
Profit receivable	112,588	-	112,588
	10,150,842	-	10,150,842

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	---------- (Rupees in '000) ----------		
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	**2,120**	-	**2,120**
Payable to Central Depository Company of Pakistan Limited - Trustee	**424**	-	**424**
Accrued expenses and other liabilities	**887**	-	**887**
	3,431	**-**	**3,431**

24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in periods
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA-Affiliate	22
Mr. Ahmed Abbas	Fund Manager	MCS & MBA	21
Mr. Talha A. Siddiqui	Fund Manager (Equities)	M. Sc (Economics)	9
Mr. Nabeel Zafar	Research Analyst	Passed CFA level II ACCA	7

24.1 Mr. Ahmed Abbas is also Fund Manager of AL Habib Cash Fund (Formerly First Habib Cash Fund, AL Habib Money Market Fund, AL Habib Income Fund (Formerly First Habib Income Fund, AL Habib Islamic Savings Funds and AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund).

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting not attended
	Held	Attended	Leave	
Mr. Abbas D. Habib	4	4	-	-
Mr. Mansoor Ali Khan	4	4	-	-
Mr. Saeed Allawala	4	4	-	-
Mr. Imran Azim	4	1	3	91st, 93rd and 94th Meeting
Ms. Zarine Aziz	4	3	1	92nd
Mr. Kashif Rafi (CEO)	4	4	-	-

26 GENERAL

26.1 This is the first period of operations of the Fund, hence there is no comparative information to report in these financial statements.

27 DATE OF AUTHORIZATION FOR ISSUE

27.1 These financial statements were authorised for issue by the board of directors of the Management Company on **August 29, 2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective

The investment objective of the Fund is to provide its unit-holders optimum return from a shariah compliant portfolio of low risk and short duration assets while being highly liquid.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHICF maintained the strategy to maintain exposure in high stability and low volatility avenues as mentioned in the objectives of the Fund, wherein major portion of investment was held with "AAA" rated Banks.

Fund Description

Fund Type & Category	Open End - Shariah Compliant Money Market	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	December 20, 2021	**Management Fee**	10% of the annual gross earnings of the Scheme
Benchmark	Average of the six months profit rates of three Islamic Banks/ licensed Islamic Banking window of conventional banks having long term credit of A or higher, as selected by MUFAP	**Sales Load**	3% (Management has the discretion to reduce or waive load on any transaction)
Annual Return	11.38%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	3.99%	**Dealing Days/Timings**	Monday to Friday 9:00 am to 4:30 pm
Net Assets	Rs. 10.13 billion (June 30, 2022)	**Fund Stability Rating**	N/A
NAV per unit	Rs. 100.00 per unit (June 30, 2022)	**AMC Rating**	"AM2+" by PACRA
Pricing Mechanism	Backward Pricing	**Trustee**	Central Depository Company of Pakistan Limited.
Risk Profile	Very Low (Principal at very low risk)		

Market Review:

The Fiscal Year 2022 (FY22) sailed with a stable outlook after a V-shaped recovery in Fiscal Year 2021. The economy grew by 5.97% in FY22 as against a growth of 5.70% in FY21. Inflation and external outlook remained largely stable in the first quarter of FY22. However, rapid pace in Global economies growth post pandemic built pressure on commodities prices across the globe posing a threat to Pakistan's economy. This led SBP to a modest tightening in the monetary policy in first quarter FY 2022 by elevating policy rate by 25bps to 7.25%. SBP further revealed that a timely action would be taken in view of external balance and inflation outlook, wherein SBP raised a total of 275bps in policy rate till December 2021 to 9.75%.

The second half of the FY22 brought challenges to the country on both economic and political front. The Russian-Ukraine war led to sharp increase in commodities and oil prices which adversely impacted Pakistan's external balances on account of rising import. Food and energy import brought a sharp spike in inflation which necessitated SBP to further tight the monetary policy to mitigate the impact of inflation. SBP aggressively increased policy rate by 400 bps in the second half of FY22, a total of 675 bps in FY22 to 13.75%. Yield in secondary market witness a steep volatility whereby short term yield surpassed policy rate by more than 200bps and were trading at close to 15.73%. To contain the secondary market yields, SBP conducted several long tenor OMOs to inject liquidity in the market. Political uncertainty engulfed the country after a vote of no confidence was passed and a new collation government was formed. This uncertainty led to sharp depreciation of PKR against dollar whereby PKR lost around 11% in span of less than 3 months to close at PKR 204.84 per dollar. Cumulatively the PKR depreciated by 30% against the dollar in FY22.

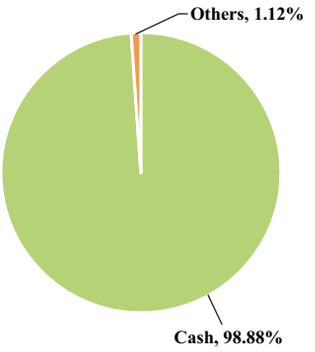
Due to commodities super cycle, current account deficit increased to USD 17.32 billion in FY22 as against USD 2.82 billion in the same period last year (SPLY). However, due to pace in economic activities, balance in overall trade deficit increased to USD 39.57 billion in FY22 as against USD 28.63 billion in SPLY. Pakistan's total debt increased by 23.39% to Rs. 49.19 trillion in FY22 as compared to Rs. 39.86 trillion recorded in SPLY. Fiscal and Primary balance recorded a deficit of 8.2% and 3.2% of GDP respectively for the fiscal year 2022. Debt to GDP ratio increased to 76.9% in FY22 as compared to 71.8% in FY21.

Average Consumer Price Index (CPI) during the year remained at 12.09% with major contribution in inflation from the second half of FY22 on account of expensive import of food and energy. The net Foreign Direct Investment and Workers' Remittances for the year under review stood at USD 1.87 billion and USD 31.24 billion respectively as compared to USD 1.82 billion and USD 29.45 billion respectively during SPLY. Foreign exchange reserves of the country plunged to USD 15.53 billion in June 2022 as compared to USD 24.40 billion in June 2021.

PKRV Rates			
Tenor	**As at June 30, 2022**	**As at June 30, 2021**	**Change**
3 Months	14.98	7.28	7.70
6 Months	15.15	7.53	7.62
12 Months	15.30	7.81	7.49
3 Years	13.45	8.99	4.46
5 Years	13.93	9.49	3.44
5 Years	13.92	9.94	2.98

Policy Rate		
Date	**Policy Rate**	**Change (Bps)**
September 20, 2021	7.25	25
November 19, 2021	8.75	150
December 14, 2021	9.75	100
April 08, 2022	12.25	250
May 24, 2022	13.75	150

Asset Allocation (%age of Total Asset) June 30, 2022



Income Distribution

AHICF made a total distribution of Rs. 5.8051 during FY22 in the form of dividend. EX-NAV of the fund after each dividend becomes Rs. 100

Sales and Redemptions of Units

During the year, 128,797,906 units valued of Rs. 12,879.79 million were sold while 27,459,054 units valued Rs. 2,745.90 million were redeemed resulting in to a net sale of 101,338,852 units of the value of Rs. 10,133.89 million.

Unit Holders Pattern
For the breakdown of unit holding by size as on June 30, 2022, please refer to note 22 of the Annual Accounts 2022.

AHICF Performance at a Glance

	2022
Net Assets as at June 30 (Rs. in billion)	10.13
NAV per unit as at June 30 (Rs.)	100.00
Distribution during the year ended June 30 (Rs.)	5.8051
Annual Return	11.38%

AL HABIB ISLAMIC INCOME FUND
(Formerly: First Habib Islamic Income Fund)
Annual Report
For the year ended June 30, 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AA(f) Fund Stability Rating, Rating by PACRA
AM2+ Management Company Quality Rating
Assigned by PACRA.

Bankers to the Fund

Bank Islami Pakistan Limited
Bank Al Habib Limited
Faysal Bank Limited
Al Baraka Bank

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ISLAMIC INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Islamic Income Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022



REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Advisor of the **AL Habib Islamic Income Fund (AHIIF) (***Formerly First Habib Islamic Income Fund)*, I am issuing this report. The scope of the report is to express an opinion on the Shariah compliance of the fund's activities.

It is the responsibility of the management of aforesaid fund to establish and maintain a system of internal control to ensure compliance with Shariah guidelines. My responsibility is to express an opinion, based on my 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, I hereby certify that:

- I have reviewed and approved the modes of investment of AHIIF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of AHIIF 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 AHIIF for the period from July 01, 2021 to June 30, 2022 have been in compliance with Shariah principles.

Mufti Ismatullah
Shariah Advisor

Date: June 30, 2022

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Chartered Accountants
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Fax: +9221 3568 1965
ey.khi@pk.ey.com
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Independent Reasonable Assurance Report to the Participants in respect of Shariah Compliance

1. Introduction

We were engaged by the Board of Directors of Al Habib Asset Management Limited (the Fund Manager) to report on the Shariah compliance of **Al Habib Islamic Income Fund** (the Fund), as set out in the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments for the year ended **30 June 2022**, in the form of an independent reasonable assurance conclusion. Our engagement was carried out as required under clause 11.5 of trust deed of the Fund.

2. Applicable Criteria

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

3. Responsibilities of the Fund Manager

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

4. Our Independence and Quality Control

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

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

This engagement was conducted by a multidisciplinary team including assurance practitioners and internal Shariah expert.

5. Our Responsibility and Summary of Work Performed

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

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

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

Amongst others, our scope included procedures to:

- Check compliance of Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments.
- Check that the Shariah Advisor has certified that all the provisions of the scheme and investments made by the Fund for the year ended 30 June 2022 are in compliance with the Shariah principles.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

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

6. **Conclusion**

In our opinion, the Fund was, in all material respects, in compliance with the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments during the year ended 30 June 2022.

Date: 29 September 2022
Karachi

Signature
Chartered Accountants

Arsalan Khalid
Assurance Engagement Partner

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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Islamic Income Fund (Formerly: First Habib Islamic Income Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AL Habib Islamic Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2022**, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Investments in debt instruments	
As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of debt investments which represent significant portion of the total assets of the Fund as at the year end. In view of the above, we have considered this area as a key audit matter.	We performed a combination of audit procedures focusing on the existence and valuation of debt investments. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and valuations on the basis of prices determined by Mutual Funds Association of Pakistan (MUFAP). - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) in relation to the concentration of debt 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 debt investments 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.

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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.

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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 September 2021.

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

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191mBnDA0aWQ

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Bank balances and Term deposits receipts	4	**6,939,307**	7,291,766
Investments	5	**2,389,898**	6,623,124
Profit receivable	6	**155,524**	181,197
Receivable against sale of investment		**-**	78,914
Preliminary expenses and floatation cost	7	**-**	189
Advance and deposits	8	**9,513**	9,517
Total assets		**9,494,242**	14,184,707
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	15	**2,560**	10,696
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	**525**	1,189
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**1,792**	2,428
Provision for Sindh Workers' Welfare Fund (SWWF)	11	**-**	24,627
Payable against purchase of investment		**1,040,225**	-
Payable against redemption of units	19	**87**	7,044
Accrued expenses and other liabilities	12	**31,175**	8,946
Total liabilities		**1,076,364**	54,930
Net assets		**8,417,878**	14,129,777
Unit holders' Fund (as per the statement attached)		**8,417,878**	14,129,777
Contingencies and Commitments	13		
		(Number of units)	
Number of units in issue (Face value of units is Rs. 100 each)		**83,592,275**	140,512,294
		(Rupees)	
Net asset value per unit		**100.70**	100.56

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on bank deposits	14	**332,758**	387,095
Profit / return on investments		**426,955**	451,650
Profit on deposit with NCCPL		**433**	107
Net gain on investments designated as 'at fair value through profit or loss'			
- Gain on sale of Sukuk Certificates	5.2	**3,918**	519
- Net unrealized gain on revaluation of investments	5.3	**25,599**	48,645
		29,517	49,164
Total income		**789,663**	888,016
Expenses			
Remuneration of AL Habib Asset Management Limited - Management Company	15	**39,028**	60,981
Sindh Sales Tax on Management Company's remuneration	15.1	**5,074**	7,928
Expense Allocated by Management Company	16	**15,222**	18,641
Remuneration of Central Depository Company of Pakistan Limited (CDC) - Trustee	9	**6,719**	9,106
Sindh Sales Tax on Trustee's remuneration	9.1	**874**	1,184
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	10	**1,792**	2,428
Brokerage expense		**1,340**	1,612
Settlement and bank charges		**418**	829
Annual listing fee		**30**	25
Auditor's remuneration	17	**545**	494
Amortization of preliminary expenses and floatation costs		**189**	338
Printing charges		**66**	65
Other expenses		**-**	563
Mutual fund rating fee		**163**	133
Total expenses		**71,460**	104,327
Net income from operating activities		**718,203**	783,689
Reversal / Provision for Sindh Workers' Welfare Fund (SWWF)	11	**24,627**	(15,674)
Net income for the year before taxation		**742,830**	768,015
Taxation	18	-	-
Net income for the year after taxation		**742,830**	768,015
Allocation of net income for the year after taxation			
Net income for the year		**742,830**	768,015
Income already paid on units redeemed		**(281,856)**	(84,883)
		460,974	683,132
Accounting income available for distribution:	29.1.2		
- Relating to capital gains		**29,517**	49,164
- Excluding capital gains		**431,457**	633,968
		460,974	683,132

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

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

	2022	2021
	(Rupees in '000)	
Net income for the year after taxation	**742,830**	768,015
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**742,830**	768,015

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022			2021		
		Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
		(Rupees in '000)					
Net assets at beginning of the year		**14,087,993**	**41,784**	**14,129,777**	9,012,534	17,558	9,030,092
Issuance of 217,714,693 units (30 June 2021: 276,396,537)							
Including additional **2,329,663 (June 30, 2021 1,021,414)**							
- Capital value		**21,658,903**	**-**	**21,658,903**	27,635,684	-	27,635,684
- Element of Income		**624,681**	**-**	**624,681**	197,012	-	197,012
Amount received on issuance of units		**22,283,584**	-	**22,283,584**	27,832,696	-	27,832,696
Redemption of 274,634,712 units (30 June 2021: 225,864,375)			.				
- Capital Value		**(27,616,992)**	**-**	**(27,616,992)**	(22,666,958)	-	(22,666,958)
- Element of loss		**(163,761)**	**(281,856)**	**(445,617)**	(90,279)	(84,883)	(175,162)
Amount paid on redemption of units		**(27,780,753)**	**(281,856)**	**(28,062,609)**	(22,757,237)	(84,883)	(22,842,120)
Total comprehensive income for the year		**-**	**742,830**	**742,830**	-	768,015	768,015
Interim distribution for the year ended 30 June 2022:							
Rs. 8.6172 per unit (30 June 2021: 6.1992 per unit)		**(234,271)**	**(441,433)**	**(675,704)**	-	(658,906)	(658,906)
Net income for the year less distribution		**(234,271)**	**301,397**	**67,126**	-	109,109	109,109
Net assets at end of the year		**8,356,553**	**61,325**	**8,417,878**	14,087,993	41,784	14,129,777
Undistributed income brought forward							
- Realised (loss) / gain			**(6,861)**			119	
- Unrealised gain			**48,645**			17,439	
			41,784			17,558	
Accounting income available for distribution	29.1.2						
- Relating to capital gains			**29,517**			49,164	
- Excluding capital gains			**431,457**			633,968	
			460,974			683,132	
Interim distribution for the year ended 30 June 2022:							
Rs. 8.6172 per unit (30 June 2021: 6.1992 per unit)			**(441,433)**			(658,906)	
Undistributed income carried forward			**61,325**			41,784	
Undistributed income carried forward comprise of:							
- Realised gain / (loss)			**35,726**			(6,861)	
- Unrealised gain			**25,599**			48,645	
			61,325			41,784	
			(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year			**100.56**			100.36	
Net assets value per unit at end of the year			**100.70**			100.56	

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		**742,830**	768,015
Adjustments for:			
Unrealized gain on revaluation of investments		**(25,599)**	(48,645)
(Reversal) / Provision for Sindh Workers' Welfare Fund (SWWF)		**(24,627)**	15,674
Amortization of preliminary expenses and floatation costs		**189**	338
Profit on bank deposits		**(332,758)**	(387,095)
Profit / return on investments		**(426,955)**	(451,650)
Profit on deposit with NCCPL		**(433)**	(107)
		(67,353)	(103,470)
Decrease / (Increase) in assets			
Investments		**4,258,825**	(3,634,140)
Receivable against sale of investment		**78,914**	(78,914)
Advance and deposits		**4**	(3,314)
		4,337,743	(3,716,368)
Increase in liabilities			
Payable to the AL Habib Asset Management Limited - Management Company		**(8,136)**	6,726
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		**(664)**	593
Payable to Securities and Exchange Commission of Pakistan (SECP)		**(636)**	1,582
Payable against purchase of investment		**1,040,225**	-
Accrued expenses and other liabilities		**22,229**	2,509
		1,053,018	11,410
Profit on bank deposits received		**319,428**	389,177
Profit / return on investments received		**465,958**	380,985
Profit received on deposit with NCCPL		**433**	107
Net cash generated from / (used in) operating activities		**6,109,227**	(3,038,159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		**22,283,584**	27,832,696
Payments on redemption of units		**(28,069,566)**	(22,835,102)
Dividend paid		**(675,704)**	(658,906)
Net cash (used in) / generated from financing activities		**(6,461,686)**	4,338,688
		(352,459)	1,300,529
Net increase in cash and cash equivalents during the year			
Cash and cash equivalents at beginning of the year		**7,291,766**	5,991,237
Cash and cash equivalents at end of the year		**6,939,307**	7,291,766
Cash and cash equivalent comprise of:			
Bank balances and Term deposits receipts	4	**6,939,307**	7,291,766
		6,939,307	7,291,766

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund) ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 30 August 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 22 August 2016 under Rule 67 of the Non- banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). 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 15 October 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 undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the Management Company is situated at 3rd floor, Mackinnons Building, I, I Chundrigar Road Karachi, Pakistan.

The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange (PSX). Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.3 The Fund has been categorized as a Shariah Compliant (Islamic) Income Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan (SECP) for categorisation of Collective Investment Schemes (CIS).

Title to the assets of the Fund are held in the name of Central Depository Company Limited (CDC) as a Trustee of the Fund.

1.4 The Fund has been formed to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to unit holders along with facility to join or leave the Fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' and 'AA(f)' to the Management Company and the Fund respectively.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and

- 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 and 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 and the NBFC Regulations and the requirements of the trust deed have been followed.

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets and provision under uncertain circumstances such as taxes recoverable as disclosed in note 08 respectively.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments which are required to be stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

3.2.3 Business model assessment

"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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

.3.2.9 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.6 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

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

3.7 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.9 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.10 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.11 Expenses

All expenses including management's fee, trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.12 Provisions

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

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of five years commencing from 08 November 2017 as per the Trust Deed of the Fund.

3.14 Distribution

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

The distribution per unit is announced based on units that were held for the entire period. The rate of distribution is adjusted 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.

3.15 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the Management, determination of weighted average units for calculating EPU is not practicable.

4 BANK BALANCES AND TERM DEPOSIT RECEIPTS	Note	2022 (Rupees in '000)	2021
Savings Accounts	4.1	**6,938,795**	3,041,354
Current Accounts	4.2	**512**	412
Term Deposit Receipts	4.3	**-**	4,250,000
		6,939,307	7,291,766

4.1 The profit rates effective at year end on these accounts range from 14.75% to 16.20% (30 June 2021: 3.75% to 7.0%) per annum. It includes balance of Rs. 3,640.57 million (30 June 2021: Rs 9.26 million) with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at year end is 15.50% (30 June 2021: 6.50%) per annum.

4.2 This relates to balance with Bank AL Habib Limited (ultimate parent), a related party.

4.3 The profit rate effective at year end is Nil (30 June 2021: 6.90% to 7.25%) per annum. Its original maturity was three months or less and qualifies for Cash and cash equivalents.

5 INVESTMENTS Investments by Category	Note	2022 (Rupees in '000)	2021
At fair value through profit or loss			
Investment in Sukuk Certificates	5.1	**2,389,898**	6,623,124
		2,389,898	6,623,124

5.1 Sukuk Certificates

Name of the Investee	Note	Face Value				As at 30 June 2022			Market value as percentage of	
		As at 01 July 2021	Purchased during the year	Sold / matured during the year	As at 30 June 2022	Carrying value	Market value	Unrealised gain / (loss)	Net Assets	Total investments
		(Rupees in '000)								
Unquoted										
Ghani Gases Limited (certificates of Rs. 100,000 each)	5.1.1	105	-	-	105	2,815	2,817	2	0.03%	0.12%
AGP Limited (certificates of Rs. 100,000 each)		100	-	100	-	-	-	-	0.00%	0.00%
Meezan Bank Limited Sukuk (certificates of Rs. 100,000 each)		235	-	235	-	-	-	-	0.00%	0.00%
Meezan Bank Limited Sukuk (certificates of Rs. 100,000 each)	5.1.1	300	-	25	275	283,953	286,000	2,047	3.40%	11.97%
Pakistan Energy Sukuk (certificates of Rs. 100,000 each)	5.1.1	54,900	-	30,000	24,900	125,389	125,372	(17)	1.49%	5.25%
Pakistan Energy Sukuk - I (certificates of Rs. 100,000 each)		-	310,000	310,000	-	-	-	-	0.00%	0.00%
Quoted										
Dubai Islamic Bank Sukuk (certificates of Rs. 5000 each)	5.1.1	422	-	25	397	405,842	410,299	4,457	4.87%	17.17%
Engro Polymer & Chemical Limited Sukuk (certificates of Rs. 5000 each)	5.1.1	4,630	1,740	1,740	4,630	475,955	495,410	19,455	5.89%	20.73%
Fatima Fertilizer Company Limited (certificates of Rs. 5000 each)		65,576	-	65,576	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk (certificates of Rs. 5000 each)		170,000	120,000	290,000	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk FRR (09-12-2020) (certificates of Rs. 5000 each)		11,900	-	11,900	-	-	-	-	0.00%	0.00%
GOP Ijara Sukuk FRR (29-07-2020) (certificates of Rs. 5000 each)	5.1.1	27,760	53,830	71,590	10,000	995,345	995,000	(345)	11.82%	41.63%
Gas and Oil Pakistan Limited Sukuk (certificates of Rs. 100,000 each)	5.1.1	-	75	-	75	75,000	75,000	-	0.89%	3.14%
Total as at 30 June 2022						**2,364,299**	**2,389,898**	**25,599**		
Total as at 30 June 2021						6,574,479	6,623,124	48,645		

5.1.1 Significant terms and conditions of Sukuk Certificates outstanding at the year end are as follows:

Name of security	Number of Certificates	Repayment frequency	Unredeemed face value per Sukuk (Rupees)	Profit rate (per annum)	Issue date	Maturity date	Rating
Sukuk Certificates							
Unquoted							
Ghani Gases Limited- Secured (2-2-2017)	105	Quarterly	26,810	3 Months KIBOR plus 1%	2-Feb-17	2-Feb-23	A
Meezan Bank Limited Sukuk	275	Half Year	1,032,556	6 months KIBOR plus 0.50%	22-Sep-16	22-Sep-26	AA+
Pakistan Energy Sukuk	24,900	Half Year	5,036	6 months KIBOR plus 0.90%	21-May-20	21-May-30	Unrated
Quoted							
Dubai Islamic Bank Sukuk	397	Half Year	1,022,272	6 months KIBOR plus 0.50%	14-Jul-17	14-Jul-27	AA
Engro Polymer & Chemical Limited Sukuk	4,630	Quarterly	102,798	6 months KIBOR plus 1.10%	28-Nov-16	11-Jul-26	AA-
GOP Ijara Sukuk - VRR (29-07-2020)	10,000	Half Year	99,535	6 months KIBOR	29-Jul-20	29-Jul-25	AAA
Gas and Oil Pakistan Limited Sukuk	75	Quarterly	1,000,000	3 Months KIBOR plus 1.75%	31-Dec-21	31-Dec-26	Unrated

5.2 Gain on sale of Sukuk Certificates

These includes gain on sale of Sukuk Certificates amounting to Rs. 3.918 million (2021: Rs. 0.519 million)

5.3 Net unrealized gain on revaluation of investments	2022	2021
	(Rupees in '000)	
Investment in Sukuk Certificates	**25,599**	48,645

6 PROFIT RECEIVABLE

Profit accrued on Sukuk Certificates	**101,826**	140,829
Profit receivable on savings deposits	**53,698**	40,368
	155,524	181,197

7 PRELIMINARY EXPENSES AND FLOATATION COST	Note	2022	2021
		(Rupees in '000)	
Preliminary expenses and floatation cost incurred	7.1	**189**	527
Amortization for the year		**(189)**	(338)
Balance as at year end		**-**	189

7.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of five years effective from 23 January 2017.

8 Advance and deposits	Note	2022	2021
		(Rupees in '000)	
Deposit with National Clearing Company of Pakistan Limited		**2,500**	2,500
Deposit with Central Depository Company of Pakistan Limited		**100**	100
Mutual fund rating fee		**87**	105
Advance tax	8.1	**6,826**	6,812
		9,513	9,517

8.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under section 151 of ITO 2001. The management is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

9 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document based on the daily Net Asset Value of the Fund. The remuneration is paid to the Trustee on monthly basis in arrears. The tariff structure applicable to the Fund in respect of the trustee fee has been revised effective from 01 July 2019, whereby the revised tariff is 0.075% of average daily net assets of the Fund.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2021:13%) on the trustee's remuneration during the year.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% (30 June 2021: 0.02%) of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated 12 August 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the funds on 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward no provision for SWWF would be recognized in the financial statements of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2021
	(Rupees in '000)	
Auditor's remuneration	**382**	411
Payable against printing charges	**88**	87
Withholding tax payable	**24,404**	7,627
Capital gain tax payable	**5,584**	654
Brokerage Payable	**566**	-
Settlement charges	**2**	24
Others	**149**	143
	31,175	8,946

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2022 (30 June 2021: Nil).

14 PROFIT ON BANK DEPOSITS

	Note	2022	2021
		(Rupees in '000)	
Saving accounts	14.1	**332,758**	387,095

14.1 It respresents profit on deposits with Bank AL Habib Limited, a related party (ultimate parent) amounting to Rs. 47.313 million (30 June 2021:Rs 0.035 million).

15 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund.The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings (30 June 2021: 10% of the gross earnings with a maximum of 1.5% and a minimum of 0.5% of average daily net assets) of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

15.1 Sindh Sales Tax has been charged at 13% (30 June 2021:13%) on the Management Company's remuneration during the year.

16 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged 15.222 million (30 June 2021: 18.641 million) to the Fund.

17 AUDITOR'S REMUNERATION

	2022	2021
	(Rupees in '000)	
Annual audit fee	**275**	134
Half yearly review fee	**150**	72
Review report on Shariah Compliance	**80**	71
Out of pocket expenses	**40**	23
Certification	**-**	194
	545	334

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund has distributed more than ninety percent of the Fund's accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders during the year. Accordingly, no provision has been made in the financial statements for the year ended 30 June 2022.

19 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	(Rupees in '000)		
Opening balance as at 01 July 2021	-	7,044	7,044
Receivable against issuance of units	22,283,584	-	22,283,584
Payable against redemption of units	-	(28,062,609)	(28,062,609)
	22,283,584	(28,062,609)	(5,779,025)
Amount received on issuance of units	(22,283,584)	-	(22,283,584)
Amount paid on redemption of units	-	28,069,566	28,069,566
	(22,283,584)	28,069,566	5,785,982
Closing balance as at 30 June 2022	**-**	**87**	**87**

20 TRANSACTIONS WITH CONNECTED PERSONS

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	AL Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Cash Fund (Formerly First Habib Cash Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties includes directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

20.1 The details of significant transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2022		2021	
Units sold to:	**(Units)**	**(Rupees in '000)**	**(Units)**	**(Rupees in '000)**
Management Company				
AL Habib Asset Management Limited	**13,385,962**	**1,357,704**	18,509,683	1,866,133
Parent Company				
Bank AL Habib Ltd.	**27,352,050**	**2,800,474**	-	-
Other related parties				
Key executives of the Management Company	**91,385**	**9,369**	88,585	8,785
Directors and their spouse	**533,254**	**54,657**	2,739,464	276,602
Habib Asset Management Limited Employees Provident Fund	**12,415**	**1,251**	24,878	2,510
Units sold to Connected Parties holding 10% or more of the units in issue	**102,927,705**	**10,760,657**	56,460,538	5,720,027
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited	**13,535,859**	**1,374,705**	18,359,786	1,851,059
Parent Company				
Bank AL Habib Ltd.	**27,352,050**	**2,810,491**	5,243,032	528,610
Other related parties				
Key executives of the Management Company	**44,448**	**4,533**	81,637	8,086
Directors and their spouse	**2,874,569**	**293,778**	84,316	9,587
Connected Parties holding 10% or more of the units in redeemed	**71,162,103**	**7,270,371**	18,400,992	1,849,388
Units held by:				
Management Company				
AL Habib Asset Management Limited	**-**	**-**	149,897	15,074
Parent Company				
- Bank AL Habib Limited	**250,421**	**25,217**	250,421	25,182
Other related parties				
Key executives of the Management Company	**40,929**	**4,122**	6,948	699
Directors and their spouse	**375,934**	**37,857**	2,717,249	273,247
Habib Asset Management Limited Employees Provident Fund	**37,293**	**3,755**	24,878	2,502
Units held by Connected Persons holding 10% or more of the units in issue:	**65,583,325**	**6,604,241**	110,964,062	11,158,546

Details of transactions with connected persons are as follows:	**2022**	**2021**
	(Rupees in '000)	
AL Habib Asset Management Limited - Management Company		
- Management Remuneration	**39,028**	60,981
- Sindh Sales Tax on Management Company's remuneration	**5,074**	7,928
- Expense Allocated by Management Company	**15,222**	18,641
Central Depository Company of Pakistan Limited - Trustee		
- Trustee Remuneration	**6,719**	9,106
- Sindh Sales Tax on Trustee Remuneration	**874**	1,184
Dividend paid		
Bank AL Habib Limited	**1,685**	13,149
Profit on Bank deposits	**47,313**	32,648

Details of balances with connected persons at year end are as follows:

	2022	2021
	(Rupees in '000)	
Parent Company		
Bank AL Habib Limited	**3,640,573**	9,259
Profit Receivable on bank deposits	**10,159**	507
AL Habib Asset Management Limited - Management Company		
Management Company fee payable	**2,560**	10,696
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable	**525**	1,189
- Security deposit - Non interest bearing	**100**	100

21 RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The Fund invests in spread transactions, secured and unsecured sukuks, placement of funds under Musharakahs. Such investments are subject to varying degrees of risk.

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the BOD of Management Company. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the NBFC Rules and NBFC Regulations and constitutive documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications of these developments on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements other then certain Sukuks reshuduled during the year (refer note 5.1.2).

21.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year end, it arises principally from bank balances, investment in debt securities, profit receivable and deposits.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and NBFC regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner;

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at year end is as follows:

	2022		2021	
	Statement of assets and liabilities	Maximum exposure	Statement of Assets and Liabilities	Maximum exposure
	(Rupees in '000)		(Rupees in '000)	
Bank balances and Term deposit receipts	**6,939,307**	**6,939,307**	7,291,766	7,291,766
Investments	**2,389,898**	**2,389,898**	6,623,124	6,623,124
Profit receivable	**155,524**	**155,524**	181,197	181,197
Advances, deposits and other receivables	**2,600**	**2,600**	2,600	2,600
	9,487,329	**9,487,329**	14,098,687	14,098,687

Credit ratings and Collaterals

Credit risk arising on debt securities is mitigated by investing primarily in investment-grade rated instruments published by MUFAP and as determined by Pakistan Credit Rating Agency or VIS.

Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

Ratings	**2022**	**2021**
	(Percentage)	
A	**15.35%**	65.76%
A+	**1.34%**	0.91%
AA	**23.04%**	0.00%
AAA	**60.27%**	33.30%
	100.00%	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Investment in debt securities

Credit risk on debt investments is mitigated by investing primarily in investment grade rated investments and purchase certificate of investments or make placements with financial institutions having sound credit rating.

Ratings	**2022**	**2021**
	(Percentage)	
A to AAA	**79.69%**	0.00%
A+ to A-	**0.00%**	34.21%
AA+ to AA-	**20.31%**	66%
	100.00%	100.00%

Advances, deposits and other receivables

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

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure.

As at year end, the Fund's total credit risk was concentrated in the following industrial / economic

sectors:

	2022	2021
	(Percentage)	
Banks	**74.36%**	21.85%
Others	**25.61%**	78.09%
Financial services	**0.03%**	0.07%
	100.0%	100.0%

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired. No provisions have been booked during the year.

Settlement risk

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

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

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of Liquidity Risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the year.

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.

21.2.1 Maturity analysis of financial liabilities

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.

The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

Non-derivative financial liabilities

	2022			
	Carrying amount	Less than one month	One to three months	Three months to one year
	(Rupees in '000)			
Payable to AL Habib Asset Management Limited - Management Company	**2,560**	**2,560**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**525**	**525**	**-**	**-**
Payable against purchase of investment	**1,040,225**	**1,040,225**	**-**	**-**
Payable against redemption of units	**87**	**87**	**-**	**-**
Accrued expenses and other liabilities	**1,187**	**1,052**	**135**	**-**
	1,044,584	**1,044,449**	**135**	**-**
Unit holders' Fund	**8,417,878**	**8,417,878**	**-**	**-**

Non-derivative financial liabilities

	2021			
	Carrying amount	Less than one month	One to three months	Three months to one year
	(Rupees in '000)			
Payable to AL Habib Asset Management Limited - Management Company	10,696	10,696	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	1,189	1,189	-	-
Payable against redemption of units	7,044	7,044	-	-
Accrued expenses and other liabilities	665	530	135	-
	19,594	19,459	135	-
Unit holders' Fund	14,129,777	14,129,777	-	-

21.3 Market risk

Market risk is the risk that the Fund's income or value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of market risks

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 Investment Committee of Management Company and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. Fund is exposed to interest rate risk only.

21.3.1 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. Majority of the interest rate exposure arises on investment in Sukuk certificate of investments and Saving accounts. To enhance the earning potential of the Fund, the Fund invests in variable rate instruments as most of the instruments currently available are indexed to KIBOR. The Fund monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. Other risk management procedures are the same as those mentioned in the credit risk management.

As at year end, the investment in Sukuk Certificate exposed to interest rate risk is detailed in note 5.1.

As at year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	2021
	(Rupees in '000)	
Fixed rate instruments		
Term deposit receipts	-	4,250,000
Variable rate instruments		
Bank balances	**6,938,795**	3,041,354
Investments	**2,389,898**	6,623,124
	9,328,693	9,664,478

None of the financial liabilities carry any interest rate risk.

a) Fair value Sensitivity analysis for fixed rate instruments

As at 30 June 2022, Term deposit receipt exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in PKRV on 30 June 2022, the net assets of the Fund would have been lower/ higher by Rs. Nil (2021: 42.5 million) with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

b) Cash flow sensitivity analysis for variable rate instruments

In case of change of 100 basis point in KIBOR on 30 June 2022, the net assets of the Fund would have been lower / higher by Rs. 93.287 (30 June 2021: Rs 96.645) million with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

The composition of the Fund's investment portfolio, KIBOR rates and yield matrix calculated by MUFAP is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

30 June 2022	Profit rate (%)	Less than one month	One to three months	Three months to one year	One year and above	Not exposed to profit rate risk	Total
		(Rupees in '000)					
On-balance sheet financial assets							
Financial assets							
Bank balances and Term deposit receipts	**14.75% - 16.20%**	**6,939,307**	**-**	**-**	**-**	**-**	**6,939,307**
Investments	**10.45% - 14.77%**	**-**	**-**	**-**	**2,389,898**	**-**	**2,389,898**
Receivable against sale of investment		**-**	**-**	**-**	**-**	**-**	**-**
Profit receivable		**-**	**-**	**-**	**-**	**155,524**	**155,524**
Advances, deposits and other receivables		**-**	**-**	**-**	**-**	**2,600**	**2,600**
Total financial assets		**6,939,307**	**-**	**-**	**2,389,898**	**158,124**	**9,487,329**
Financial liabilities							
Payable to the AL Habib Asset Management Limited - Management Company		**-**	**-**	**-**	**-**	**2,560**	**2,560**
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		**-**	**-**	**-**	**-**	**525**	**525**
Accrued expenses and other liabilities		**-**	**-**	**-**	**-**	**1,187**	**1,187**
Total Financial liabilities		**-**	**-**	**-**	**-**	**4,272**	**4,272**
On-balance sheet gap		**6,939,307**	**-**	**-**	**2,389,898**	**153,852**	**9,483,057**
Off-balance sheet financial instruments		**-**	**-**	**-**	**-**	**-**	**-**
Off-balance sheet gap		**-**	**-**	**-**	**-**	**-**	**-**

30 June 2021	Profit rate (%)	Less than one month	One to three months	Three months to one year	One year and above	Not exposed to profit rate risk	Total
		(Rupees in '000)					
On-balance sheet financial assets							
Financial assets							
Bank balances and Term deposit receipts	3.75% - 7.25%	3,041,766	4,250,000	-	-	-	7,291,766
Investments	6.90% - 7.25%	-	-	-	6,623,124	-	6,623,124
Receivable against sale of investment		78,914	-	-	-	-	78,914
Profit receivable		-	-	-	-	181,197	181,197
Advances, deposits and other receivables		-	-	-	-	2,600	2,600
Total financial assets		3,120,680	4,250,000	-	6,623,124	183,797	14,177,601
Financial liabilities							
Payable to the AL Habib Asset Management Limited - Management Company		-	-	-	-	10,696	10,696
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	-	1,189	1,189
Accrued expenses and other liabilities		-	-	-	-	665	665
Total Financial liabilities		-	-	-	-	12,550	12,550
On-balance sheet gap		4,841,237	1,150,000	250,000	2,690,339	106,942	9,038,518
Off-balance sheet financial instruments		-	-	-	-	-	-
Off-balance sheet gap		3,120,680	4,250,000	-	6,623,124	167,455	14,161,259

21.4 Unit holders' Fund risk management

Management's objective when managing Unit holders' Fund 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 and to ensure reasonable safety of Unit holders' Fund.

The Management Company manages Fund's 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 Unit holders' Fund structure depends on the issuance and redemption of units.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the year end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the 'inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
		Fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2022	**Note**	(Rupees in '000)							
Financial assets - measured at fair value									
Investments	5	**2,389,898**	**-**	-	**2,389,898**	**-**	**2,389,898**	**-**	**2,389,898**
Financial assets - not measured at fair value	22.2		-						
Bank balances and Term deposits receipts	4	**-**	**6,939,307**	**-**	**6,939,307**	**-**	**-**	**-**	**-**
Profit receivable	6	**-**	**155,524**	**-**	**155,524**	**-**	**-**	**-**	**-**
Preliminary expenses and floatation cost	7	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Advance and deposits	8	**-**	**2,600**	**-**	**2,600**	**-**	**-**	**-**	**-**
		2,389,898	**7,097,431**	**-**	**9,487,329**	**-**	**2,389,898**	**-**	**2,389,898**
Financial liabilities - not measured at fair value	22.2								
Payable to the AL Habib Asset 'Management Limited - Management Company	15	-	-	**2,560**	**2,560**	-	-	-	**-**
Payable to Central 'Depository Company of 'Pakistan Limited - Trustee	9	-	-	**525**	**525**	-	-	-	**-**
Accrued expenses and other liabilities	12	-	-	**1,187**	**1,187**	-	-	-	**-**
		-	**-**	**4,272**	**4,272**	**-**	**-**	**-**	**-**

		Carrying amount				Fair value			
		Fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 June 2021	Note	(Rupees in '000)							
Financial assets - measured at fair value									
Investments	5	6,623,124	-	-	6,623,124	-	6,623,124	-	6,623,124
Financial assets - not measured at fair value	22.2								
Bank balances and Term deposits receipts	4	-	7,291,766	-	7,291,766	-	-	-	-
Profit receivable	6	-	181,197	-	181,197	-	-	-	-
Receivable against sale of investment		-	78,914	-	78,914	-	-	-	-
Preliminary expenses and floatation cost	7	-	189	-	189	-	-	-	-
Advance and deposits	8	-	2,600	-	2,600	-	-	-	-
		6,623,124	7,554,666	-	14,177,790	-	6,623,124	-	6,623,124
Financial liabilities - not measured at fair value	22.2								
Payable to the AL Habib Asset 'Management Limited - Management Company	15	-	-	10,696	10,696	-	-	-	-
Payable to Central 'Depository Company of 'Pakistan Limited - Trustee	9	-	-	1,189	1,189	-	-	-	-
Provision for Sindh Workers' Welfare Fund	11	-	-	24,627	24,627	-	-	-	-
Accrued expenses and other liabilities	12	-	-	665	665	-	-	-	-
		-	-	37,177	37,177	-	-	-	-

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

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

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

22.3 Net assets attributable to unit holders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the Fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unit holders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

23 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the year ended 30 June 2022 is 0.80% which include 0.09% representing government levies and SECP fee.This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

24 PATTERN OF UNIT HOLDING

Unit holding pattern of the fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	**328**	**20,447,235**	**2,059,037**	**24.46%**
Associated Companies and Directors	**1**	**250,421**	**25,217**	**0.30%**
Retirement Funds	**6**	**490,865**	**49,430**	**0.59%**
Others	**26**	**62,403,754**	**6,284,194**	**74.65%**
	361	**83,592,275**	**8,417,878**	**100.00%**

Unit holding pattern of the fund as at 30 June 2021 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	280	10,402,574	1,046,083	7.40%
Associated Companies and Directors	7	3,142,444	316,004	2.24%
Retirement funds	2	39,782	4,000	0.03%
Others	24	126,927,494	12,763,690	90.33%
	313	140,512,294	14,129,777	100.00%

25 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Broker name	2022 (Percentage)	2021 (Percentage)
Next Capital Limited	**49.38%**	45.48%
AL Habib Capital (Pvt) Ltd	**41.17%**	34.22%
JS Global Capital Ltd	**4.90%**	6.88%
Invest One Market (Pvt) Ltd	**3.91%**	9.07%
BMA Capital Management Ltd	**0.64%**	0.00%
Optimus Market Pvt Ltd	**0.00%**	3.32%
BIPL Securities Ltd	**0.00%**	0.62%
Arif Habib Ltd	**0.00%**	0.41%
	100.00%	100.00%

26 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company	CA- Affiliate	22
Mr. Ahmed Abbas	Fund Manager	MBA	14
Mr. Muhammad Tahir	Risk Officer	BBA	5

26.1 Mr. Ahmed Abbas is also Fund Manager of AL Habib Cash Fund (Formerly First Habib Cash Fund) and AL Habib Income Fund (Formerly First Habib Income Fund), AL Habib Money Market Fund, AL Habib Islamic Cash Fund and AL Habib Islamic Savings Fund.

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting(s) not attended
	Held	Attended	Leave	
Mr. Abbas D.Habib	4	4	0	-
Mr. Mansoor Ali Khan	4	4	0	-
Mr. Saeed Allawala	4	4	0	-
Ms. Zarine Aziz	4	1	3	91st, 93rd and 94th Meeting
Mr. Imran Azim	4	3	1	92nd
Mr. Kashif Rafi	4	4	0	-

28 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised Cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	**6,939,307**	**-**	**6,939,307**
Investment	**-**	**2,389,898**	**2,389,898**
Advances, deposits and other receivables	**2,600**	**-**	**2,600**
	6,941,907	**2,389,898**	**9,331,805**
Financial Liabilities			
Payable to the Management Company	**2,560**	**-**	**2,560**
Payable to Central Depository Company of Pakistan Limited - Trustee	**525**	**-**	**525**
Accrued expenses and other payables	**1,187**	**-**	**1,187**
	4,272	**-**	**4,272**

	30 June 2021		
	At Amortised cost	At fair value through profit and loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	3,041,766	-	3,041,766
Investment	-	6,623,124	6,623,124
Advances, deposits and other receivables	2,600	-	2,600
	3,044,366	6,623,124	9,667,490

	30 June 2021		
	At Amortised cost	At fair value through profit and loss	Total
	---------- (Rupees in '000) ----------		
Financial Liabilities			
Payable to the Management Company	10,696	-	10,696
Payable to Central Depository Company of Pakistan Limited - Trustee	1,189	-	1,189
Accrued expenses and other payables	665	-	665
	12,550	-	12,550

29 GENERAL

29.1 Corresponding figures

29.1.1 Corresponding figures have been re-classified and re-arranged in these financial statements, whenever necessary to facilitate comparison and to conform with changes in presentation in the current year.

29.1.2 Accounting income available for distribution as reported in the last year's income statement has been adjusted to reflect a reclassification between "income relating to capital gains" and " income excluding capital gains " as follows:

	As previously reported	Adjusted
Accounting income available for distribution:	(Rupees in '000)	
Income relating to capital gains	-	49,164
Income excluding capital gains	683,132	633,968
	683,132	**683,132**

29.2 Date of authorisation for issue

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 29,2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instruments while taking into account liquidity considerations.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHIIF maintained strategy to get exposure in broadly diversified portfolio of high quality shariah complaint fixed and floater rate instrument. Such investments include Shariah Complaint Government securities (GOP Ijarah Sukuk), Banks Deposits/Placements and Corporate Sukuks.

Fund Description

Fund Type & Category	Open ended - Shariah Compliant Income Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	January 23, 2017	**Management Fee**	Up to 10% of the gross earnings of the Scheme
Benchmark	Average of the six months profit rates of three Islamic Banks/ licensed Islamic Banking window of conventional banks having long term credit of A or higher, as selected by MUFAP	**Sales Load**	3.00% (Management has the discretion to reduce or waive load on any transaction)
Annual Return	8.99% p.a	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	3.34% p.a	**Dealing Days/Timings**	Monday to Friday 9:00 am to 4:30 pm
Net Assets	Rs. 8.42 billion (June 30, 2022)	**Fund Stability Rating**	"AA (f)" by PACRA
NAV per unit	Rs. 100.7016 per unit (June 30, 2022)	**AMC Rating**	"AM2+" by PACRA
Pricing Mechanism	Forward Pricing	**Trustee**	Central Depository Company of Pakistan Limited.
Risk Profile	Medium (Principal at medium risk)		

Market Review:

The Fiscal Year 2022 (FY22) sailed with a stable outlook after a V-shaped recovery in Fiscal Year 2021. The economy grew by 5.97% in FY22 as against a growth of 5.70% in FY21. Inflation and external outlook remained largely stable in the first quarter of FY22. However, rapid pace in Global economies growth post pandemic built pressure on commodities prices across the globe posing a threat to Pakistan's economy. This led SBP to a modest tightening in the monetary policy in first quarter FY 2022 by elevating policy rate by 25bps to 7.25%. SBP further revealed that a timely action would be taken in view of external balance and inflation outlook, wherein SBP raised a total of 275bps in policy rate till December 2021 to 9.75%.

The second half of the FY22 brought challenges to the country on both economic and political front. The Russian-Ukraine war led to sharp increase in commodities and oil prices which adversely impacted Pakistan's external balances on account of rising import. Food and energy import brought a sharp spike in inflation which necessitated SBP to further tight the monetary policy to mitigate the impact of inflation. SBP aggressively increased policy rate by 400 bps in the second half of FY22, a total of 675 bps in FY22 to 13.75%. Yield in secondary market witness a steep volatility whereby short term yield surpassed policy rate by more than 200bps and were trading at close to 15.73%. To contain the secondary market yields, SBP conducted several long tenor OMOs to inject liquidity in the market. Political uncertainty engulfed the country after a vote of no confidence was passed and a new collation government was formed. This uncertainty led to sharp depreciation of PKR against dollar whereby PKR lost around 11% in span of less than 3 months to close at PKR 204.84 per dollar. Cumulatively the PKR depreciated by 30% against the dollar in FY22.

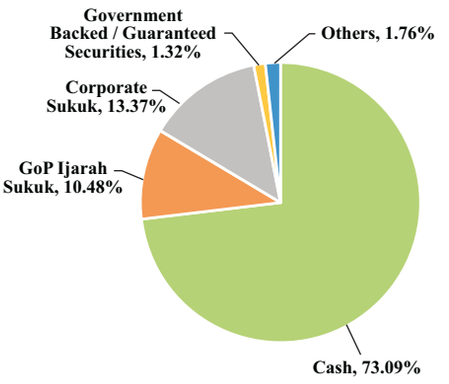
Due to commodities super cycle, current account deficit increased to USD 17.32 billion in FY22 as against USD 2.82 billion in the same period last year (SPLY). However, due to pace in economic activities, balance in overall trade deficit increased to USD 39.57 billion in FY22 as against USD 28.63 billion in SPLY. Pakistan's total debt increased by 23.39% to Rs. 49.19 trillion in FY22 as compared to Rs. 39.86 trillion recorded in SPLY. Fiscal and Primary balance recorded a deficit of 8.2% and 3.2% of GDP respectively for the fiscal year 2022. Debt to GDP ratio increased to 76.9% in FY22 as compared to 71.8% in FY21.

Average Consumer Price Index (CPI) during the year remained at 12.09% with major contribution in inflation from the second half of FY22 on account of expensive import of food and energy. The net Foreign Direct Investment and Workers' Remittances for the year under review stood at USD 1.87 billion and USD 31.24 billion respectively as compared to USD 1.82 billion and USD 29.45 billion respectively during SPLY. Foreign exchange reserves of the country plunged to USD 15.53 billion in June 2022 as compared to USD 24.40 billion in June 2021.

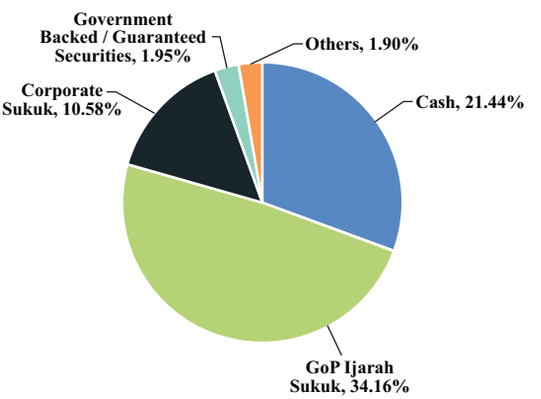
PKRV Rates			
Tenor	**As at June 30, 2022**	**As at June 30, 2021**	**Change**
3 Months	14.98	7.28	7.70
6 Months	15.15	7.53	7.62
12 Months	15.30	7.81	7.49
3 Years	13.45	8.99	4.46
5 Years	13.93	9.49	3.44
5 Years	13.92	9.94	2.98

Policy Rate		
Date	**Policy Rate**	**Change (Bps)**
September 20, 2021	7.25	25
November 19, 2021	8.75	150
December 14, 2021	9.75	100
April 08, 2022	12.25	250
May 24, 2022	13.75	150

Asset Allocation (%age of Total Asset) June 30, 2022



Asset Allocation (%age of Total Asset) June 30, 2021



Income Distribution

AHIIF made a total distribution of Rs. 8.6172 during FY22 in the form of dividend, the details of which is as follows;

Month	Cum Nav Rs.	EX-NAV Rs.	Distribution Rs.
Nov-21	103.1649	100.4918	2.6731
Dec-21	100.8175	100.4918	0.3257
Mar-22	103.0738	100.4918	2.582
Jun-22	103.5282	100.4918	3.0364

Sales and Redemptions of Units

During the period, 217,714,693 units valued Rs. 22.28 billion were sold while 274,634,712 units valued Rs. 28.06 Billion were redeemed resulting in to a net redemption of 56,920,019 units valued Rs. 5.78 billion.

Unit Holder Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 24 of the Annual Accounts 2022.

Fund Performance at a Glance

	2022	2021
Net Assets as at June 30 (Rs. in million)	8,418	14,130
NAV per unit as at June 30 (Rs.)	100.7016	100.5590
Distribution during the year ended June 30 (Rs.)	8.6172	6.1992
Annual Return	8.99%	6.57%

AL HABIB ISLAMIC STOCK FUND
(Formerly: First Habib Islamic Stock Fund)
Annual Report

For the year ended June 30, 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2+ Management Company Quality Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Islami Pakistan Limited
MCB Bank Limited
National Bank of Pakistan Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ISLAMIC STOCK FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Islamic Stock Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022



REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Advisor of the **AL Habib Islamic Stock Fund (AHISF)** (*Formerly First Habib Islamic Stock Fund*), I am issuing this report. The scope of the report is to express an opinion on the Shariah compliance of the fund's activities.

It is the responsibility of the management of aforesaid fund to establish and maintain a system of internal control to ensure compliance with Shariah guidelines. My responsibility is to express an opinion, based on my 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, I hereby certify that:

- I reviewed and approved the modes of investment of AHISF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of AHISF 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 AHISF for the period from July 01, 2021 to June 30, 2022 have been in compliance with Shariah principles.

Mufti Ismatullah
Shariah Advisor

Date: June 30, 2022

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Chartered Accountants
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Pakistan

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Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Reasonable Assurance Report to the Participants in respect of Shariah Compliance

1. Introduction

We were engaged by the Board of Directors of Al Habib Asset Management Limited (the Fund Manager) to report on the Shariah compliance of **Al Habib Islamic Stock Fund** (the Fund), as set out in the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments for the year ended **30 June 2022**, in the form of an independent reasonable assurance conclusion. Our engagement was carried out as required under clause 11.4 of trust deed of the Fund.

2. Applicable Criteria

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

3. Responsibilities of the Fund Manager

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

4. Our Independence and Quality Control

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

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

This engagement was conducted by a multidisciplinary team including assurance practitioners and internal Shariah expert.

5. Our Responsibility and Summary of Work Performed

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

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

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

Amongst others, our scope included procedures to:

- Check compliance of Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments.
- Check that the Shariah Advisor has certified that all the provisions of the scheme and investments made by the Fund for the year ended 30 June 2022 are in compliance with the Shariah principles.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

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

6. **Conclusion**

In our opinion, the Fund was, in all material respects, in compliance with the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments during the year ended 30 June 2022.

Date: 29 September 2022
Karachi

Signature
Chartered Accountants

Arsalan Khalid
Assurance Engagement Partner

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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **AL Habib Islamic Stock Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2022**, and the income statement, statement of comprehensive income, cash flows statement and statement of 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 give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Equity investments	
As disclosed in note 5 to the accompanying financial statements of the Fund for the year ended 30 June 2022, the investments held by the Fund comprised of listed shares which represent significant portion of the total assets of the Fund as at the year end. In view of the above, we have considered this area as a key audit matter.	We performed a combination of audit procedures focusing on the existence and valuation of investments. Our key procedure included the following: - We obtained an understanding of fund's process over acquisition, disposals and periodic valuation of investment portfolio and evaluated / tested controls in those areas for the purpose of our audit. - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement, related reconciliations and re-performance of investment valuations on the basis of quoted market prices at the Pakistan Stock Exchange Limited as at 30 June 2022. - We assessed the Fund's compliance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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 investments 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.

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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matter

The financial statements of the Fund for the year ended 30 June 2021 were audited by another firm of chartered accountants who expressed an unmodified opinion thereon in the audit report dated 22 September 2021.

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

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191uc8qNUVId

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Assets			
Bank balances	4	**65,078**	775
Investments	5	**209,810**	284,794
Dividend and profit receivable	6	**1,126**	1,969
Receivable against sale of investments		**24,675**	2,366
Receivable against issuance of units	19	**48**	1,200
Advances, deposits, prepayments and other receivables	7	**5,681**	2,936
Total assets		**306,418**	294,039
Liabilities			
Payable to AL Habib Asset Management Limited - Management Company	15	**707**	580
Provision for Federal Excise Duty on remuneration of the Management Company	8	**1,478**	1,478
Payable to Central Depository Company of Pakistan Limited - Trustee	9	**67**	57
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	**65**	39
Provision for Sindh Workers' Welfare Fund	11	**-**	935
Accrued expenses and other liabilities	12	**1,356**	2,581
Total liabilities		**3,673**	5,671
Net assets		**302,745**	288,368
Unit holders' Fund (as per statement attached)		**302,745**	288,368
Contingencies and commitments	13		
		(Number of units)	
Number of units in issue (Face value of units is Rs. 100 each)		**4,062,928**	3,639,543
		(Rupees)	
Net asset value per unit		**74.51**	79.23

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on bank deposits	14	**3,334**	1,071
Dividend income		**22,806**	10,352
Profit on Cash Margin deposit with NCCPL		**85**	-
Net (loss) / gain on investments classified at fair value through profit or loss			
- Net capital (loss) / gain on sale of investments		**(21,461)**	11,033
- Net unrealised (loss) / gain on revaluation of investments	5.1	**(20,063)**	6,765
		(41,524)	17,798
Total (loss) / income		**(15,299)**	29,221
Expenses			
Remuneration of AL Habib Asset Management Limited - Management Company	15	**6,555**	3,935
Sindh Sales Tax on Management Company's remuneration	15.1	**853**	512
Expenses allocated by the Management Company	16	**150**	201
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	**656**	393
Sindh Sales Tax on Trustee's remuneration	9.1	**86**	51
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	**66**	39
Brokerage expense		**1,393**	839
Settlement and bank charges		**423**	507
Annual listing fee		**30**	25
Auditor's remuneration	17	**465**	484
Mutual fund rating fee		**-**	132
Printing charges		**65**	267
Charity expense		**487**	291
Total expenses		**11,229**	7,677
		(26,528)	21,544
Net (loss) / income from operating activities			
Reversal / (Provision) for Sindh Worker's Welfare Fund		**935**	(431)
Net (loss) / income for the year before taxation		**(25,593)**	21,113
Taxation	18	**-**	-
Net (loss) / income for the year after taxation		**(25,593)**	21,113
Allocation of net income for the year after taxation			
Net Income for the year after taxation		**-**	21,113
Income already paid on units redeemed		**-**	(11,532)
		-	9,581
Accounting income available for distribution:	29.1.2		
Relating to capital gains		**-**	17,798
Excluding capital gains		**-**	(8,217)
		-	9,581

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

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

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	**(25,593)**	21,113
Other comprehensive income for the year	**-**	-
Total comprehensive (loss) / income for the year	**(25,593)**	21,113

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Note	(Rupees in '000)					
Net assets at beginning of the year	**320,463**	**(32,095)**	**288,368**	141,398	(37,993)	103,405
Issuance of 4,085,082 units (2021: 5,405,933 units)						
- Capital value	**323,661**	**-**	**323,661**	353,870	-	353,870
- Element of Income	**2,047**	**-**	**2,047**	93,003	-	93,003
Amount received on issuance of units	**325,708**	**-**	**325,708**	446,873	-	446,873
Redemption of 3,661,697 units (2021: 3,244,269 units)						
- Capital value	**(290,116)**	**-**	**(290,116)**	(226,997)	-	(226,997)
- Element of income / (loss)	**4,378**	**-**	**4,378**	(40,811)	(11,532)	(52,343)
Amount paid on redemption of units	**(285,738)**	**-**	**(285,738)**	(267,808)	(11,532)	(279,340)
Total comprehensive (loss) / income for the year	**-**	**(25,593)**	**(25,593)**	-	21,113	21,113
interim distribution for the year ended 30 June 2022:						
Rs. Nil per units [2021: Rs.9.50/- per unit declared]	**-**	**-**	**-**	-	(3,683)	(3,683)
Net (loss) / income for the year less distribution	**-**	**(25,593)**	**(25,593)**	**-**	17,430	17,430
Net assets at end of the year	**360,433**	**(57,688)**	**302,745**	320,463	(32,095)	292,051
Undistributed (loss) brought forward						
- Realised loss		**(38,860)**			(36,280)	
- Unrealised gain / (loss)		**6,765**			(1,713)	
		(32,095)			(37,993)	
Accounting income available for distribution: 29.1.2						
- Relating to capital gains		**-**			17,798	
- Excluding capital gains		**-**			(8,217)	
Net loss for the year after taxation		**(25,593)**			9,581	
interim distribution for the year ended 30 June 2022:						
Rs. Nil per units (2021: Rs.9.50/- per unit declared)		**-**			(3,683)	
Undistributed loss carried forward		**(57,688)**			(32,095)	
Undistributed loss carried forward comprises of:						
- Realised loss		**(57,688)**			(38,860)	
- Unrealised gain		**-**			6,765	
		(57,688)			(32,095)	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		**79.23**			69.97	
Net assets value per unit at end of the year		**74.51**			79.23	

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	**Chief Financial Officer**	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		**(25,593)**	21,113
Adjustments for:			
Profit on bank deposits		**(3,334)**	(1,071)
Dividend income		**(22,806)**	(10,352)
Profit on Cash Margin deposit with NCCPL		**(85)**	-
Net unrealised loss / (gain) on revaluation of investments	5.1	**20,063**	(6,765)
		(31,755)	2,925
Decrease / (increase) in assets			
Investments		**54,919**	(202,224)
Receivable against sale of investments		**(22,309)**	(2,366)
Receivable against issuance of units		**1,152**	(1,200)
Advances, deposits, prepayments and other receivables		**(2,745)**	200
		31,017	(205,590)
Decrease in liabilities			
Payable to AL Habib Asset Management Limited - Management Company		**127**	133
Payable to Central Depository Company of Pakistan Limited - Trustee		**10**	36
Payable to Securities and Exchange Commission of Pakistan (SECP)		**26**	19
Provision for Sindh Workers' Welfare Fund		**(935)**	431
Payable against purchase of investment		**-**	(12,705)
Accrued expenses and other liabilities		**(1,225)**	1,672
		(1,997)	(10,414)
Profit on bank deposits received		**2,259**	1,076
Dividend income received		**24,724**	8,495
Profit on Cash Margin deposit with NCCPL received		**85**	-
Net cash generated from / (used in) operating activities		**24,333**	(203,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of units		**325,708**	446,873
Payments on redemption of units		**(285,738)**	(279,340)
Dividend paid during the year		**-**	(3,683)
Net cash flows generated from financing activities		**39,970**	163,850
Net increase / (decrease) in cash and cash equivalents during the year		**64,303**	(39,658)
Cash and cash equivalents at beginning of the year		**775**	40,432
Cash and cash equivalents at end of the year		**65,078**	775
Cash and cash equivalents comprise of:			
Bank balances	4	**65,078**	775

The annexed notes 1 to 29 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Islamic Stock Fund (Formerly: First Habib Islamic Stock Fund) (the Fund) was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 24 November 2011 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 03 November 2011 under under Rule 67 of the Non- banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). 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 15 October 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 undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the Management Company is situated at 3rd floor, Mackinnons Building, I, I Chundrigar Road Karachi, Pakistan.

1.3 The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.4 The Fund revised its investment objectives in order to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws. Previously, the Fund has been investing to provide reasonable rate of return consistent with reasonable concern for safety of principal amount to the unit holders, along with facility to join or leave the Fund at their convenience. The management team would seek to enhance returns through active portfolio management using efficiency tools.

1.5 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company .

1.6 The Fund has been categorized as an Open - End Shariah Compliant Equity Scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

Title of the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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 and 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 and the NBFC Regulations and requirements of the Trust Deed have been followed.

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.3 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets and provision under uncertain circumstances such as taxes recoverable and Federal Excise Duty payable on remuneration of management company as disclosed in notes 07 and 08 respectively.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments are required to be stated at fair value.

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded to the nearest thousand rupees.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

3.2.3 Business model assessment

"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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated October 24, 2012. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV rates) which are based on the remaining tenure of the securities.

c) Equity securities

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

3.2.6 Reclassifications

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

"A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Unit holders' Fund

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.6 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP), the refund of capital is made in the form of additional units at zero price.

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

3.7 Net asset value - per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Taxation

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

The Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.9 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.
- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at fair value through profit or loss ' are included in the Income Statement in the year in which they arise.

3.10 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.11 Expenses

All expenses including management's fee, trustee's fee and annual fee of SECP are recognised in the Income Statement on an accrual basis.

3.12 Provisions

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

3.13 Distribution

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

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

3.14 Earnings per unit (EPU)

Earnings Per Unit (EPU) has not been disclosed as in the opinion of the Management, determination of weighted average units for calculating EPU is not practicable.

4 BANK BALANCES

	Note	2022	2021
		(Rupees in '000)	
Savings accounts	4.1	**64,939**	685
Current accounts		**139**	91
		65,078	775

4.1 The profit rates effective at year end on these accounts range from 10.00% to 15.50% (30 June 2021: 4.00% to 6.95%) per annum. It includes balance of Rs. 12.19 million (30 June 2021: Rs 0.07 million) with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at year end is 15.50% (30 June 2021: 6.50%) per annum.

5 INVESTMENTS

	Note	2022	2021
		(Rupees in 000)	
At fair value through profit or loss:			
Quoted equity securities	5.1	**209,810**	284,794

5.1 Quoted equity securities

Name of the Investee	Note	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Cost / carrying value as at 30 June 2022	Market value as at 30 June,2022	Unrealised gain / (loss)	Market value as a percentage of Net assets	Market value as a percentage of Total investment	Paid up capital of investee company (with face value of investment)
		(Number of shares)					(Rupees in '000)			(%)		
COMMERCIAL BANKS												
Meezan Bank Limited	5.1.1	357,948	166,252	37,800	199,000	363,000	40,750	41,012	262	13.55%	19.55%	0.03%
Bank Islami Pakistan Limited	5.1.1	-	1,935,000	-	486,500	1,448,500	20,299	17,440	(2,859)	5.76%	8.31%	1.45%
		357,948	**2,101,252**	**37,800**	**685,500**	**1,811,500**	**61,049**	**58,452**	**(2,597)**	**19.31%**	**27.86%**	**1.48%**
CHEMICALS												
Archroma Pakistan Limited		4,900		-	4,900	-	-	-	-	0.00%	0.00%	0.00%
Berger Paints Pakistan Limited		34,500	-	-	34,500	-	-	-	-	0.00%	0.00%	0.00%
Engro Polymer & Chemicals Limited		271,000	135,000	-	336,000	70,000	4,215	5,574	1,359	1.84%	2.66%	0.01%
ICI Pakistan Limited	5.1.1	6,050	-	-	6,050	-	-	-	-	0.00%	0.00%	0.00%
Dynea Pakistan Limited		-	12,000	-	-	12,000	3,569	2,088	(1,481)	0.69%	1.00%	0.13%
		316,450	**147,000**	**-**	**381,450**	**82,000**	**7,784**	**7,662**	**(122)**	**2.53%**	**3.66%**	**0.14%**
FERTILIZER												
Engro Fertilizers Limited		90,500	204,500	-	160,000	135,000	11,592	11,966	374	3.95%	5.70%	0.01%
Engro Corporation Limited		58,040	53,960	-	71,000	41,000	11,523	10,541	(982)	3.48%	5.02%	0.01%
		148,540	**258,460**	**-**	**231,000**	**176,000**	**23,115**	**22,507**	**(608)**	**7.43%**	**10.72%**	**0.02%**
CEMENT												
Cherat Cement Company Limited		8,000	96,000	-	81,000	23,000	3,165	2,140	(1,025)	0.71%	1.02%	0.01%
D.G. Khan Cement Company Limited		43,000	-	-	43,000	-	-	-	-	0.00%	0.00%	0.00%
Kohat Cement Company Limited		6,800	49,000	-	40,800	15,000	2,641	1,952	(689)	0.64%	0.93%	0.01%
Lucky Cement Limited		41,683	29,000	-	70,683	-	-	-	-	0.00%	0.00%	0.00%
Maple Leaf Cement Factory Limited		331,500	720,000	-	931,500	120,000	4,332	3,282	(1,050)	1.08%	1.56%	0.01%
Attock Cement Pakistan Limited		28,000		-	28,000	-	-	-	-	0.00%	0.00%	0.00%
Gharibwal Cement Limited		12,500	132,000	-	-	144,500	4,073	2,818	(1,255)	0.93%	1.34%	0.04%
Power Cement Limited		525,000	-	-	525,000	-	-	-	-	0.00%	0.00%	0.00%
Pioneer Cement Limited		-	45,000	-	35,000	10,000	891	603	(288)	0.20%	0.29%	0.00%
Fauji Cement Company Limited		-	905,000	-	705,000	200,000	3,639	2,834	(805)	0.94%	1.35%	0.01%
Bestway Cement Limited		-	20,000	-	2,000	18,000	2,628	2,285	(343)	0.75%	1.09%	0.00%
		996,483	**1,996,000**	**-**	**2,461,983**	**530,500**	**21,369**	**15,914**	**(5,455)**	**5.25%**	**7.58%**	**0.08%**
POWER GENERATION & DISTRIBUTION												
Hub Power Company Limited		-	115,000	-	115,000	-	-	-	-	0.00%	0.00%	0.00%
		-	**115,000**	**-**	**115,000**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
ENGINEERING												
International Steels Limited		40,000	60,000	-	90,000	10,000	721	594	(127)	0.20%	0.28%	0.01%
Mughal Iron & Steel Industries Limited		26,680	105,000	1,752	106,243	27,189	2,188	1,567	(621)	0.52%	0.75%	0.01%
Aisha Steel Mills Limited		-	120,000	-	120,000	-	-	-	-	0.00%	0.00%	0.00%
International Industries Limited		-	7,000	-	7,000	-	-	-	-	0.00%	0.00%	0.00%
		66,680	**292,000**	**1,752**	**323,243**	**37,189**	**2,909**	**2,161**	**(748)**	**0.72%**	**1.03%**	**0.02%**
TECHNOLOGY & COMMUNICATION												
System Limited		-	45,600	3,100	30,500	18,200	6,864	6,003	(861)	1.98%	2.86%	0.01%
Avanceon Limited		-	95,000	15,000	110,000	-	-	-	-	0.00%	0.00%	0.00%
Octopus Digital Limited		-	91,661	-	91,661	-	-	-	-	0.00%	0.00%	0.00%
Air Link Communication		-	225,000	16,875	93,000	148,875	9,902	6,013	(3,889)	1.99%	2.87%	0.04%
		-	**457,261**	**34,975**	**325,161**	**167,075**	**16,766**	**12,016**	**(4,750)**	**3.97%**	**5.73%**	**0.05%**
FOOD & PERSONAL CARE PRODUCTS												
At-Tahur Limited.		-	101,500	-	10,500	91,000	2,538	1,735	(803)	0.57%	0.83%	0.05%
		-	**101,500**	**-**	**10,500**	**91,000**	**2,538**	**1,735**	**(803)**	**0.57%**	**0.83%**	**0.05%**
AUTOMOBILE ASSEMBLERS												
Atlas Honda Limited		6,800	-	-	6,800	-	-	-	-	0.00%	0.00%	0.00%
Millat Tractors Limited		3,900	-	-	3,900	-	-	-	-	0.00%	0.00%	0.00%
Sazgar Engineering Works Limited		-	75,000	-	75,000	-	-	-	-	0.00%	0.00%	0.00%
		10,700	**75,000**	**-**	**85,700**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
AUTOMOBILE PARTS & ACCESSORIES												
Panther Tyres Limited		15,104	-	-	15,104	-	-	-	-	0.00%	0.00%	0.00%
		15,104	**-**	**-**	**15,104**	**-**	**-**	**-**	**-**	**0.00%**	**0.00%**	**0.00%**
SOFTWARE & COMPUTER SERVICES												
Netsol Tech Limited.		-	50,000	-	32,000	18,000	1,882	1,795	(87)	0.59%	0.86%	0.00%
		-	**50,000**	**-**	**32,000**	**18,000**	**1,882**	**1,795**	**(87)**	**0.59%**	**0.86%**	**0.00%**
PAPER & BOARD												
Century Paper & Board Mills Limited		38,000	-	5,700	18,000	25,700	2,728	1,588	(1,140)	0.52%	0.76%	0.01%
Packages Limited		8,800	-	-	8,800	-	-	-	-	0.00%	0.00%	0.00%
Security Papers Limited		4,000	-	-	4,000	-	-	-	-	0.00%	0.00%	0.00%
		50,800	**-**	**5,700**	**30,800**	**25,700**	**2,728**	**1,588**	**(1,140)**	**0.52%**	**0.76%**	**0.01%**
OIL & GAS EXPLORATION COMPANIES												
Mari Petroleum Company Limited		23,880	6,380	-	21,360	8,900	14,527	15,484	957	5.11%	7.38%	0.01%
Oil & Gas Development Company Limited		89,500	230,500	-	180,000	140,000	12,695	11,014	(1,681)	3.64%	5.25%	0.00%
Pakistan Oilfields Limited		28,726	66,274	-	20,000	75,000	28,943	30,436	1,493	10.05%	14.51%	0.03%
Pakistan Petroleum Limited	5.1.1	97,310	235,000	-	242,310	90,000	6,878	6,076	(802)	2.01%	2.90%	0.00%
		239,416	**538,154**	**-**	**463,670**	**313,900**	**63,043**	**63,010**	**(33)**	**20.81%**	**30.04%**	**0.04%**

	Note	As at 01 July 2021	Purchased during the year	Bonus / right issue	Sold during the year	As at 30 June 2022	Cost / carrying value as at 30 June 2022	Market value as at 30 June,2022	Unrealised gain / (loss)	Market value as a percentage of Net assets	Market value as a percentage of Total investment	Paid up capital of investee company (with face value of investment)
		(Number of shares)					(Rupees in '000)			(%)		
OIL & GAS MARKETING COMPANIES												
Attock Petroleum Limited		8,000	5,000	-	9,500	3,500	1,084	1,125	41	0.37%	0.54%	0.00%
Pakistan State Oil Company Limited		39,760	11,000	-	38,760	12,000	2,414	2,062	(352)	0.68%	0.98%	0.00%
Sui Northern Gas Pipeline Limited		15,000	-	-	15,000	-	-	-	-	0.00%	0.00%	0.00%
		62,760	**16,000**	**-**	**63,260**	**15,500**	**3,498**	**3,187**	**(311)**	**1.05%**	**1.52%**	**0.00%**
TEXTILE COMPOSITE												
Feroze1888 Mills Limited		37,500	7,500	-	45,000	-	-	-	-	0.00%	0.00%	0.00%
Feroze1888 Mills Limited - Right		-	1,350	-	1,350	-	-	-	-	0.00%	0.00%	0.00%
Interloop Limited		134,500	34,500	3,570	128,594	43,976	3,049	2,683	(366)	0.89%	1.28%	0.01%
Kohinoor Textile Mills Limited		47,500	1,500	-	35,000	14,000	1,053	700	(353)	0.23%	0.33%	0.00%
Nishat Mills Limited		48,700	-	-	48,700	-	-	-	-	0.00%	0.00%	0.00%
		268,200	**44,850**	**3,570**	**258,644**	**57,976**	**4,102**	**3,383**	**(719)**	**1.12%**	**1.61%**	**0.01%**
PHARMACEUTICALS												
Abbott Laboratories (Pakistan) Limited		900	8,400	-	4,800	4,500	3,298	2,946	(352)	0.97%	1.40%	0.00%
Highnoon Laboratories Limited		-	13,200	-	3,700	9,500	5,674	5,034	(640)	1.66%	2.40%	0.02%
		900	**21,600**	**-**	**8,500**	**14,000**	**8,972**	**7,980**	**(992)**	**2.63%**	**3.80%**	**0.02%**
GLASS & CERAMICS												
Shabbir Tiles & Ceramics Limited		65,000	50,000	-	22,000	93,000	2,429	1,361	(1,068)	0.45%	0.65%	0.06%
Tariq Glass Industries Limited		-	175,000	-	119,150	55,850	6,420	5,796	(624)	1.91%	2.76%	0.04%
		65,000	**225,000**	**-**	**141,150**	**148,850**	**8,849**	**7,157**	**(1,692)**	**2.36%**	**3.41%**	**0.10%**
REFINERY												
Attock Refinery Limited		-	25,000	-	25,000	-	-	-	-	0.00%	0.00%	0.00%
National Refinery Limited		-	15,000	-	10,000	5,000	1,269	1,263	(6)	0.42%	0.60%	0.01%
		-	**40,000**	**-**	**35,000**	**5,000**	**1,269**	**1,263**	**(6)**	**0.42%**	**0.60%**	**0.01%**
Total as at 30 June 2022		**2,598,981**	**6,479,077**	**83,797**	**5,667,665**	**3,494,190**	**229,873**	**209,810**	**(20,063)**			
Total as at 30 June 2021		2,598,981	6,479,077	83,797	5,667,665	3,494,190	278,029	284,794	6,765			

5.1.1 Following shares are pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against exposure margin and mark to market losses.

	Note	2022	2021
		(Number of shares)	
Pakistan Petroleum Limited		**2,310**	5,000
ICI Pakistan Limited		**-**	1,000
Meezan Bank Limited		**90,000**	10,000
Packages Limited		**-**	1,500
Bank Islami Pakistan Limited		**500,000**	-
		592,310	17,500

6 DIVIDEND AND PROFIT RECEIVABLE

Profit receivable on savings accounts		**1,126**	51
Dividend receivable		**-**	1,918
		1,126	1,969

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security Deposit with Central Depository Company of Pakistan Limited		**100**	100
Security Deposit with National Clearing Company of Pakistan Limited		**2,500**	2,500
Cash Margin to National Clearing Company of Pakistan Limited		**2,700**	-
Advance tax	7.1	**381**	336
		5,681	2,936

7.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule to the ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). Prior to receiving tax exemption certificate(s) from CIR various withholding agents have deducted advance tax under section 150, 150A and 151 of ITO 2001. The management is confident that the same shall be refunded.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PROVISION FOR FEDERAL EXCISE DUTY ON REMUNERATION TO AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Honorable Sindh High Court (SHC) on 04 September 2013.

While disposing the above petition through order dated 16 July 2016 the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from 01 July 2016. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan (SCP), which is pending for decision.

Furthermore, the Finance Act 2016 also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are already subject to provincial sales tax. Therefore, in the current year, provision for FED has not been recorded.

However, since the appeal is pending in the Supreme Court of Pakistan, the Management Company, as a matter of abundant caution, is carrying provision for FED for the period from 01 July 2013 to 30 June 2016 aggregating to Rs. 1.478 million. Had the provision not been made, NAV per unit of the Fund as at 30 June 2022 would have been higher by Rs. 0.37 per unit (30 June 2021: Rs. 0.41) per unit.

9 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee has been calculated as per following applicable tariff during the year and 30 June 2021:

Average net assets (Rs. in million)	Tariff
Upto Rs. 1,000	0.2% per annum of net asset value.
Rs. 1,000 and above	Rs. 2 million plus 0.10% per annum of net assets on amount exceeding Rs. 1,000 million.

9.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Trustee remuneration charged during the year.

10 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with regulation 62 of the NBFC Regulations. The said rate of fee has been changed during the year, pursuant to S.R.O 685(I) 2019, dated 28 June 2019 with effect from 01 July 2019. The revised rate has been fixed at 0.02% (30 June 2021: 0.02%) of net assets.

11 PROVISION FOR SINDH WORKERS' WELFARE FUND

Sindh Revenue Board through its letter dated 12 August 2021 had intimated Mutual Fund Association of Pakistan (MUFAP) that the mutual funds do not qualify as financial institutions / industrial establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and has been taken up with the SECP and all the Asset Management Companies. In consultation with SECP, Asset Management Companies have reversed the cumulative provision for SWWF recognized in the financial statements of the funds on 13 August 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF. Accordingly, going forward no provision for SWWF would be recognized in the financial statements of the Fund.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)	2021
Auditors' remuneration		**327**	586
Printing charges		**78**	78
Charity payable	12.1	**398**	221
Brokerage payable		**438**	-
Withholding tax		**68**	548
Others		**47**	1,148
		1,356	2,581

12.1 Charity payable			
Opening balance		**221**	273
Charge for the year		**488**	291
Paid during the year		**(311)**	(343)
Closing balance		**398**	221

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2022 (30 June 2021: Nil)

14 PROFIT ON BANK DEPOSITS	Note	2022 (Rupees in '000)	2021
Savings accounts	14.1	**3,334**	1,071

14.1 It represents profit on deposits with Bank AL Habib Limited, a related party (ultimate parent) amounting to Rs. 0.04 million (30 June 2021: Rs. 0.035 million).

15 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

"As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration of an amount not exceeding 2% of average annual net assets in case of equity scheme. The Management Company has charged remuneration at the rate of 2% (30 June 2021: 2%) of average annual net assets.The remuneration is paid to the Management Company on monthly basis in arrears.

15.1 Sindh Sales Tax has been charged at 13% (30 June 2021: 13%) on the Management Company's charged during the year.

16 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015 the Management Company is entitled for reimbursement of fee and expenses in relation to registrar service, accounting, operation and valuation services related to Collected Investment Scheme (CIS).

During the year, Management Company has charged 0.150 Million (30 June 2021: 0.201 million) to the Fund.

17 AUDITOR'S REMUNERATION	2022 (Rupees in '000)	2021
Annual audit fee	**220**	264
Half yearly review fee	**131**	72
Fee for review report on Shariah compliance	**80**	78
Out of pocket expenses	**34**	36
Certification	**-**	34
	465	484

18 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Provided that for the purpose of determining distribution of at least 90% of accounting income, the income distributed through bonus shares, units or certificates as the case may be, shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. Since no distributable income has been earned by the Fund, therefore, no dividend has been distributed.

19 RECONCILIATION OF LIABILITIES ARISING OUT OF FINANCING ACTIVITIES

	Receivable against issuance of units	Payable against redemption of units	Total
	---------- (Rupees in '000) ----------		
Opening balance as at 01 July 2021	1,200	-	1,200
Receivable against issuance of units	325,708	-	325,708
Payable against redemption of units	-	(285,738)	(285,738)
	325,708	(285,738)	39,970
Amount received on issuance of units	(326,860)	-	(326,860)
Amount paid on redemption of units	-	285,738	285,738
	(326,860)	285,738	(41,122)
Closing balance as at 30 June 2022	**48**	**-**	**48**

20 TRANSACTIONS WITH CONNECTED PERSONS

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	AL Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Cash Fund (Formerly First Habib Cash Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties include directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above related parties.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

20.1 Details of the transactions with connected persons / related parties are as	2022 (Rupees in '000)	2021
Details of transactions with connected persons are as follows:		
AL Habib Asset Management Limited - Management Company		
Management remuneration (including Sindh Sales Tax)	**7,408**	4,447
Expenses allocated by the Management Company	**150**	201
Bank AL Habib Limited		
Profit on bank balance	**38**	36
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee (including Sindh Sales Tax)	**742**	444
Details of balances with connected persons at year end are as follows:		
Bank AL Habib Limited		
- Bank balance	**12,238**	73
- Profit receivable on savings account	**5**	4

	2022	2021
	(Rupees in '000)	
AL Habib Bank Asset Management Limited - Management Company		
- Remuneration payable to Management Company	**707**	580
- Federal Excise Duty payable	**1,478**	1,478
Central Depository Company of Pakistan Limited - Trustee		
- Remuneration payable (including Sindh Sales Tax)	**67**	57
- Security deposit - Non interest bearing	**100**	100

20.2 Sale / Redemption of units

	2022		2021	
	(Units)	(Rupees in '000)	(Units)	(Rupees in '000)
Units sold to:				
Management Company				
AL Habib Asset Management Limited	**941,212**	**74,542**	1,321,043	107,197
Other related parties				
- Directors of the Management Company	**36,111**	**2,963**	3,253,973	285,041
- Key executives	**12,224**	**998**	84,201	7,511
Units redeemed by:				
Management Company				
AL Habib Asset Management Limited	**814,193**	**64,534**	2,098,839	161,465
Other related parties				
- Directors of the Management Company	**36,067**	**2,887**	92,654	34,484
- Key executives	**11,801**	**973**	90,481	7,956
Units held by:				
Management Company				
AL Habib Asset Management Limited	**161,044**	**11,999**	34,025	2,696
Parent Company				
- Bank AL Habib Limited	**100,929**	**7,520**	100,929	7,997
Other related parties				
- Directors of the Management Company	**3,196,075**	**238,140**	3,169,923	251,159
- Key executives	**7,046**	**525**	301	24

21 RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The Fund primarily invests in shares of listed companies and near cash instruments. Such investments are subject to varying degrees of risk.

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, Rules, and Constitutive Documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

21.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year end it arises principally from bank balances, dividend and income receivables, receivable against sale of investments and deposits etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its offering document, the requirements of NBFC rules and NBFC Regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at year end is as follows:

	2022		2021	
	Statement of Assets and Liabilities	Maximum exposure	Statement of Assets and Liabilities	Maximum exposure
	(Rupees in '000)			
Bank balances	**65,078**	**65,078**	775	775
Investments	**209,810**	**-**	284,794	
Dividend and profit receivable	**1,126**	**1,126**	1,969	1,969
Receivable against sale of investments	**24,675**	**24,675**	2,366	2,366
Receivable against issuance of units	**48**	**48**	1,200	1,200
Advances, deposits, prepayments and other receivables	**5,300**	**5,300**	2,600	2,600
	306,037	**96,227**	293,704	8,910

Differences in the balances as per the Statement of Assets and Liabilities and maximum exposures in investments are due to the fact that investments of Rs. 209.81 million (30 June 2021 : 284.79 million) relates to investments in quoted equity securities which are not considered to carry credit risk.

Credit ratings and Collaterals

Details of the credit ratings of balances with the banks (including profit receivable) as at year end are as follows:

Ratings	2022	2021
	(Percentage)	
A+	**79.31%**	52.99%
AA	**0.09%**	7.28%
AAA	**20.60%**	39.73%
	100.00%	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Around 68.47% (30 June 2021: 96.85%) of the Fund's financial assets are in quoted equity investments which are not exposed to credit risk.

As at year end, the Fund's total credit risk was concentrated in the following industrial / economic sectors:

Sectors	2022	2021
	(Percentage)	
Banks (including bank profit due)	**93.00%**	24.11%
Financial services	**7.00%**	75.89%
	100.00%	100.00%

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired as at 30 June 2022.

Settlement risk

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

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

21.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).
Management of Liquidity Risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. The present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions have to be paid within a period of six days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment with in 90 days of such borrowings. No such borrowings have arisen during the year.

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.

Maturity analysis of financial liabilities

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.

The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

	2022			
	Carrying amount	Less than one month	More than one month and up to three months	More than three months and up to one year
	(Rupees in '000)			
Non- derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	**707**	**707**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**67**	**67**	**-**	**-**
Accrued expenses and other liabilities	**1,288**	**438**	**850**	**-**
	2,062	**1,212**	**850**	**-**
Unit holders' Fund	**302,745**	**302,745**	**-**	**-**

	2021			
	Carrying amount	Less than one month	More than one month and up to three months	More than three months and up to one year
	(Rupees in '000)			
Non- derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	580	580	-	-
Payable to Central Depository Company of Pakistan Limited-Trustee	57	57	-	-
Accrued expenses and other liabilities	2,033	-	2,033	-
	2,670	637	2,033	-
Unit holders' Fund	288,368	288,368	-	-

Above financial liabilities do not carry any mark-up.

21.3 Market risk

Market risk is the risk that the Fund's income or value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of Market Risk

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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP).The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Fund is exposed to interest rate and other price risk only.

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.

At year end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022	2021
	(Rupees in '000)	
Variable rate instruments		
Bank balances	**64,939**	685

a) Cash flow Sensitivity analysis for variable rate instruments

In case of change of 100 basis points in KIBOR on 30 June 2022, the net assets of the Fund would have been lower / higher by Rs. 0.65 million (2021: 0.006 million) with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

The composition of the Fund's financial instruments, interest rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in interest rates.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		2022			
	Profit (%)	Less than one month	Three months to one year	More than one year	Total
		(Rupees in '000)			
Assets					
Bank balances	**10.00%-15.50%**	**64,939**	**-**	**-**	**64,939**
Total assets		**64,939**	**-**	**-**	**64,939**

		2021			
	Profit (%)	Less than one month	Three months to one year	More than one year	Total
		(Rupees in '000)			
Assets					
Bank balances	4.00%-6.95%	685	-	-	685
Total assets		685	-	-	685

None of the Fund's financial liabilities are subject to interest rate risk.

Other price risk

Other price risk is the risk of unfavorable changes in the fair value of equity securities and units of mutual funds as a result of changes in the levels of respective indices and the value of individual securities. This arises from the investment held by the Fund for which prices in the future are uncertain. The Fund's policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines.

The Fund manages this risk by limiting its investment exposure in the following ways:

- 10% of NAV or index weight of a single security, subject to a maximum limit of 15%, whichever is higher.
- higher of 30% of NAV or index weight of a single stock exchange sector, subject to a maximum limit of 35% of NAV.

A summary analysis of local investments by industry sector, the percentage in relation to Fund's assets is presented in note 5.1 to these financial statements. Further, the Fund's policy requires that the overall Fund position is monitored on a daily basis by the Fund Manager and is reviewed on bi-monthly basis by the Investment Committee and by the Board of Directors in every meeting of the Board. Non - compliance with the Fund's investment policies is reported to the Board of Directors.

As at 30 June 2022 the fair value of equity securities exposed to price risk are disclosed in notes 5.1.

Sensitivity analysis

The following table illustrates the sensitivity of the Fund's net asset value attributable to unit holders and net profit for the year to change of 10% in the fair values of the Fund's investment in quoted equity securities as at 30 June 2022. This level of change is considered to be reasonably possible and represents management's best estimate of a reasonable possible shift in respective market indices and resulting increase/decrease in fair value of the Fund's investment in equity securities.

	2022	2021
	(Rupees in '000)	
Effect on income statement, net assets attributable to unit holders of an increase in index		
Quoted equity securities	**20,981**	28,479

A decrease of 10% would have equal but opposite effect to the amounts shown above, on the basis that all other variable remains same.

21.4 Unit Holders' Fund risk management

Management's objective when managing Unit holders' Fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum return to its unit holders and to ensure reasonable safety of Unit holders' Fund. The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market's conditions.

Under the NBFC Regulations, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. quoted equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
30 June 2022		**At fair value through profit or loss**	**Amortized cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Note	----------	----------	----------	**(Rupees in '000)**	----------	----------	----------	----------
Financial assets - measured at fair value									
Investments	5	**209,810**	**-**	**-**	**209,810**	**209,810**	**-**	**-**	**209,810**
Financial assets - not measured at fair value	22.1								
Bank balances	4	**-**	**65,078**	**-**	**65,078**	**-**	**-**	**-**	**-**
Dividend and profit receivable	6	**-**	**1,126**	**-**	**1,126**	**-**	**-**	**-**	**-**
Receivable against sale of investments	-	**-**	**24,675**	**-**	**24,675**	**-**	**-**	**-**	**-**
Receivable against issuance of units		**-**	**48**		**48**	**-**	**-**	**-**	**-**
Advances, deposits, prepayments and other receivables	7	**-**	**5,300**	**-**	**5,300**	**-**	**-**	**-**	**-**
		209,810	**96,227**	**-**	**306,037**	**209,810**	**-**	**-**	**209,810**

		Carrying amount				Fair value			
		At fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)							
Financial liabilities - not measured at fair value	22.1								
Payable to the AL Habib Asset Management Limited - Management Company	15	-	-	707	707	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	67	67	-	-	-	-
Accrued expenses and other liabilities	12	-	-	1,288	1,288	-	-	-	-
		-	-	2,062	2,062	-	-	-	-

30 June 2021		Carrying amount				Fair value			
		At fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)							
Financial assets - measured at fair value									
Investments	5	284,794	-	-	284,794	284,794	-	-	284,794
Financial assets - not measured at fair value	22.1								
Bank balances	4	-	775	-	775	-	-	-	-
Dividend and profit receivable	6	-	1,969	-	1,969	-	-	-	-
Receivable against sale of investments		1	2,366	1	2,367	-	-	-	-
Receivable against issuance of units		-	1,200	-	1,200	-	-	-	-
Advances, deposits, prepayments and other receivables	7	-	2,600	-	2,600	-	-	-	-
		284,795	8,910	1	293,705	284,794	-	-	284,794
Financial liabilities - not measured at fair value	22.1								
Payable to the AL Habib Asset Management Limited - Management Company	15	-	-	580	580	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	9	-	-	57	57	-	-	-	-
Accrued expenses and other liabilities	12	-	-	2,033	2,033	-	-	-	-
		-	-	2,670	2,670	-	-	-	-

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

23 PATTERN OF UNITHOLDING

Unit holding pattern of the fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	**98**	**3,535,116**	**263,418**	**87.02%**
Associated Companies and Directors	**1**	**100,929**	**7,520**	**2.48%**
Retirement Funds	**2**	**23,701**	**1,766**	**0.58%**
Others	**6**	**403,182**	**30,041**	**9.92%**
	107	**4,062,928**	**302,745**	**100.00%**

Unit holding pattern of the fund as at 30 June 2021 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	94	310,816	24,627	26.40%
Associated Companies and Directors	4	3,304,877	261,852	63.49%
Retirement Funds	2	23,701	1,878	6.71%
Others	1	149	11	3.40%
	101	3,639,543	288,368	100.00%

24 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMISSION PAID BY THE FUND

Name of Broker	2022	2021
	(Percentage)	
Al-Habib Capital Markets (Pvt) Ltd	**21.34%**	23.00%
Arif Habib Limited	**15.89%**	14.00%
BMA Capital Management Limited	**12.51%**	7.00%
DJM Securities Limited	**11.04%**	9.00%
Optimus Capital Management (Pvt.) Limited	**8.16%**	0.00%
KTRade Securities Limited	**6.73%**	0.00%
Taurus Securities Limited	**6.46%**	7.00%
Next Capital Limited	**6.37%**	8.00%
Habib Metropolitan Financial Services Limited	**5.77%**	13.00%
Topline Securities (pvt) Ltd.	**5.08%**	9.00%
Ismail Iqbal Securities	**0.65%**	5.00%
AKD Securities Limited	**0.00%**	5.00%
	100.00%	100.00%

25 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Bank balances	**65,078**	**-**	**65,078**
Investments	**-**	**209,810**	**209,810**
Dividend and profit receivable	**1,126**	**-**	**1,126**
Receivable against issuance of units	**48**	**-**	**48**
Advances, deposits, prepayments and other receivables	**5,300**	**-**	**5,300**
	71,552	**209,810**	**281,362**
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	**707**	**-**	**707**
Payable to Central Depository Company of Pakistan Limited - Trustee	**67**	**-**	**67**
Accrued expenses and other liabilities	**1,288**	**-**	**1,288**
	2,062	**-**	**2,062**

	30 June 2021		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Bank balances	775	-	775
Investments	-	284,794	284,794
Dividend and profit receivable	1,969	-	1,969
Receivable against issuance of units	1,200	-	1,200
Advances, deposits, prepayments and other receivables	2,600	-	2,600
	6,544	284,794	291,338
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	580	-	580
Payable to Central Depository Company of Pakistan Limited - Trustee	57	-	57
Accrued expenses and other liabilities	2,033	-	2,033
	2,670	-	2,670

26 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA-Affiliate	22
Mr. Talha A. Siddiqui	Fund Manager	Post Graduate - Economics	5

26.1 Mr. Talha Akhtar Siddiquiis also Fund Manager of AL Habib Asset Allocation Fund (Formerly: First Habib Asset Allocation Fund) and AL Habib Stock Fund (Formerly: First Habib Stock Fund).

27 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting(s) not attended
	Held	Attended	Leave	
Mr. Abbas D.Habib	4	4	0	-
Mr. Mansoor Ali Khan	4	4	0	-
Mr. Saeed Allawala	4	4	0	-
Ms. Zarine Aziz	4	1	3	91st, 93rd and 94th Meeting
Mr. Imran Azim	4	3	1	92nd
Mr. Kashif Rafi	4	4	0	-

28 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the year ended 30 June 2022 is 3.43% which include 0.35% representing government levies and SECP fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

29. GENERAL

29.1 Corresponding figures

29.1.1 Corresponding figures have been re-classified and re-arranged in these financial statements, whenever necessary to facilitate comparison and to conform with changes in presentation in the current year

29.1.2 Accounting income available for distribution as reported in the last year's income statement has been adjusted to reflect a reclassification between "income relating to capital gains" and " income excluding capital gains " as follows:

	As previously reported	Adjusted
Accounting income available for distribution:	**(Rupees in '000)**	
Income relating to capital gains	11,033	17,798
Income / (loss) excluding capital gains	(1,452)	(8,217)
	9,581	**9,581**

29.2 Date of authorisation for issue

These financial statements were authorised for issue by the Board of Directors of the Management Company on **29 August 2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective:

The investment objective of AL Habib Islamic Stock Fund (AHISF) (Formerly: First Habib Islamic Stock Fund) is to seek long-term capital growth by investing primarily in a Shariah Compliant diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

AHISF primarily invests in Shariah compliant equity securities listed on Pakistan Stock Exchange. The selection criterion for these securities is based upon hybrid investment approach with companies having sound financial history back by strong fundamentals. The residual funds are placed with Commercial Banks in order to maintain liquidity requirements of the fund.

Fund Description

Fund Type & Category	Open Ended - Shariah Compliant Equity Scheme	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	April 01, 2017	**Management Fee**	2% per annum of average daily net assets.
Benchmark	KMI-30 Index	**Sales Load**	2% front-end-load (Management has the discretion to reduce or waive load on any transaction)
Annual Return	-5.95%	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	-10.25%	**Dealing Days/Timings**	Monday to Thursday 9:00 am to 3:30 pm Friday 9:00 am to 4:30 pm
Net Assets	Rs. 302.74 million (June 30, 2022)	**AMC Rating**	"AM2+" by PACRA
NAV per unit	Rs. 74.5140 per unit (June 30, 2022)	**Trustee**	Central Depository Company of Pakistan Limited.
Pricing Mechanism	Forward Pricing	**Risk Profile**	High (Principal at High Risk)

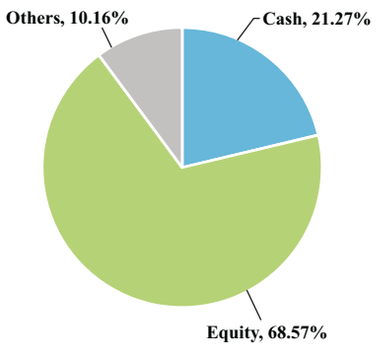
Market Review:

The benchmark KSE-100 exhibited a range bound trend for most of the Fiscal Year 2022 oscillating between 42,000 points and 46,000 points. The benchmark KSE-100 index posted a negative return of 12.28% as against a remarkable return of 38% in the FY2021, as it shed 5,815 points to close at 41,540 points. Market remained subdued due to rising inflationary readings exacerbated by the commodity super cycle, change in political leadership of the country, delay in approval of IMF's 7th and 8th review, and transition from Emerging Market to the Frontier Market. Flight of capital from stock market to money market was witnessed on account of shift in SBP stance from accommodative to tightening the monetary policy by raising policy rate by 675bps in FY22 after a status quo of more than a year. Another notable development was imposition of industry wide super tax which adversely effected the market.

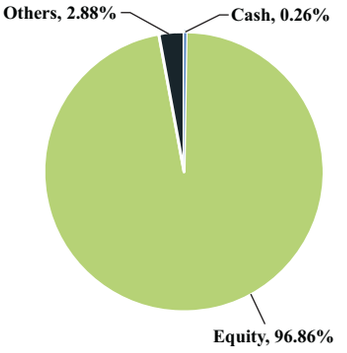
During the year, Positive index contribution was led by Fertilizer (667pts), Chemical (424pts), and Miscellaneous (295pts) whereas, Negative contributors during FY22 were Cement (2,328pts), followed by Technology (912pts). The benchmark index made a high of 48,146.19 points on August 23, 2021 while made a low of 40,540.58 points on June 24, 2022. Average traded volume and value during FY22 went down by a massive 45% (291mn shares) and 54% (USD 55mn) YoY, respectively. On the local front, Individuals, Banks/DFI and companies remained the largest accumulators amounting to USD 157.18, USD 115.18 and USD 111.07 million respectively while Mutual Funds and Broker Proprietary sold stocks worth USD 128.22 and USD 20.16 million respectively. During FY22, foreigners (FIPI) sold stocks worth USD 297.50 million.

Market sentiment is expected to remain subdued due to prevailing uncertainty on political and economic front. Moreover, there is fear of global recession as may be seen from negative GDP growth of US in last two quarters. The federal government in budget FY2023 has taken contractionary measure to arrest CAD and Fiscal deficit. The recent flood is expected to take toll on the economy of country. Nonetheless, the resumption of IMF program is expected to attract more inflows from bilateral and multilateral which shall relive pressure on currency and foreign reserves.

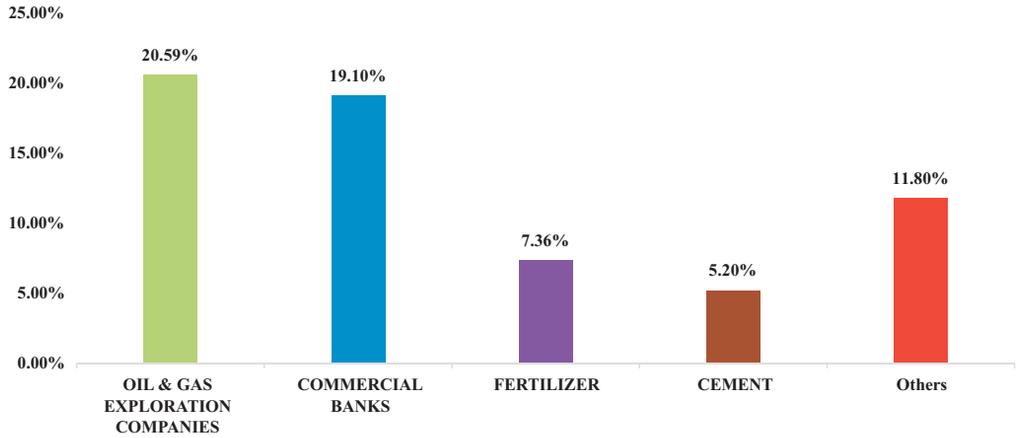
Asset Allocation (%age of Total Asset) June 30, 2022



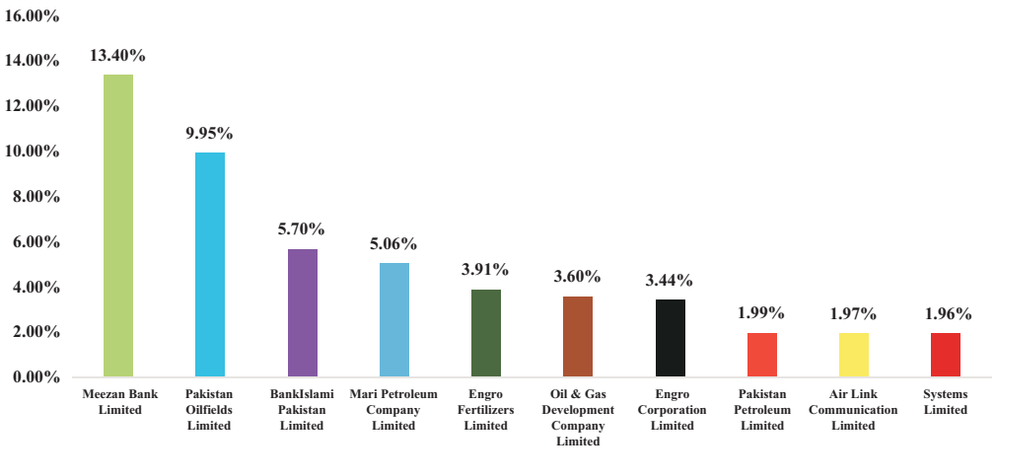
Asset Allocation (%age of Total Asset) June 30, 2021



Sector Allocation (%age of Total Assets) June 30, 2022



Top Ten holding (%age of Total Asset) June 30, 2022



Income Distribution

FHISF made a no distribution during FY22.

Sales and Redemptions of Units

During the year, 4,085,082 units of the value of Rs. 325.71 million were sold while 3,661,697 units of the value of Rs. 285.74 million were redeemed resulting in to a net sale of 423,385 units of the value of Rs. 39.97 million during the year.

Unit Holders Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 23 of the Annual Accounts 2022.

Fund Performance at a Glance

	2022	2021
Net Assets as at June 30 (Rs. in million)	302.74	288.37
NAV per unit as at June 30 (Rs.)	74.5140	79.2319
Distribution during the year ended June 30 (Rs.)	-	9.50
Annual Return	-5.95%	26.88%

AL HABIB ISLAMIC SAVINGS FUND

Annual Report

For the Period from 20 December 2021
(Date of establishment)
to 30 June 2022

FUND'S INFORMATION

Management Company

AL Habib Asset Management Limited

Board of Directors of the Management Company

Mr. Abbas D. Habib	Chairman
Mr. Mansoor Ali	Director
Mr. Imran Azim	Director
Ms. Zarine Aziz	Director
Mr. Saeed Allawala	Director
Mr. Kashif Rafi	Chief Executive

Chief Financial Officer

Mr. Abbas Qurban

Company Secretary & Chief Operating Officer

Mr. Zahid Hussain Vasnani

Audit Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Mr. Imran Azim	Member

Human Resource Committee

Mr. Saeed Allawala	Chairman
Mr. Mansoor Ali	Member
Ms. Zarine Aziz	Member
Mr. Kashif Rafi	Member

Auditors

EY Ford Rhodes
Progressive Plaza,
Beaumont Road,
Karachi 75530, Pakistan

Legal Advisor

Mohsin Tayebaly & Co.
Barristers & Advocates,
2nd Floor, DIME Centre, BC-4, Block 9,
Kehkashan, Clifton, Karachi.

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S,
Main Shahra-e-Faisal, Karachi.

Rating

AM2+ Management Company Quality Rating Assigned by PACRA.

Bankers to the Fund

Bank AL Habib Limited
Bank Islami Pakistan Limited
Al Baraka Bank Pakistan Limited
Allied Bank Limited

Registered Office: 3rd Floor, Mackinnon's Building, I.I. Chundrigar Road, Karachi.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

AL HABIB ISLAMIC SAVINGS FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of AL Habib Islamic Savings Fund (the Fund) are of the opinion that AL Habib Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during period from December 20, 2021 to June 30, 2022 in accordance with the provisions of the following:

(i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;

(ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and

(iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 21, 2022



REVIEW REPORT OF THE SHARIAH ADVISOR

As a Shariah Advisor of the **AL Habib Islamic Savings Fund (AHISAVF)** , I am issuing this report. The scope of the report is to express an opinion on the Shariah compliance of the fund's activities.

It is the responsibility of the management of aforesaid fund to establish and maintain a system of internal control to ensure compliance with Shariah guidelines. My responsibility is to express an opinion, based on my 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, I hereby certify that:

- I have reviewed and approved the modes of investment of AHISAVF in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of AHISAVF 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 AHISAVF for the period from December 20, 2021 to June 30, 2022 have been in compliance with Shariah principles.



Mufti Ismatullah
Shariah Advisor

Date: June 30, 2022

EY
Building a better working world

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Chartered Accountants
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P.O. Box 15541, Karachi 75530
Pakistan

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ey.khi@pk.ey.com
ey.com/pk

Independent Reasonable Assurance Report to the Participants in respect of Shariah Compliance

1. Introduction

We were engaged by the Board of Directors of Al Habib Asset Management Limited (the Fund Manager) to report on the Shariah compliance of **Al Habib Islamic Savings Fund** (the Fund), as set out in the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments for the period **from 20 December 2021 to 30 June 2022**, in the form of an independent reasonable assurance conclusion. Our engagement was carried out as required under clause 11.5 of trust deed of the Fund.

2. Applicable Criteria

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

3. Responsibilities of the Fund Manager

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

4. Our Independence and Quality Control

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

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

This engagement was conducted by a multidisciplinary team including assurance practitioners and internal Shariah experts.

5. Our Responsibility and Summary of Work Performed

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

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

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

Amongst others, our scope included procedures to:

- Check compliance of Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments.
- Check that the Shariah Advisor has certified that all the provisions of the scheme and investments made by the Fund for the period from 20 December 2021 to 30 June 2022 are in compliance with the Shariah principles.

In performing our audit procedures necessary guidance on Shariah matters was provided by the internal Shariah experts.

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

6. **Conclusion**

In our opinion, the Fund was, in all material respects, in compliance with the Shariah guidelines duly approved by Shariah advisor in respect of Fund's investments during the period ended 30 June 2022.

Date: 29 September 2022
Karachi

Signature
Chartered Accountants

Arsalan Khalid
Assurance Engagement Partner

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INDEPENDENT AUDITORS' REPORT

To the Unit holders of AL Habib Islamic Savings Fund

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2022, and of its financial performance and its cash flows for the period 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 judgement, 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.

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Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
Bank balances	
The bank balances represent significant portion of the total assets of the Fund during the period and / or as at the period end. The bank balances as at period end represents 99% of total assets of the Fund. In view of the above, we have considered this area as a key audit matter. For disclosure refer to note 4 to the financial statements.	Our key procedure included the following: - We performed substantive audit procedures on period-end balance maintained with the banks including review of banks' statements, bank reconciliations and obtaining confirmations for bank balances. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the bank balances 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.

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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.

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.

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

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

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

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 Arslan Khalid.

Chartered Accountants

Date: 29 September 2022

Karachi

UDIN Number: AR202210191iel4Uy8Z0

STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	Note	2022 (Rupees in '000)
Assets		
Bank balances and Term deposit receipt	4	**3,311,222**
Profit receivable	5	**33,474**
Deposit & other receivable	6	**109**
Preliminary expenses and floatation costs	7	**663**
Total assets		**3,345,468**
Liabilities		
Payable to AL Habib Asset Management Limited - Management Company	11	**1,247**
Payable to Central Depository Company of Pakistan Limited - Trustee	13	**178**
Payable to Securities and Exchange Commission of Pakistan (SECP)	14	**151**
Accrued expenses and other liabilities	8	**1,619**
Total liabilities		**3,195**
Net assets		**3,342,273**
Unit holders' fund (as per the statement attached)		**3,342,273**
Contingencies and Commitments	9	
		(Number of Units)
Number of units in issue (face value of units is Rs. 100 each) - Growth Units		**33,422,733**
		(Rupees)
Net asset value per unit		**100.00**

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

INCOME STATEMENT
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
Income		
Profit on bank deposits	10	**93,111**
Profit on term deposits receipts		**131**
Total income		**93,242**
Expenses		
Remuneration of AL Habib Asset Management Limited - Management Company	11	**2,461**
Sindh sales tax on management company's remuneration	11.1	**320**
Expense allocated by the Management Company	12	**1,513**
Remuneration of Central Depository Company of Pakistan Limited - Trustee	13	**567**
Sindh sales tax on trustee remuneration	13.1	**74**
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	14	**151**
Settlement & bank charges		**6**
Listing fee		**50**
Auditors' remuneration	15	**354**
Other expenses		**14**
Amortization of preliminary expenses and floatation costs	7	**38**
Total expenses		**5,548**
Net income for the period before taxation		**87,694**
Taxation	16	**-**
Net income for the period after taxation		**87,694**
Allocation of net income for the period after taxation:		
Net income for the period		**87,694**
Income already paid on units redeemed		**-**
		87,694
Accounting income available for distribution:		
Relating to capital gains		**-**
Excluding capital gains		**87,694**
		87,694

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
Net income for the period after taxation	**87,694**
Other comprehensive income for the period	**-**
Total comprehensive income for the period	**87,694**

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022		
		Capital Value	Undistributed income	Net Asset
		(Rupees in '000)		
Net assets at the beginning of the period		-	-	-
Issuance of 49,876,801 units *				
- Capital value		4,987,680	-	4,987,680
- Element of income		-	-	-
Amount received on issuance of units		4,987,680	-	4,987,680
Redemption of 16,454,068 units				
- Capital value		(1,645,407)	-	(1,645,407)
- Element of income		-		-
Amount paid on redemption of units		(1,645,407)	-	(1,645,407)
Total comprehensive income for the period		-	87,694	87,694
Cash distribution for the period ended 30 June 2022: Rs. 5.8291 per unit *	1.10	-	(87,694)	(87,694)
		-	-	-
Net assets at the end of the period		3,342,273	-	3,342,273
Undistributed income brought forward				
- Realised income			-	
- Unrealised income			-	
			-	
Accounting income available for distribution				
- Relating to capital gains			-	
- Excluding capital gains			87,694	
			87,694	
Cash distribution for the period ended 30 June 2022: Rs. 5.8291 per unit *			(87,694)	
Undistributed income carried forward			-	
Undistributed income carried forward				
- Realised income			-	
- Unrealised income			-	
			-	
			(Rupees)	
Net assets value per unit at end of the period			100.00	

* During the period all the units issued by the Fund are Growth units and dividend on these units have been reinvested on daily basis. (Refer note 1.9)

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

CASH FLOW STATEMENT
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

	Note	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		**87,694**
Adjustments for :		
Profit on bank deposits		**(93,111)**
Profit on term deposits receipts		**(131)**
Amortization of preliminary expenses and floatation costs		**38**
		(5,510)
Increase in assets		
Security deposits		**(109)**
Preliminary expenses and floatation costs		**(701)**
		(810)
Increase in liabilities		
Payable to AL Habib Asset Management Limited - Management Company		**1,247**
Payable to Central Depository Company of Pakistan Limited - Trustee		**178**
Payable to Securities and Exchange Commission of Pakistan		**151**
Accrued expenses and other liabilities		**1,619**
		3,195
Profit on bank deposits and term deposit receipt received		**59,768**
Net cash generated from operating activities		**56,643**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units		**4,987,680**
Payments against redemption of units		**(1,645,407)**
Dividend paid during the period		**(87,694)**
Net cash generated from financing activities		**3,254,579**
Net increase in cash and cash equivalents during the period		**3,311,222**
Cash and cash equivalents at beginning of the period		**-**
Cash and cash equivalents at the end of the period		**3,311,222**
Cash and cash equivalents comprise of :		
Bank balances and Term deposit receipt	4	**3,311,222**
		3,311,222

The annexed notes 1 to 27 form an integral part of these financial statements.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

NOTES TO THE FINANCIAL STATEMENTS
For the Period from 20 December 2021 (Date of establishment) to 30 June 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 AL Habib Islamic Savings Fund ("the Fund") was established under a Trust Deed executed between AL Habib Asset Management Limited (AHAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on 27 September 2021 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 31 May 2021 under Regulation 44 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

1.2 The Management Company of the Fund has been licensed to undertake Asset Management Services as Non-Banking Finance Company under the NBFC Rules by SECP. The registered office of the management company is situated at 3rd floor, MacKinnon's Building, I.I. Chundrigar Road, Karachi, Pakistan.

1.3 The Fund was launched on 20 December 2021 through initial public offereing (IPO) accordingly these are the first financial statements and therefore comparative information is not available.

1.4 The Fund is an open-end mutual fund and is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering them to the Fund at the option of the unit holder.

1.5 The Investment objective of AL Habib Islamic Savings Fund is to provied competitive risk adjusted return to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instrument. while taking into account liquidity considerations.

1.6 The Fund has been categorized as an Open-ended Shariah Compliant Income Scheme as per the criteria laid down by the Securities and Exchange Commission of Pakistan for categorisation of Collective Investment Schemes (CIS).

1.7 Title to the assets of the Fund is held in the name of Central Depository Company (CDC) of Pakistan Limited as a trustee of the Fund.

1.8 Pakistan Credit Rating Agency (PACRA) has assigned asset management rating of 'AM2' to the Management Company on 15 September 2021.

1.9 As per the offering document of the Fund, an investor shall, at the time of opening an account, select the types of units in which the investor wishes to invest, i.e. Growth Unit. Furthermore, at the time of dividend distribution the unit holders receive additional units or cash dividend against Growth unit, respectively.

During the period all the units issued by the Fund are Growth units and dividend has been reinvested on daily basis.

1.10 As per the offering document of the Fund, the Management Company may decide to distribute all net profit (after deducting all expenses of the Fund) on a periodic basis (that is Daily, Weekly, Monthly, Quarterly and Yearly) as dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. During the period, the management has distributed all the net income earned by the Fund as Dividend to the unit holders which has been reinvested on daily basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 New / Revised Standards, Interpretations and Amendments

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

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

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

Standards, interpretations and amendments	Effective date (annual periods beginning on or after)
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurements	01 January 2022
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12	01 January 2023
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 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

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

2.4 Critical accounting estimates and judgements

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements 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 judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the Period in which the estimate is revised if the revision affects only that Period, or in the Period of revision and future Periods if the revision affects both current and future Periods.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investments which are required to be stated at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency. All amount have been rounded to the nearest thousand rupees, unless stated otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

3.1 Cash and cash equivalents

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are charged to the Income Statement.

3.2.2 Classification

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which FVOCI election is not taken is classified as measured at FVTPL. Given the objectives of the Fund, all investments have been classified as FVTPL.

Debt Instruments

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the SPPI criterion is classified as measured at FVTPL.

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

3.2.3 Business model assessment

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; 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 etc.

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

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

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

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

3.2.5 Subsequent measurement

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

Debt investments at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to income statement.'
Debt investments at FVTPL	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in income statement.
Equity instruments at FVOCI	Upon initial recognition, the Fund occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis. The Fund has not used this classification for its investment portfolio. Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.
Equity investments at FVTPL	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment.

The fair value of financial assets are determined as follows:

a) Debt securities (other than Government securities)

The debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan in accordance with the methodology prescribed by SECP for valuation of debt securities vide its Circular No. 33 of 2012 dated 24 October 2012. In determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Debt securities (Government securities)

The Government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan.

c) Equity securities

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

3.2.6 Reclassification

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

3.2.7 Impairment of financial assets

IFRS 9 requires an expected credit loss model which 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 21 November 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, 24 October 2012 have been followed.

3.2.8 Regular way contracts

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

3.2.9 Derecognition

"A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset; or
(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset."

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

3.2.10 Offsetting of financial instruments

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

3.3 Financial liabilities

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

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

3.4 Provisions

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

3.5 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the net assets value representing the investors' right to a residual interest in the Fund's assets.

3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.7 Element of income

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

Element of Income is a transaction of capital nature and the receipt and payment of element of income is taken to Unit holders' Fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit holders' Fund is refunded on units (refund of capital) in the same proportion as dividend bears to accounting income available for distribution. As per guideline provided by MUFAP (MUFAP Guidelines consented upon by SECP),he refund of capital is made in the form of additional units at zero price.

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

3.8 Net asset value - per unit

The net asset value 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 outstanding at the period end.

3.9 Taxation

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

The Fund intends to continue availing the tax exemption in future periods by distributing at least ninety percent of its accounting income for the period as reduced by capital gains, whether realised or unrealised, to its unit holders every Period. During the period, the management has distributed all the net income earned by the Fund as dividend to the unit holders which has been reinvested on daily basis. Accordingly, no tax liability or deferred tax has been recognised in these financial statements.

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

3.10 Revenue recognition

- Profit on deposits with banks and mark-up / return on investments in debt securities are recognised using effective yield method.

- Dividend income is recognised when the right to receive dividend is established i.e. on the date of book closure of the investee company / institution declaring the dividend.

- Realised capital gains / (loss) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (loss) arising on mark to market of investments classified as ' financial assets at

3.11 Zakat Payable

Zakat payment is the responsibility of each unit holder. Nevertheless, the Fund follows the provisions of Zakat and Ushr Ordinance, 1980. Units held by individual resident Pakistani unit holders are subject to Zakat at 2.5% of the par value of unit under the said Ordinance, except those exempted from Zakat. Zakat is deducted at source from dividend or from redemption proceeds, if units are redeemed during the Zakat year before the payment of Zakat.

3.12 Expenses

All expenses including management fee, trustee fee and annual fee of SECP are recognised in the income statement on an accrual basis.

3.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred up to the close of Initial Public Offer (IPO) period of the Fund. These costs are being amortised over a period of ten Periods commencing from 20 December 2021 as per the Trust Deed of the Fund.

3.14 Distribution

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

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 Period. Resultantly, the rate of distribution per unit may vary depending on the period of investment.

3.15 Earnings per unit (EPU)

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

	Note	30 June 2022 (Rupees in '000)
4 BANK BALANCES AND TERM DEPOSIT RECEIPT		
Saving accounts	4.1	**3,211,222**
Term deposit receipt	4.2	**100,000**
		3,311,222

4.1 The profit rates effective at Period end on these accounts range from 14.75% to 16.20% per annum. It includes balance of Rs. 1,732.714 million with Bank AL Habib Limited (ultimate parent), a related party carrying profit rate effective at Period end is 15.50% per annum.

4.2 This represents term deposit receipt held with Askari commercial bank carrying profit rates at 15.95% per annum and its maturity date is 28 July 2022. Its original maturity was three months or less and qualifies for Cash and cash equivalents.

	Note	2022 (Rupees in '000)
5 PROFIT RECEIVABLE		
Savings accounts		**33,343**
Term deposit receipt		**131**
		33,474
6 DEPOSIT AND OTHER RECEIVABLE		
Security deposit with Central Depository Company of Pakistan Limited (CDC)		**100**
Advance tax	6.1	**9**
		109

6.1 The income of the Fund is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Further, the Fund is exempt under clause 47(B) of Part IV of Second Schedule of ITO 2001 from withholding of tax under section 150, 150A, 151 and 233 of ITO 2001. The Federal Board of Revenue ("FBR") through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated 12 May 2015 made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). For the advance tax withheld under section 151 of ITO 2001 in prior years, the management has applied to the FBR for refund and is confident that the same will be refunded in due course.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as advance tax as at 30 June 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7 PRELIMINARY EXPENSES AND FLOATATION COSTS		
Preliminary expenses and floatation costs incurred	7.1	**701**
Amortization for the period		**(38)**
Balance as at 30 June 2022		**663**

7.1 This represents expenses incurred on the formation of the Fund. The said expenses are being amortised over a period of ten Periods effective from 20 December 2021.

8 ACCURED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)
Auditors' remuneration		252
Preliminary expenses and floatation costs		585
Initial deposits for opening of bank accounts		50
Withholding tax		732
		1,619

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2022.

10 PROFIT ON BANK DEPOSITS		
Savings Accounts	10.1	93,111

10.1 This includes profit on bank deposits with Bank AL Habib Limited, a related party (ultimate parent) of Rs. 18.515 million.

11 PAYABLE / REMUNERATION OF AL HABIB ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

As per the amendments made in the NBFC Regulations, 2008 vide SRO 639 (1) / 2019 dated 20 June 2019, the Management Company has set and disclosed in the offering document the maximum rate of fee chargeable to Collective Investment Scheme within allowed expense ratio, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 10% of gross earnings of the Fund.The Management has charged its remuneration at rate ranging from 0% to 10% of the gross earnings of the Fund, which is within the allowed expense ratio limit. The remuneration is paid to the Management Company on monthly basis in arrears.

11.1 Sindh Sales Tax has been charged at 13% on the management company's remuneration charged during the period.

12 EXPENSES ALLOCATED BY THE MANAGEMENT COMPANY

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November 2015, the Management Company is entitled for reimbursement of fee and expenses in relation to registrar services, accounting, operation and valuation services related to Collective Investment Scheme (CIS).

During the year, Management Company has charged 1.513 million to the Fund.

13 PAYABLE / REMUNERATION TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

The Trustee is entitled to a remuneration for services rendered to the Fund under the provisions of the Trust Deed based on the daily Net Asset Value of the Fund. The remuneration of the Trustee is fixed at 0.075% per annum of net assets.

13.1 Sindh Sales Tax has been charged at 13% on the Trustee's remuneration charged during the period.

14 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) at 0.02% of net assets in accordance with regulation 62 of the NBFC Regulations and pursuant to S.R.O 685(I) 2019, dated 28 June 2019.

15 AUDITOR'S REMUNERATION	2022 (Rupees in '000)
Audit fee	173
Out of pocket expenses	26
Half yearly review fee	95
Shariah Compliance fee	60
	354

16 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the Period as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the Period, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The 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. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these financial statements.

17 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

18 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include:

S.No	Company Name	Relationship
1	AL Habib Asset Management Limited	Management Company
2	Bank AL Habib Limited	Parent Company of AL Habib Asset Management Limited
3	AL Habib Capital Market (Private) Limited	Subsidiary of Bank AL Habib Limited
4	AL Habib Stock Fund (Formerly First Habib Stock Fund)	Managed by AL Habib Asset Management Limited
5	AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund)	Managed by AL Habib Asset Management Limited
6	AL Habib Islamic Stock Fund (Formerly First Habib Islamic Stock Fund)	Managed by AL Habib Asset Management Limited
7	AL Habib Asset Allocation Fund (Formerly First Habib Asset Allocation Fund)	Managed by AL Habib Asset Management Limited
8	AL Habib Cash Fund (Formerly First Habib Cash Fund)	Managed by AL Habib Asset Management Limited
9	AL Habib Money Market Fund	Managed by AL Habib Asset Management Limited
10	AL Habib Islamic Cash Fund	Managed by AL Habib Asset Management Limited
11	AL Habib Islamic Saving Fund	Managed by AL Habib Asset Management Limited
12	Central depositary Company	Trustee

Related parties includes directors and officers of the above entities as at 30 June 2022 and staff retirement benefit funds of the above companies.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with regulatory requiremnets and as agreed between the parties.

	For the period from 20 December 2021 to 30 June 2022 (Rupees in '000)
AL Habib Asset Management Limited - Management Company	**2,461**
- Management company remuneration	**320**
- Sindh sales tax	**1,513**
- Expense allocated by the Management Company	**1,284**
- Dividend paid	
Bank AL Habib Limited	**18,515**
- Profit on bank deposits	**9,591**
- Dividend paid	
Central Depository Company of Pakistan Limited - Trustee	**567**
- Remuneration to the Trustee	**74**
- Sindh sales tax	
Details of balances with connected persons at period end are as follows:	
AL Habib Asset Management Limited - Management Company	**1,247**
- Management Fee payable (Inclusive of Sindh sales tax)	**585**
- Formation cost payable	**50**
- Initial deposit payable	
Bank AL Habib Limited	**1,732,714**
- Bank balance	**15,371**
- Profit receivable	
Central Depository Company of Pakistan Limited - Trustee	**178**
- Remuneration payable (Inclusive of Sindh sales tax)	

18.1 Sale / Redemption of units

	For the period from 20 December 2021 to 30 June 2022	
	(Units)	(Rupees in '000)
Units sold to:		
Management Company		
- AL Habib Asset Management Limited	**6,140,952**	**614,095**
Parent of AL Habib Asset Management Limited		
- Bank AL Habib Limited	**9,095,908**	**909,591**
Connected Party holding 10% or more of the units in issue:		
	25,608,352	**2,560,835**
Units redeemed by:		
Management Company		
- AL Habib Asset Management Limited	**6,140,952**	**614,095**
Parent of AL Habib Asset Management Limited		
- Bank AL Habib Limited	**2,050,432**	**205,043**
Connected Party holding 10% or more of the units in issue:		
	399,239	**39,924**

18.2 Units held by:

	2022	
	(Units)	(Rupees in '000)
Parent of Al Habib Asset Management Limited		
- Bank AL Habib Limited	**7,045,476**	**704,548**
Connected Party holding 10% or more of the units in issue:		
	25,209,113	**2,520,911**

19 TOTAL EXPENSE RATIO (TER)

TER of the Fund for the period ended 30 June 2022 is 0.73% which includes 0.07% representing Government levies and SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

20 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

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

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the NBFC Regulations, NBFC Rules and constitutive documents of the Fund in addition to the Fund's internal risk management policies.

The COVID-19 pandemic and the measures to reduce its spread have significantly impacted Pakistan's economy. Regulators and Governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The SECP and SBP has responded to the crisis by taking measures to maintain system soundness and to sustain economic activity. The Fund's operations were not affected as it were operated under all necessary Standard Operating Procedures (SOPs) issued by the Government to ensure safety of employees and smooth and adequate continuation of its business. Due to this, management has assessed the implications on these financial statements, however, as per management's assessment, there is no significant impact of the effects of COVID-19 on these financial statements.

20.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the Period end it arises principally from bank balances, income receivables and deposits etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed, the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the Management Company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of trade reports, credit ratings and financial statements on a regular basis. In addition, the Investment Committee approves the trading of securities of entities with credit ratings approved by external rating agencies.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at Period end is as follows:

	2022	
	Statement of assets and liabilities	Maximum exposure
	--------- (Rupees in '000) --------	
Bank balances and Term deposit receipt	3,311,222	3,311,222
Profit receivable	33,474	33,474
Deposit	100	100
	3,344,796	**3,344,796**

Credit ratings and Collaterals

Details of the credit ratings of balances with the banks (including profit receivable) as at Period end are as follows:

Ratings	**2022 (Percentage)**
A+ to A	**47.73%**
AAA	**52.27%**
	100.00%

Cash is held only with reputable banks with high quality external credit enhancements.

Concentration of credit risk

Concentration is the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit risk worthy counterparties thereby mitigating any significant concentration of credit risk.

Past due and impaired assets

None of the financial assets of the Fund are past due / impaired as at 30 June 2022.

Settlement risk

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

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

20.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligation will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings have arisen during the Period.

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 Period.

Maturity analysis of financial liabilities

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.

The maturity profile of the Fund's financial liabilities based on contractual maturities is given below:

	2022			
	Carrying amount	Less than one month	One month to three months	Three months to one Period
	(Rupees in '000)			
Non - derivative financial liabilities				
Payable to AL Habib Asset Management Limited - Management Company	1,247	1,247	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	178	178	-	-
Accrued expenses and other liabilities	887	50	252	585
	2,312	1,475	252	585
Unit holders' Fund	3,342,273	3,342,273	-	-

20.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Management of Market Risk

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 Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). The maximum risk resulting from financial instruments equals their fair value.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Fund is exposed to interest rate risk only.

20.4 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. Majority of the interest rate exposure arises on investment in Government Securities and savings bank accounts. Currently the exposure in fixed rate instruments is in Government securities, commercial papers and placements. Other risk management procedures are the same as those mentioned in the credit risk management.

At Period end, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

	2022 (Rupees in '000)
Fixed rate instruments	
Term deposit receipt	100,000
Variable rate instruments	
Bank balances	3,211,222

None of the financial liabilities carry any interest rate risk.

a) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the period end would have increased / (decreased) the net assets and net income by Rs. 32.112 million, assuming all other variables held constant.

b) Fair value sensitivity analysis for fixed rate instruments

As at 30 June 2022, investment in Term deposit receipts exposes the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in PKRV on 30 June 2022, the net assets of the Fund would have been lower/ higher by Rs. 1 million with consequential effect on net income for the year. The analysis assumes that all other variables remain constant.

A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

		2022					
	Mark-up / profit rate	Less than one month	One to three months	Three months to one Period	One Period and above	Not exposed to profit rate risk	Total
		---------- (Rupees in '000) ----------					
On-balance sheet financial instrument							
Bank balances & Term deposit receipt	14.75%-16.20%	3,311,222	-	-	-	-	3,311,222
Profit receivable		-	-	-	-	33,474	33,474
Deposit		-	-	-	-	100	100
Total financial assets		3,311,222	-	-	-	33,574	3,344,796
Financial Liabilities							
Payable to AL Habib Asset Management Limited - Management Company		-	-	-	-	1,247	1,247
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	-	178	178
Accrued expenses and other liabilities		-	-	-	-	887	887
Total assets		-	-	-	-	2,312	2,312

20.5 Unit Holders' Fund risk management

Management's objective when managing Unit holders' Fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum return to its unit holders and to ensure reasonable safety of Unit holders' Fund. The Management Company manages Fund's investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions.

Under the NBFC regulations, the minimum size of an open end scheme shall be one hundred million rupees at all the times during the life of the scheme. The Fund size depends on the issuance and redemption of units.

21 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is 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.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities traded.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying amount				Fair value			
30 June 2022		At fair value through profit or	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	(Rupees in '000)							
Financial assets - not measured at fair value	21.1								
Saving accounts	4.1	-	3,211,222	-	3,211,222	-	-	-	-
Term deposit receipt	4.2	-	100,000	-	100,000	-	-	-	-
Profit receivable	5	-	33,474	-	33,474	-	-	-	-
Deposit	6	-	100	-	100	-	-	-	-
		-	3,344,796	-	3,344,796	-	-	-	-
Financial liabilities - not measured at fair value	21.1								
Payable to AL Habib Asset Management Limited - Management Company	11	-	-	1,247	1,247	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	13	-	-	178	178	-	-	-	-
Accrued expenses and other liabilities	8	-	-	887	887	-	-	-	-
		-	-	2,312	2,312	-	-	-	-

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

22 PATTERN OF UNITHOLDING

Unit holding pattern of the Fund as at 30 June 2022 is as follows:

Category	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	22	832,940	83,294	2.49%
Associated Companies and Directors	2	7,045,476	704,548	21.08%
Retirement Funds	3	309,590	30,959	0.93%
Others	5	25,234,727	2,523,472	75.50%
	32	33,422,733	3,342,273	100.00%

23 FINANCIAL INSTRUMENTS BY CATEGORY

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial Assets			
Bank balances	3,211,222	-	3,211,222
Term deposit receipt	100,000	-	100,000
Profit receivable	33,474	-	33,474
Deposit	100	-	100
	3,344,796	-	3,344,796

	30 June 2022		
	At Amortised cost	At fair value through profit or loss	Total
	---------- (Rupees in '000) ----------		
Financial liabilities			
Payable to AL Habib Asset Management Limited - Management Company	**1,247**	**-**	**1,247**
Payable to Central Depository Company of Pakistan Limited - Trustee	**178**	**-**	**178**
Accrued expenses and other liabilities	**887**	**-**	**887**
	2,312	**-**	**2,312**

24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in Periods
Mr. Kashif Rafi	Chief Executive Officer	MBA - IBA	21
Mr. Zahid Hussain Vasnani	Chief Operating Officer & Company Secretary	CA-Affiliate	22
Mr. Ahmed Abbas	Fund Manager	MCS & MBA	21
Mr. Talha A. Siddiqui	Fund Manager (Equities)	M. Sc (Economics)	9
Mr. Nabeel Zafar	Research Analyst	Passed CFA level II ACCA	7

24.1 Mr. Ahmed Abbas is also Fund Manager of AL Habib Cash Fund (Formerly First Habib Cash Fund), AL Habib Money Market Fund, AL Habib Income Fund (Formerly First Habib Income Fund), AL Habib Islamic Cash Funds and AL Habib Islamic Income Fund (Formerly First Habib Islamic Income Fund).

25 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 91st, 92nd, 93rd, and 94th board meetings were held on 29 July 2021, 21 October 2021, 20 January 2022, and 14 April 2022 respectively.

Information in respect of attendance by Directors in the meetings is given below:

Name of Director	Number of meetings			Meeting(s) not attended
	Held	Attended	Leave	
Mr. Abbas D.Habib	4	4	0	-
Mr. Mansoor Ali Khan	4	4	0	-
Mr. Saeed Allawala	4	4	0	-
Ms. Zarine Aziz	4	1	3	91st, 93rd and 94th Meeting
Mr. Imran Azim	4	3	1	92nd
Mr. Kashif Rafi	4	4	0	-

26 GENERAL

26.1 This is the first period of operations of the Fund, hence there is no comparative information to report in these financial statements.

27 DATE OF AUTHORIZATION FOR ISSUE

27.1 These financial statements were authorised for issue by the board of directors of the Management Company on **29 August 2022**.

For AL Habib Asset Management Limited
(Management Company)

Chief Executive Officer	Chief Financial Officer	Director

ANNUAL FUND MANAGER REPORT
FINANCIAL YEAR 2022

Fund Objective

The investment objective of the Fund is to provide competitive risk adjusted returns to its investors by investing in a diversified portfolio of long, medium and short term shariah compliant debt instruments while taking into account liquidity considerations.

Fund Objective Achieved:

The Fund has achieved its stated objective.

Strategies and Policies Employed during the period under review:

The AHISAVF maintained strategy to get exposure in broadly diversified portfolio of high quality shariah complaint fixed and floater rate instrument. Such investments include Shariah Complaint Government securities (GOP Ijarah Sukuk), Banks Deposits/Placements and Corporate Sukuks.

Fund Description

Fund Type & Category	Open End - Shariah Compliant Money Market	**External Auditors**	EY Ford Rhodes & Co. Chartered Accountants
Launch Date	December 20, 2021	**Management Fee**	10% of the annual gross earnings of the Scheme
Benchmark	Average of the six months profit rates of three Islamic Banks/ licensed Islamic Banking window of conventional banks having long term credit of A or higher, as selected by MUFAP	**Sales Load**	3% (Management has the discretion to reduce or waive load on any transaction)
Annual Return	11.35% p.a	**Minimum Investment**	Initial investment of Rs. 5,000 Subsequently Rs. 1,000 per transaction
Benchmark	3.49% p.a	**Dealing Days/Timings**	Monday to Friday 9:00 am to 4:30 pm
Net Assets	Rs. 3.34 billion (June 30, 2022)	**Fund Stability Rating**	N/A
NAV per unit	Rs. 100.00 per unit (June 30, 2022)	**AMC Rating**	"AM2+" by PACRA
Pricing Mechanism	Backward Pricing	**Trustee**	Central Depository Company of Pakistan Limited.
Risk Profile	Medium (Principal at medium risk)		

Market Review:

The Fiscal Year 2022 (FY22) sailed with a stable outlook after a V-shaped recovery in Fiscal Year 2021. The economy grew by 5.97% in FY22 as against a growth of 5.70% in FY21. Inflation and external outlook remained largely stable in the first quarter of FY22. However, rapid pace in Global economies growth post pandemic built pressure on commodities prices across the globe posing a threat to Pakistan's economy. This led SBP to a modest tightening in the monetary policy in first quarter FY 2022 by elevating policy rate by 25bps to 7.25%. SBP further revealed that a timely action would be taken in view of external balance and inflation outlook, wherein SBP raised a total of 275bps in policy rate till December 2021 to 9.75%.

The second half of the FY22 brought challenges to the country on both economic and political front. The Russian-Ukraine war led to sharp increase in commodities and oil prices which adversely impacted Pakistan's external balances on account of rising import. Food and energy import brought a sharp spike in inflation which necessitated SBP to further tight the monetary policy to mitigate the impact of inflation. SBP aggressively increased policy rate by 400 bps in the second half of FY22, a total of 675 bps in FY22 to 13.75%. Yield in secondary market witness a steep volatility whereby short term yield surpassed policy rate by more than 200bps and were trading at close to 15.73%. To contain the secondary market yields, SBP conducted several long tenor OMOs to inject liquidity in the market. Political uncertainty engulfed the country after a vote of no confidence was passed and a new collation government was formed. This uncertainty led to sharp depreciation of PKR against dollar whereby PKR lost around 11% in span of less than 3 months to close at PKR 204.84 per dollar. Cumulatively the PKR depreciated by 30% against the dollar in FY22.

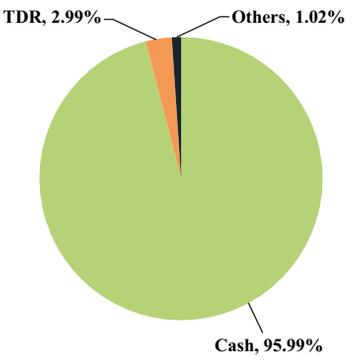
Due to commodities super cycle, current account deficit increased to USD 17.32 billion in FY22 as against USD 2.82 billion in the same period last year (SPLY). However, due to pace in economic activities, balance in overall trade deficit increased to USD 39.57 billion in FY22 as against USD 28.63 billion in SPLY. Pakistan's total debt increased by 23.39% to Rs. 49.19 trillion in FY22 as compared to Rs. 39.86 trillion recorded in SPLY. Fiscal and Primary balance recorded a deficit of 8.2% and 3.2% of GDP respectively for the fiscal year 2022. Debt to GDP ratio increased to 76.9% in FY22 as compared to 71.8% in FY21.

Average Consumer Price Index (CPI) during the year remained at 12.09% with major contribution in inflation from the second half of FY22 on account of expensive import of food and energy. The net Foreign Direct Investment and Workers' Remittances for the year under review stood at USD 1.87 billion and USD 31.24 billion respectively as compared to USD 1.82 billion and USD 29.45 billion respectively during SPLY. Foreign exchange reserves of the country plunged to USD 15.53 billion in June 2022 as compared to USD 24.40 billion in June 2021.

PKRV Rates			
Tenor	**As at June 30, 2022**	**As at June 30, 2021**	**Change**
3 Months	14.98	7.28	7.70
6 Months	15.15	7.53	7.62
12 Months	15.30	7.81	7.49
3 Years	13.45	8.99	4.46
5 Years	13.93	9.49	3.44
5 Years	13.92	9.94	2.98

Policy Rate		
Date	**Policy Rate**	**Change (Bps)**
September 20, 2021	7.25	25
November 19, 2021	8.75	150
December 14, 2021	9.75	100
April 08, 2022	12.25	250
May 24, 2022	13.75	150

Asset Allocation (%age of Total Asset) June 30, 2022



Income Distribution

AHISAVF made a total distribution of Rs. 5.7879 during FY22 in the form of dividend. EX-NAV of the fund after each dividend becomes Rs. 100

Sales and Redemptions of Units

During the period, 49,876,801 units valued Rs. 4,987.68 million were sold while 16,454,068 units valued Rs. 1,645.41 million were redeemed resulting in to a net sale of 33,422,733 units valued Rs. 3,342.27 million.

Unit Holder Pattern

For the breakdown of unit holding by size as on June 30, 2022, please refer to note 22 of the Annual Accounts 2022.

Fund Performance at a Glance

	2022
Net Assets as at June 30 (Rs. in million)	3,342
NAV per unit as at June 30 (Rs.)	100.00
Distribution during the year ended June 30 (Rs.)	5.7879
Annual Return	11.35%

الحبیب پینشن فنڈ(اے ایچ آئی پی ایف)

الحبیب پینشن فنڈ ۳۰ جون ۲۰۲۲ء کو متعارف کرایا گیا، یہ تین ذیلی فنڈز بنام ایکویٹی سب فنڈ، ڈیبٹ سب فنڈ اور منی مارکیٹ سب فنڈ پر مشتمل ہے۔ فنڈ کے مجموعی خالص اثاثہ جات ۳۰ جون ۲۰۲۲ء کے مطابق ۱۲۰٫۸۲ ملین روپے اور واجب الادا یونٹس ۷۵۴،۲۰۷،۱ تھے، ایس ای سی پی نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والی مدت کے لئے الحبیب پینشن فنڈ کے مالیاتی حسابات کی تیاری کیلئے استثنیٰ دیدیا ہے۔ اے ایچ پی ایف کے پہلے مالیاتی حسابات ۳۰ جون ۲۰۲۲ء تا ۳۰ ستمبر ۲۰۲۲ء کی مدت کے لئے تیار کئے جائیں گے۔

مستقبل کا جائزہ

مارکیٹ کا رجحان مقامی اور عالمی پس منظر کے باعث موجودہ غیر یقینی صورتحال کا شکار رہے گا۔ حکومت نے مالی سال ۲۰۲۳ء کیلئے اپنے بجٹ میں کرنٹ اکاؤنٹ اور مالیاتی خسارے کو کم کرنے کے اقدامات کیے ہیں، اس کے ساتھ آئی ایم ایف پروگرام کی بحالی سے توقع ہے کہ معیشت میں بہتری ظاہر ہوگی۔

بورڈ آف ڈائریکٹرز

موجودہ طور پر ۶ ممبران (بشمول ایک خاتون ممبر) کمپنی کے بورڈ آف ڈائریکٹرز میں شامل ہیں، جن کی تفصیل ذیل میں درج ہے:

نمبر شمار	نام	عہدہ	بورڈ کمیٹی میں ممبرشپ
1	جناب عباس ڈی۔حبیب	چیئرمین/ نان۔ایگزیکٹو ڈائریکٹر	
2	جناب منصور علی	نان۔ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی ہیومن ریسورس اینڈ ریمونریشن کمیٹی
3	جناب عمران عظیم	نان۔ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
4	جناب سعید اللہ والا	انڈیپنڈنٹ ڈائریکٹر	آڈٹ کمیٹی ہیومن ریسورس اینڈ ریمونریشن کمیٹی
5	محترمہ زرین عزیز	انڈیپنڈنٹ ڈائریکٹر	ہیومن ریسورس اینڈ ریمونریشن کمیٹی
6	جناب کاشف رفیع	چیف ایگزیکٹو	ہیومن ریسورس اینڈ ریمونریشن کمیٹی

اظہارِ تشکر

ہم اپنے یونٹ ہولڈرز کا ان کے مستقل اعتماد اور تعاون، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ان کی رہنمائی اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کا ان کی معاونت کا شکریہ ادا کرتے ہیں۔ ہم اپنے تمام اسٹاف ممبران کے بھی ان کی محنت، خلوص اور لگن کے لئے شکرگزار ہیں۔

کاشف رفیع
چیف ایگزیکٹو

عباس ڈی۔حبیب
چیئرمین
بورڈ آف ڈائریکٹرز

کراچی:
۲۹ اگست ۲۰۲۲ء

الحبیب اسلامک انکم فنڈ(اے ایچ آئی آئی ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کیلئے ۹۹ء۸ فیصد کا سالانہ خالص منافع حاصل کیا۔ سال کے لئے فنڈ کی مجموعی آمدنی ۶۶ء۸۹۷ ملین روپے رہی جس میں سکوکس سے ۹۵ء۴۲۶ ملین روپے اور بینک ڈپازٹس سے ۷۵ء۳۳۲ ملین روپے کی آمدنی شامل ہے۔

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے لئے ۶۲ء۸ روپے فی یونٹ کا منافع منقسمہ تقسیم کیا (۲۰۲۱ء: ۲۰ء۶ روپے فی یونٹ)۔ ۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۴۲ء۸ بلین روپے اور واجب الادا یونٹس ۸۳،۵۹۲،۲۷۶ تھے۔

الحبیب اسلامک سیونگز فنڈ(اے ایچ آئی ایس ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والی مدت کیلئے ۳۵ء۱۱ فیصد کا سالانہ خالص منافع حاصل کیا۔ اس مدت کے لئے فنڈ کی مجموعی آمدنی ۲۴ء۹۳ ملین روپے رہی جس میں بنیادی طور پر بینک ڈپازٹس سے حاصل ہونے والی آمدنی شامل ہے۔

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والی مدت کیلئے ۸۳ء۵ روپے فی یونٹ کا منافع منقسمہ تقسیم کیا۔ ۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۳۴ء۳ بلین روپے اور واجب الادا یونٹس ۳۳،۴۲۲،۷۳۳ تھے۔

الحبیب ایسیٹ ایلوکیشن فنڈ(اے ایچ اے اے ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کیلئے ۰۰ء۶ ملین روپے کا خسارہ ظاہر کیا جس کا مطلب یہ ہوا کہ ۸۹ء۷ فیصد سالانہ کا منفی منافع دیا گیا۔

۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے دوران فنڈ سے کوئی منافع تقسیم نہیں کیا گیا (۲۰۲۱ء: ۰۰ء۳ روپے فی یونٹ)۔ ۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۹۱ء۱۰۲ ملین روپے اور واجب الادا یونٹس ۳۱۲،۰۸۱،۱ تھے۔

الحبیب اسٹاک فنڈ(اے ایچ ایس ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کیلئے ۱۹ء۲۰ ملین روپے کا خسارہ ظاہر کیا جس کا مطلب یہ ہوا کہ ۳۹ء۱۰ فیصد سالانہ کا منفی منافع دیا گیا۔

۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے دوران فنڈ سے کوئی منافع تقسیم نہیں کیا گیا (۲۰۲۱ء: ۵۰ء۲ روپے فی یونٹ)۔ ۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۴۶ء۱۲۰ ملین روپے اور واجب الادا یونٹس ۰۶۲،۵۰۷،۱ تھے۔

الحبیب اسلامک اسٹاک فنڈ(اے ایچ آئی ایس ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے لئے ۵۹ء۲۵ ملین روپے کا خسارہ ظاہر کیا جس کا مطلب یہ ہوا کہ ۹۵ء۵ فیصد سالانہ کا منفی منافع دیا گیا۔

۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کے دوران فنڈ سے کوئی منافع نہیں کیا گیا (۲۰۲۱ء: ۵۰ء۹ روپے فی یونٹ)۔ ۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۷۴ء۳۰۲ ملین روپے اور واجب الادا یونٹس ۹۲۸،۰۶۲،۴ تھے۔

فنڈز کی کارکردگی

الحبیب کیش فنڈ(اے ایچ سی ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۱۷ء۱۰ فیصد کا سالانہ خالص منافع حاصل کیا۔سال کیلئے فنڈ کی مجموعی آمدنی ۱۰ء۱۲۹،۲ ملین روپے رہی جس میں ۱۱ء۵۹۹ ملین روپے سرکاری سیکیورٹیز اور ۶۳ء۵۱۴،۱ ملین روپے بینک میں رکھی گئی رقوم کی آمدنی پر مشتمل ہے۔

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۵۲ء۹ روپے فی یونٹ کا منافع منقسمہ تقسیم کیا (۲۰۲۱ء: ۴۰۴۵ء۶ روپے فی یونٹ)۔۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۹۱ء۲۲ بلین روپے اور واجب الادا یونٹس ۲۴۸،۹۵۶،۲۲۶ تھے۔

الحبیب منی مارکیٹ فنڈ(اے ایچ ایم ایم ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۷۹ء۱۱ فیصد کا سالانہ خالص منافع حاصل کیا۔اس مدت کے لئے فنڈ کی مجموعی آمدنی ۴۰ء۱۶۶ ملین روپے رہی جس میں ۹۶ء۶۶ ملین روپے سرکاری سیکیورٹیز اور ۸۲ء۱۰۷ ملین روپے بینک ڈپازٹس کی آمدنی شامل ہے۔

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۰۰ء۶ روپے فی یونٹ کا منافع منقسمہ تقسیم کیا۔۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۰۷ء۳ بلین روپے اور واجب الادا یونٹس ۰۲۸،۷۵۹،۳۰ تھے۔

الحبیب انکم فنڈ(اے ایچ آئی ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۱۶ء۱۰ فیصد کا سالانہ خالص منافع حاصل کیا۔سال کے لئے فنڈ کی مجموعی آمدنی ۰۹۷ء۳۷۱ ملین روپے رہی جس میں ۶۴ء۴۹ ملین روپے سرکاری سیکیورٹیز، ۱۱ء۳۰ ملین روپے ٹی ایف سیز و سکوکس اور ۳۶ء۹۳ ملین روپے بینک ڈپازٹس کی آمدنی شامل ہے۔

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۰۳ء۱۰ روپے فی یونٹ کا منافع منقسمہ تقسیم کیا (۲۰۲۱: ۶۰ء۶ روپے فی یونٹ)۔ ۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۶۲ء۱ بلین روپے اور واجب الادا یونٹس ۸۷۸،۰۲۵،۱۶ تھے۔

الحبیب اسلامک کیش فنڈ(اے ایچ آئی سی ایف)

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والی مدت کیلئے ۳۸ء۱۱ فیصد کا سالانہ خالص منافع حاصل کیا۔اس مدت کے لئے فنڈ کی مجموعی آمدنی ۴۸ء۱۹۱ ملین روپے رہی جس میں بنیادی طور پر بینک ڈپازٹس سے حاصل ہونے والی آمدنی شامل ہے۔

فنڈ نے ۳۰ جون ۲۰۲۲ء کوختم ہونے والے سال کیلئے ۸۵ء۵ روپے فی یونٹ کا منافع منقسمہ تقسیم کیا۔۳۰ جون ۲۰۲۲ء کے مطابق فنڈ کے خالص اثاثہ جات ۱۳ء۱۰ بلین روپے اور واجب الادا یونٹس ۸۵۲،۳۳۸،۱۰۱ تھے۔

ڈائریکٹرز رپورٹ:

الحبیب ایسیٹ مینجمنٹ لمیٹڈ (اے ایچ اے ایم) کے بورڈ آف ڈائریکٹرز بمسرت سالانہ رپورٹ بشمول ۳۰ جون ۲۰۲۲ء کو ختم ہونے والے سال کیلئے اپنی مینجمنٹ کے تحت فنڈز کے آڈٹ شدہ مالیاتی حسابات پیش کررہے ہیں۔

معیشت اور منی مارکیٹ

گزشتہ مالی سال ۲۰۲۲ء نے لگ بھگ ۶ فیصد تک جی ڈی پی کی بلندترین سطح حاصل کی تاہم سال کے اختتام تک معاشی واقتصادی اور سیاسی محاذوں پر غیر یقینی صورتحال درپیش رہی۔ عالمی سطح پر اشیائے صرف اور خوردونوش کی قیمتوں میں تیزی سے اضافے کی وجہ سے صورتحال مزید کٹھن ہوگئی، نتیجے کے طور پر پاکستان کا کرنٹ اکاؤنٹ کے خسارہ میں اضافہ ہوگیا، غیر ملکی ذخائر میں کمی آئی، پاکستانی روپے کی قدر بھی کم ہوئی اور افراطِ زر میں بڑھنے کا رجحان نظر آیا، اسٹیٹ بینک آف پاکستان نے اس حوالے سے مداخلت کرتے ہوئے پالیسی ریٹ میں اضافہ کیا اور مزید اقدامات کرتے ہوئے امریکی ڈالر کے اخراج کو محدود کیا۔ جس کے نتیجے میں پاکستانی روپے کی قدر میں تیزی سے کمی ہوئی۔

جاری صورتحال کے پیش نظر بینچ مارک KSE-100 انڈیکس نے مالیاتی سال کے دوران گزشتہ سال کے ۳۸ فیصد منافع کے برخلاف ۱۲ فیصد کا منفی منافع ظاہر کیا، حکومت نے صنعتوں پر آئی ایم ایف کی پیشگی شرائط کو پورا کرنے کے ضمن میں سپر ٹیکس عائد کردیا جس کے بعد اسٹاک مارکیٹ پر انتہائی مضر اثرات مرتب ہوئے۔ بینچ مارک انڈیکس ۲۳ اگست ۲۰۲۱ء کو ۴۸،۱۴۶ پوائنٹس کی بلند سطح پر موجود تھا تاہم سال کے اختتام پر ۴۱،۵۴۰ پوائنٹس رہ گیا۔ مالی سال ۲۰۲۲ء کے دوران اوسطاً تجارتی حجم اور تجارتی قدر بالترتیب ۴۵ فیصد اور ۵۴ فیصد تک گرگئی۔

اسٹاک مارکیٹ

میوچل فنڈز (اوپن اینڈ فنڈز) کے زیر انتظام اثاثہ جات مالیاتی سال ۲۰۲۲ء میں ۱۹٫۸۳ فیصد بڑھ کر ۳۰ جون ۲۰۲۲ء کو ۱٫۲۱۴٫۴۵ بلین روپے ہوگئے جو اس کے مقابلے میں ۳۰ جون ۲۰۲۱ء کو ۱٫۰۵۶٫۴۴ بلین روپے تھے۔ روایتی اور شریعہ کمپلائنٹ منی مارکیٹ فنڈز بالترتیب ۵۶٫۵۸ فیصد اور ۲۴٫۰۵ فیصد تک بڑھ گئے جبکہ روایتی اور شریعت سے مطابقت رکھنے والے انکم فنڈز بالترتیب ۲۷٫۹۰ فیصد اور ۱۵٫۰۱ فیصد تک بڑھ گئے، تاہم شریعہ کمپلائنٹ اور کنونشنل ایکویٹی فنڈ بالترتیب ۱۲۳٫۵۲ اور ۲۴٫۹۲ فیصد کم ہوگئے۔

میوچل فنڈز کی صنعت

میوچل فنڈز (اوپن اینڈ فنڈز) کے ایسیٹ انڈر مینجمنٹ (اے یو ایمز) مالیاتی سال ۲۰۲۱ء میں ۳۶٫۶۸ فیصد تک بڑھ گئے اور ۳۰ جون ۲۰۲۱ء کے مطابق ۱٫۰۵۶٫۴۴ بلین روپے پر تھے جو اس کے مقابلے میں ۳۰ جون ۲۰۲۰ء میں ۷۷۲٫۹۳ بلین روپے تھے۔ کنونشنل منی مارکیٹ کے فنڈز ۵۶٫۹۸ فیصد تک بڑھے جبکہ انکم فنڈز میں ۴۲٫۴۸ فیصد اضافہ ہوا۔ شریعہ کمپلائنٹ انکم فنڈز ۱۴۲٫۱۵ فیصد تک بڑھ گئے۔ شریعہ کمپلائنٹ ایکویٹی فنڈز محض ۰٫۳۹ فیصد بڑھے جبکہ کنونشنل ایکویٹی فنڈز ۳٫۲۳ فیصد کم ہوئے۔

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