



MCB FUNDS
Investments for Life

ANNUAL REPORT 2023

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



PAKISTAN INCOME FUND

Note - Change in Name

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

نوٹ: نام کی تبدیلی

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

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited* (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Manzar Mushtaq Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem	Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited	Khushali Micro Finance Bank Limited Tameer Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Traqiati Bank Limited Habib Bank Limited HBL Micro Finance Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Rating	AM1 Asset Manager Rating assigned by PACRA	
Transfer Agent	MCB Investment Management Limited* (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

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

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Income Fund** accounts review for the year ended June 30, 2023.

ECONOMY AND MONEY MARKET REVIEW

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

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

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

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

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

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

FUND PERFORMANCE

During the period under review, the fund generated a year-to-date return of 16.18% as against its benchmark return of 20.11%. At period end, the fund was 17.70% in TFCs, 12.30% in PIBs, 56.40% in T-Bills and 11.40% in Cash. The weighted average maturity of the fund stood at 1.9 years. The Net Assets of

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

the Fund as at June 30, 2023, stood at Rs. 2,724 million as compared to Rs. 3,210 million as at June 30, 2022 registering a decrease of 15%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 54.6443 as compared to the opening NAV of Rs. 54.3657 per unit as at June 30, 2022 registering an increase of Rs. 0.2786 per unit.

ECONOMY & MARKET – FUTURE OUTLOOK

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

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

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

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 7.5%, a discount of 62% from its historical average of 19.7%. Similarly, Earning Yield minus Risk Free Rate is close to 6.0%, compared to the historical average of 2.7% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 11.8%.

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

MUTUAL FUND INDUSTRY REVIEW

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

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

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

MUTUAL FUND INDUSTRY OUTLOOK

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

MANAGEMENT COMPANY

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

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

CORPORATE GOVERNANCE

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

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

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Shoaib Mumtaz	Non-Executive Director	HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	Audit Committee; and HR&R* Committee.
4.	Mr. Manzar Mushtaq	Non-Executive Director	Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	Audit Committee (Chairman)
6.	Mr. Fahd Kamal Chinoy	Independent Director	HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

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

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

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.;
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the fund's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements;
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2023, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2023 is annexed;
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2023:

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

1. Meeting of the Audit Committee.

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

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

* Resigned on May 02, 2023.

2. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

* Resigned on May 02, 2023.

- n. No trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

EXTERNAL AUDITORS

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

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

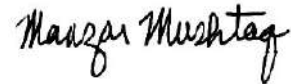
ACKNOWLEDGEMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
July 26, 2023



Manzar Mushtaq
Director

ڈائریکٹرز رپورٹ

-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)
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* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

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

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹر یوسف عادل سلیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس 30 جون 2023 کو ختم ہونے والے مالی سال کا آڈٹ مکمل کرنے کے بعد ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی نے 30 جون 2024 کو ختم ہونے والے مالی سال کے لئے اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو فنڈ کا خارجی آڈیٹر مقرر کرنے کی سفارش کی ہے اور بورڈ نے آڈٹ کمیٹی کی سفارشات کی بھی توثیق کی ہے۔ اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے خارجی آڈیٹرز کے طور پر کام کرنے پر آمادگی کا اظہار کیا ہے

اظہار تشکر

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

من جانب ڈائریکٹرز،

Maazir Mushtaq

منظر مشتاق
ڈائریکٹر

محمد ثاقب سلیم

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
26 جولائی 2023ء

ڈائریکٹرز رپورٹ

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

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

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

2023ء کے دوران ہونے والی کمیٹی میٹنگز کی تفصیلات درج ہیں:

1. آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد		میٹنگز کی تعداد		
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
-	8	8	8	1- مرزا محمد قمر بیگ (چیئر مین)*
1	7	8	8	2- جناب نسیم بیگ *
-	8	8	8	3- جناب احمد جہانگیر
2	6	8	8	4- جناب کاشف اے حبیب *
3	5	3	8	5- سید ساویل میکال حسین

* 02 مئی 2023ء کو مستغنی ہو گئے تھے۔

2. ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

میٹنگز کی تعداد		میٹنگز کی تعداد		
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
-	5	5	5	1- جناب مرزا قمر بیگ* (چیئر مین)
-	5	5	5	2- جناب احمد جہانگیر
-	5	5	5	3- جناب نسیم بیگ *
3	2	5	5	4- محترمہ ماوراء عادل خان
-	5	5	5	5- سید ساویل میکال حسین

ڈائریکٹرز رپورٹ

6.	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی (چیئرمین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی

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

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

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

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

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

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

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

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

g. لسٹنگ ریگولیشنز میں واضح کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

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

i. پراویڈنٹ انگریجویٹس اور پینشن فنڈ کی قدر کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا ہے؛

j. 30 جون 2023ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق، ڈائریکٹرز ٹریڈنگ پروگرام کی شرائط پر تعمیل پیرا ہے؛

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آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

مینجمنٹ کمپنی

فنڈ کا انتظام ایم سی بی عارف حبیب سیونگنز اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی۔ اے ایچ) نے سنبھالا ہوا ہے جو ایم سی بی بینک لمیٹڈ (ایم سی بی) کی سبڈری ہے۔ 18 اپریل 2023ء کو ایم سی بی نے عارف حبیب کارپوریشن لمیٹڈ (اے ایچ سی ایل) سے 21,664,167 (30.09 فیصد) حصص خرید لیے جس کے نتیجے میں حصص یافتگی 36,957,768 (51.33 فیصد) سے بڑھ کر 58,620,935 (81.42 فیصد) ہو گئی اور اے ایچ سی ایل اب ایم سی بی۔ اے ایچ میں حصص کا حامل نہیں۔ چنانچہ کمپنی کے ارکان نے غیر معمولی عمومی اجلاس (ای او جی ایم) مورخہ 07 جولائی 2023ء میں خصوصی قرارداد کے ذریعے فیصلہ کیا ہے کہ کمپنی کا نام ایم سی بی عارف حبیب سیونگنز اینڈ انویسٹمنٹس لمیٹڈ سے تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا جائے، اور تبدیلیء نام کی رسمی درخواست سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو منظوری کے لیے بھیج دی گئی ہے۔

کارپوریٹ گورننس

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

- * چار (4) غیر ایگزیکٹو ڈائریکٹرز
- * تین (3) خود مختار ڈائریکٹرز
- * ایک (1) ایگزیکٹو ڈائریکٹر (CEO)

مندرجہ بالا کی تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون رشید	غیر ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب شعیب ممتاز	غیر ایگزیکٹو ڈائریکٹر	ایچ آراینڈ آر * کمیٹی
3.	جناب احمد جہانگیر	غیر ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی اور ایچ آراینڈ آر * کمیٹی
4.	جناب منظر مشتاق	غیر ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	جناب سید ساویل میکال حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)

ڈائریکٹرز رپورٹ

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

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 7.5 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.7 فیصد سے 62 فیصد کی ہے۔ اسی طرح Earning Yield (آمدنی کی پیداوار) میں سے Risk Free Rate (خطرے سے محفوظ شرح) منہا کرنے پر تقریباً 6.0 فیصد بنتا ہے، اور قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد سے فائدہ اٹھانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 11.8 فیصد پر ہے۔

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

میوچل فنڈ صنعت کا جائزہ

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

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

میوچل فنڈ صنعت کی مستقبل کا منظر

سود کی موجودہ شرحوں سے Money مارکیٹ فنڈز میں زیادہ آمد و رفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم آئی ایم ایف معاہدے کے بعد خارجی خدشات کم ہو گئے ہیں اور طویل المیعاد سرمایہ کار ان بے حد پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور

ڈائریکٹرز رپورٹ

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

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا منافع 16.18 فیصد تھا جبکہ مقررہ معیار (بچ مارک) 20.11 فیصد تھا۔ اختتام مدت پر فنڈ کی سرمایہ کاری 17.70 فیصد ٹرم فنانس سٹریٹجی (ٹی ایف سی) میں، 12.30 فیصد پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں، 56.40 فیصد ریٹریبلز (ٹی بلز) میں اور 11.40 فیصد نقد میں تھی۔ فنڈ کی بالوزن اوسط میچورٹی 1.9 سال پر تھی۔ 30 جون 2023ء کو فنڈ کے net اثاثہ جات 2,724 ملین روپے تھے، جو 30 جون 2022ء کی سطح 3,210 ملین روپے کے مقابلے میں 15 فیصد کمی ہے۔ 30 جون 2023ء کو net اثاثہ جاتی قدر (این اے وی) نی یونٹ 54.6443 روپے تھی، جو 30 جون 2022ء پر ابتدائی این اے وی نی یونٹ 54.3657 روپے کے مقابلے میں 0.2786 روپے نی یونٹ اضافہ ہے۔

معیشت اور بازار - مستقبل کا منظر نامہ

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

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم فنڈ کے اکاؤنٹس کا جائزہ برائے سال مختتمہ 30 جون 2023ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

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

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

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

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

علاوہ ازیں، درآمدات پر مضبوط لگام کے نتیجے میں متعدد صنعتوں میں کمی واقع ہوئی اور مجموعی معاشی ترقی متاثر ہوئی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفین کی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2023ء کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 12.1 فیصد تھا۔ اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی، گیس اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے عوامل رہے۔ مہنگائی کے دباؤ وسیع پیمانے پر محیط تھے جس کا اظہار بنیادی مہنگائی میں 21.2 فیصد کی سطح تک اضافے سے ہوا جو گزشتہ مالی سال کے اختتام پر 12.3 فیصد تھا۔ ایس بی پی نے جون 2023ء کی تازہ ترین MPS میں سوڈ کی شرحوں کو 1.0 فیصد بڑھا کر 22 فیصد کر دیا تاکہ سوڈ کی حقیقی شرح کو ترقی پسند بنیاد پر مثبت علاقے میں لے جایا جائے اور مہنگائی کی توقعات پر قابو پایا جائے۔

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

Fund Type and Category

Pakistan Income Fund— (PIF) is an open end mutual fund and comes under income scheme. The fund primarily invests in money market and other short term instruments which includes short term corporate debt and government securities. The fund may also invest in medium term assets in order to provide higher returns to unit holders.

Fund Benchmark

The benchmark for the fund is Six (6) months KIBOR rates.

Investment Objective

The objective of the Fund is to deliver returns primarily from debt and fixed income investments without taking excessive risk.

Manager's Review

During the period under review, the fund generated an annualized return of 16.18% as against its benchmark return of 20.11%. At period end, the fund was 11.4% invested in Cash, 56.4% in T-Bills and 12.3% in PIBs. WAM of the fund stood at 1.9 Years.

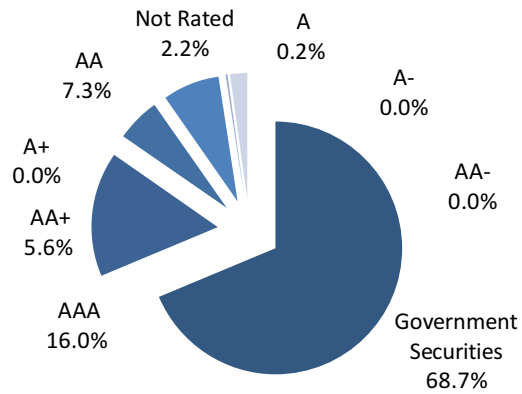
The Net Assets of the Fund as at June 30, 2023 stood at Rs. 2,724 million as compared to Rs. 3,210 million as at June 30, 2022 registering a decrease of 15.1%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 54.6443 as compared to opening NAV of Rs. 54.3657 per unit as at June 30, 2022 registering an increase of Rs. 0.2786 per unit.

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

Asset Allocation (%age of Total Assets)	Jun-23
Cash	11.4%
TFCs/Sukuks	17.7%
T-Bills	56.4%
Commercial Papers	0.0%
PIBs	12.3%
Others including receivables	2.2%

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

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



Syed Mohammad Usama Iqbal
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-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

PAKISTAN INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 8 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 Pakistan Income Fund (the Fund) are of the opinion that MCB Investment Management Limited (Formerly MCB-Arif Habib Savings and Investments Limited) being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 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;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) 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 25, 2023



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Pakistan Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Pakistan Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows 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 June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was 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 this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Valuation and existence of investments</p> <p>As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss amounted to Rs. 2,375 million as at June 30, 2023, consisting of government securities, term finance certificates and sukuks certificates which represent a significant item on the statement of assets and liabilities of the Fund.</p> <p>We have identified the existence and valuation as the significant areas during our audit of investment.</p>	<p>We performed the following procedures during our audit of investments:</p> <ul style="list-style-type: none">evaluated design and implementation of controls in place related to purchases and sales of investments;independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;independently matched the number of term finance certificates and sukuk certificates held by the Fund with the Central Depository Company's Account Statement;



Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none">independently matched government securities held by the Fund with the securities appearing in the Investors' Portfolio Securities Account Statement;tested purchases and sales during the period on a sample basis to obtain evidence regarding movement of the securities.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company 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 auditor's 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 Company and Board of Directors of the Management Company for the Financial Statements

Management Company 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 the Management Company 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 Company 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 Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

- 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company'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 Board of Directors of the Management Company 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 Board of Directors of the Management Company 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 Board of Directors of the Management Company, 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 Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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


Chartered Accountants

Place: Karachi

Date: September 20, 2023

UDIN: AR202310057ZgSLX4URq

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

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

	June 30, 2023	June 30, 2022
Note	----- (Rupees in '000) -----	
ASSETS		
Bank balances	4 314,613	2,432,713
Investments	5 2,374,533	2,869,367
Profit receivable	6 46,458	81,610
Advances, deposits, prepayments and other receivables	7 13,532	13,103
Total Assets	2,749,136	5,396,793
LIABILITIES		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8 9,243	6,676
Payable to Central Depository Company of Pakistan Limited - Trustee	9 198	281
Payable to the Securities and Exchange Commission of Pakistan	10 652	1,415
Payable against redemption of units	47	47
Payable against purchase of investment	-	2,125,509
Accrued expenses and other liabilities	11 15,151	52,840
Total liabilities	25,291	2,186,768
NET ASSETS	2,723,845	3,210,025
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	2,723,845	3,210,025
CONTINGENCIES AND COMMITMENTS	12	
	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE	49,846,864	59,045,019
	----- (Rupees in '000) -----	
NET ASSETS VALUE PER UNIT	54.6443	54.3657

The annexed notes 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
INCOME			
Investment Income:			
Markup / return on investments	13	482,223	381,287
Loss on sale of investments - net		(6,550)	(67,430)
Markup on deposits with banks		74,599	194,656
Dividend income		-	55,699
Income from spread transactions - net		-	121,435
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss - net	5.5	(23,235)	12,614
Income on margin trading system transactions		-	5,794
Other income		2,283	10,545
Total income		529,320	714,600
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	15,339	67,618
Sindh sales tax on remuneration of the Management Company	8.2	1,994	8,790
Allocated expenses	8.3	4,604	7,076
Marketing and selling expenses	8.4	15,799	2,479
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,445	5,306
Sindh sales tax on remuneration of Trustee	9.2	318	690
Annual fee of Securities and Exchange Commission of Pakistan	10.1	652	1,415
Brokerage expense		823	21,696
Legal, professional and other charges		174	1
Settlement and bank charges		960	5,189
Fees and subscription		788	932
Auditors' remuneration	14	828	638
Printing and related costs		41	38
Total operating expenses		44,765	121,868
Reversal of provision against Workers' Welfare Fund	11.1	-	18,571
Net income for the year before taxation		484,555	611,303
Taxation	16	-	-
Net income for the year after taxation		484,555	611,303
Allocation of net income for the year			
Net income for the year after taxation		484,555	611,303
Income already paid on units redeemed		(194,254)	(360,941)
		290,301	250,362
Accounting income available for distribution			
Relating to capital gains		-	-
Excluding capital gains		290,301	250,362
		290,301	250,362
Earnings per unit	3.10		

The annexed notes 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022 ----- (Rupees in '000) -----
Net income for the year after taxation	484,555	611,303
Other comprehensive income	-	-
Total comprehensive income for the year	484,555	611,303

The annexed notes 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	For year ended June 30,						
	2023			2022			
	(Rupees in '000)						
Capital Value	Undistributed Income	Total	Capital Value	Undistributed income	Total		
Net assets at beginning of the year	3,087,097	122,928	3,210,025	9,456,517	138,838	9,595,355	
Issue of 166,978,077 units (2022: 294,688,964 units)							
- Capital value (at net asset value per unit at the beginning of the year)	9,077,880	-	9,077,880	15,996,542	-	15,996,542	
- Element of income	591,745	-	591,745	614,464	-	614,464	
	9,669,625	-	9,669,625	16,611,006	-	16,611,006	
Redemption of 176,176,232 units (2022: 412,410,126 units)							
- Capital value (at net asset value per unit at the beginning of the year)	(9,577,944)	-	(9,577,944)	(22,386,776)	-	(22,386,776)	
- Amount paid out of element of income - Relating to 'Net income for the year after taxation'	(513,735)	(194,254)	(707,989)	(546,285)	(360,941)	(907,226)	
	(10,091,679)	(194,254)	(10,285,933)	(22,933,061)	(360,941)	(23,294,002)	
Interim distributions for the year ended June 30, 2022 (including additional units) at the rate of Rs. 5.1073 per unit (declared on June 24, 2022)	-	-	-	(47,365)	(266,272)	(313,637)	
Total comprehensive income for the year	-	484,555	484,555	-	611,303	611,303	
Interim distributions for the year ended June 30, 2023 (including additional units) at the rate of Rs. 8.4790 per unit (declared on June 16, 2023)	(71,315)	(283,112)	(354,427)	-	-	-	
Net (loss) / income for the year less distribution	(71,315)	201,443	130,128	(47,365)	345,031	297,666	
Net assets at end of the year	2,593,728	130,117	2,723,845	3,087,097	122,928	3,210,025	
Undistributed income brought forward							
- Realised		110,314			61,621		
- Unrealised		12,614			77,217		
		122,928			138,838		
Accounting income available for distribution							
- Relating to capital gains		-			-		
- Excluding capital gains		290,301			250,362		
		290,301			250,362		
Distributions during the year		(283,112)			(266,272)		
Undistributed income carried forward		130,117			122,928		
Undistributed income carried forward							
- Realised		153,352			110,314		
- Unrealised		(23,235)			12,614		
		130,117			122,928		
		(Rupees)			(Rupees)		
Net assets value per unit at beginning of the year		54.3657			54.2828		
Net assets value per unit at end of the year		54.6443			54.3657		

The annexed notes 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	484,555	611,303
Adjustments for:		
Unrealised gain on re-measurement of investments at fair value through profit or loss - net	23,235	(12,614)
Reversal of provision against Sindh Workers' Welfare Fund	-	(18,571)
	507,790	580,118
Decrease / (Increase) in assets		
Investments - net	1,199,923	3,126,332
Profit receivable	35,152	(13,192)
Receivable against sale of investment	-	11,652
Receivable against margin trading system	-	135,777
Advances, deposits, prepayments and other receivables	(429)	36,768
	1,234,646	3,297,337
Increase / (Decrease) in liabilities		
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	2,567	(2,171)
Payable to Central Depository Company of Pakistan Limited - Trustee	(83)	(442)
Payable to the Securities and Exchange Commission of Pakistan	(763)	353
Payable against purchase of investment	(2,125,509)	969,562
Accrued expenses and other liabilities	(37,689)	26,695
	(2,161,477)	993,997
Net cash (used) / generated in operating activities	(419,041)	4,871,452
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	9,598,310	16,563,641
Amount paid against redemption of units	(10,285,933)	(23,294,002)
Distributions made during the year	(283,112)	(266,272)
Net cash used in financing activities	(970,735)	(6,996,633)
Net decrease in cash and cash equivalents during the year	(1,389,776)	(2,125,181)
Cash and cash equivalents at the beginning of the year	2,432,713	4,557,894
Cash and cash equivalents at the end of the year	17 1,042,937	2,432,713

The annexed notes 1 to 27 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pakistan Income Fund (the Fund) was established under a Trust Deed executed between MCB - Arif Habib Savings and Investments Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on October 23, 2001 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on February 28, 2002 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The NBFC Rules). Due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" the Fund is required to be registered under the said Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 On April 18, 2023, MCB Bank Limited (MCB) has acquired 21,664,167 (30.09%) shares of MCB Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH. The Board of Directors of the Management Company has passed a resolution in 188th BOD meeting held on May 2, 2023 for the change of name of the Management Company from "MCB-Arif Habib Savings and Investment Limited" to "MCB Investment Management Limited". The Securities and Exchange Commission of Pakistan has also given approval on the Memorandum of Association regarding the Change of Name. The Change of Name of the Management Company has also been approved in the Extra Ordinary General Meeting (EOGM) held on July, 07, 2023 by the Share Holders representing 89.01% Shareholding. After the conclusion of EOGM, the Management Company has applied to the registrar for the alteration in Memorandum and Article of Association and performing all the legal formalities incidental thereto.
- 1.4 The Fund is an open-end collective investment scheme categorised as an "Income" scheme by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs. 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in money market and other short-term placements / instruments which include short-term corporate debt, government securities, margin trading system transactions and spread transactions. The Fund may also invest a portion of its assets under management in medium term assets in order to provide higher return to the unit holders.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of "AM1" dated October 06, 2022, to the Management Company and the stability rating of AA-(f) to the Fund dated March 02, 2023.
- 1.7 The title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited 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 VIII A of the repealed Companies Ordinance, 1984; and
- The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

2.2 New amendments that are effective for the year ended June 30, 2023

The following amendments are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

2.3 New amendments that are not yet effective

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 3.1.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 16)
- Classification and measurements of financial liabilities (note 3.1.2)
- Contingencies and Commitments (note 12)

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

2.5 Basis of measurement

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

2.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

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

3.1.1 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets designated at fair value through profit or loss (equity instruments)

Equity investments which the Fund had not irrevocably elected to classify at fair value through OCI are classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of assets and liabilities at fair value with net changes in fair value recognised in the the income statement.

Dividends on equity investments are recognised as income in the income statement when the right of payment has been established.

The Fund elected to classify all of the equity investments at fair value through profit or loss on initial recognition.

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

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt 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 / PKFRV / PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). 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 aforementioned 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.

The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk.

The allowable limits for rated securities for duration upto 2 years is +200/-100 bps and over 2 years is +150/-50 bps. For unrated securities the allowable limits +50 bps.

3.1.1.3 Impairment of financial assets

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP / Commission through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- 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 and substantially all the risks and rewards of the asset;

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

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Provisions

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

3.4 Taxation

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

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

3.5 Dividend distribution and appropriations

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

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

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

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

3.6 Issue and redemption of units

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

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

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

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the "Statement of Assets and Liabilities", is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on revaluation of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income / profit from investments in term finance certificates / sukuks, MTS transactions and government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.9 Expenses

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

3.10 Earnings per unit

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

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

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
4. BANK BALANCES			
In savings accounts	4.1	300,701	2,422,745
In current accounts	4.2	13,912	9,968
		314,613	2,432,713

4.1 These carry profit at the rates ranging between 12.25% to 19.50% (2022: 5.5% to 17.05%) per annum and include Rs. 0.046 million (2022: Rs 0.012 million) maintained with MCB Bank Limited (a related party) which carries profit at the rate of 19.5% (2022: 12.25%) per annum.

4.2 This include Rs 13.904 million (2022: Rs 9.96 million) maintained with MCB Bank Limited (a related party).

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
5. INVESTMENTS			
Financial assets 'at fair value through profit or loss' - net			
Government securities	5.1	1,887,200	2,083,927
Term finance certificates - listed debt securities	5.2	-	-
Term finance certificates - unlisted debt securities	5.3	481,813	772,305
Sukuks certificates - unlisted	5.4	5,520	13,135
		2,374,533	2,869,367

5.1 Government securities

Market treasury bills	5.1.1	1,548,960	-
Pakistan investment bonds	5.1.2	-	121,317
Pakistan investment bonds - Floating Rate Bonds (FRB)	5.1.3	338,240	1,962,610
		1,887,200	2,083,927

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

5.1.1 Market treasury bills

Particulars	Issue Date	Face value			As at June 30, 2023		Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying value		
----- (Rupees in '000) -----								
Treasury bills - 3 months	14-Jul-22	-	2,750,000	2,750,000	-	-	-	-
Treasury bills - 3 months	28-Jul-22	-	2,550,000	2,550,000	-	-	-	-
Treasury bills - 3 months	11-Aug-22	-	850,000	850,000	-	-	-	-
Treasury bills - 3 months	25-Aug-22	-	1,900,000	1,900,000	-	-	-	-
Treasury bills - 3 months	08-Sep-22	-	600,000	600,000	-	-	-	-
Treasury bills - 3 months	22-Sep-22	-	1,000,000	1,000,000	-	-	-	-
Treasury bills - 3 months	06-Oct-22	-	2,100,000	2,100,000	-	-	-	-
Treasury bills - 3 months	20-Oct-22	-	285,000	285,000	-	-	-	-
Treasury bills - 3 months	03-Nov-22	-	1,965,000	1,965,000	-	-	-	-
Treasury bills - 3 months	17-Nov-22	-	2,065,000	2,065,000	-	-	-	-
Treasury bills - 3 months	01-Dec-22	-	500,000	500,000	-	-	-	-
Treasury bills - 3 months	15-Dec-22	-	635,000	635,000	-	-	-	-
Treasury bills - 3 months	04-Jan-23	-	375,000	375,000	-	-	-	-
Treasury bills - 3 months	26-Jan-23	-	1,985,000	1,985,000	-	-	-	-
Treasury bills - 3 months	09-Feb-23	-	1,250,000	1,250,000	-	-	-	-
Treasury bills - 3 months	09-Mar-23	-	570,000	570,000	-	-	-	-
Treasury bills - 3 months	06-Apr-23	-	3,500,000	3,500,000	-	-	-	-
Treasury bills - 3 months	18-May-23	-	900,000	600,000	300,000	293,146	292,809	11
Treasury bills - 3 months	01-Jun-23	-	450,000	-	450,000	436,117	435,515	16
Treasury bills - 3 months	15-Jun-23	-	500,000	500,000	-	-	-	-
Treasury bills - 6 months	27-Jan-22	-	500,000	500,000	-	-	-	-
Treasury bills - 6 months	10-Feb-22	-	500,000	500,000	-	-	-	-
Treasury bills - 6 months	10-Mar-22	-	755,000	755,000	-	-	-	-
Treasury bills - 6 months	21-Apr-22	-	1,500,000	1,500,000	-	-	-	-
Treasury bills - 6 months	28-Apr-22	-	1,200,000	1,200,000	-	-	-	-
Treasury bills - 6 months	02-Jun-22	-	3,600,000	3,600,000	-	-	-	-
Treasury bills - 6 months	06-Oct-22	-	1,000,000	1,000,000	-	-	-	-
Treasury bills - 6 months	15-Jun-23	-	500,000	500,000	-	-	-	-
Treasury bills - 12 months	06-Oct-22	-	850,000	850,000	-	-	-	-
Treasury bills - 12 months	20-Oct-22	-	550,000	550,000	-	-	-	-
Treasury bills - 12 months	15-Jun-23	-	500,000	-	500,000	827,914	820,636	30
Total as at June 30, 2023						1,557,177	1,548,960	(8,218)
Total as at June 30, 2022						-	-	-

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

5.1.2 Pakistan investment bonds

Particulars	Issue Date	Face value				As at June 30, 2023			Market value as a percentage of net assets
		As at July 1, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value	Market value	Unrealised (loss) / gain	
		(Rupees in '000)							
Pakistan Investment Bonds-3 Years	05-Aug-21	-	250,000	-	250,000	-	-	-	-
Pakistan Investment Bonds-3 Years	04-Aug-22	-	1,350,000	-	1,350,000	-	-	-	-
Pakistan Investment Bond - 5 years	29-Apr-22	150,000	1,100,000	-	1,250,000	-	-	-	-
Pakistan Investment Bond - 5 years	13-Oct-22	-	550,000	-	550,000	-	-	-	-
Total as at June 30, 2023									
Total as at June 30, 2022						121,735	121,317	(418)	

* These carry effective yield of ranging between 7% to 10.5% (2022: 7% to 8%) per annum.

5.1.3 Pakistan investment bonds - Floating Rate Bonds (FRB)

Particulars	Issue Date	Face value				As at June 30, 2023			Market value as a percentage of net assets
		As at July 1, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value	Market value	Unrealised (loss) / gain	
		(Rupees in '000)							
Pakistan Investment Bond - 2 years	05-Nov-20	550,000	550,000	1,100,000	-	-	-	-	-
Pakistan Investment Bond - 2 years	26-Aug-21	1,250,000	3,200,000	4,450,000	-	-	-	-	-
Pakistan Investment Bond - 2 years	30-Dec-21	-	1,250,000	1,250,000	-	-	-	-	-
Pakistan Investment Bond - 2 years	08-Sep-22	-	1,600,000	1,600,000	-	-	-	-	-
Pakistan Investment Bond - 3 years	18-Jun-20	-	35,000	35,000	-	-	-	-	-
Pakistan Investment Bond - 5 years	06-May-21	175,000	350,000	175,000	350,000	342,584	338,240	(4,344)	12
Pakistan Investment Bond - 5 years	17-Nov-22	-	150,000	150,000	-	-	-	-	-
Total as at June 30, 2023						342,584	338,240	(4,344)	
Total as at June 30, 2022						1,965,638	1,962,610	(3,028)	

* These carry effective yield of ranging between 14.71% to 21.99% (2022: 7.24% to 15.20%) per annum and will mature by June 18, 2020 to November 17, 2027 (2022: November 05, 2022 to May 6, 2026).

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

Note	June 30, 2023 (Rupees in '000)	June 30, 2022
5.2.1	91,999	93,553
5.6	(49,940) (23,316) (18,743) (91,999)	(49,940) (24,870) (18,743) (93,553)

5.2 Term finance certificates - listed debt securities

Carrying Value as at June 30

Less: Provision as at July 1

- Pace Pakistan Limited
- Telecard Limited
- Trust Investment Bank Limited

5.2.1 Listed debt securities - Term finance certificates

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of certificates			As at June 30, 2023				Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2022	Purchased during the year	Sold / matured during the year/redeemed	As at June 30, 2023	Carrying value	Provision	Net			
Investment Banks / Investment Companies / Securities Companies										
Trust Investment Bank Limited	10,000	-	-	10,000	18,743	(18,743)	-	-	-	-
- Due but not received (Note 5.6)										
Miscellaneous										
Pace Pakistan Limited	10,000	-	-	10,000	49,940	(49,940)	-	-	-	-
- Due but not received (Note 5.6)										
Technology & Communication										
Telecard Limited										
- Due but not received (Note 5.6)	19,975	-	-	19,975	23,316	(23,316)	-	-	-	-
Total as at June 30, 2023					91,999	(91,999)	-	-	-	-
Total as at June 30, 2022					99,771	(99,771)	-	-	-	-
Face value of the certificate is Rs. 1,000,000.										

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

5.3 Term finance certificates - unlisted debt securities

Certificates have a face value of Rs 5,000 each unless stated otherwise

Name of investee company	Number of certificates			As at June 30, 2023				Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying value	Market value	Unrealised gain / (loss)			
Commercial Banks										
Bank AL Habib Limited	100,000	-	47,000	53,000	272,527	261,663	(10,864)	9.61	11.02	0.01
The Bank of Punjab *	1,730	-	-	1,730	170,562	171,992	1,430	6.31	7.24	4.00
Askari Bank Limited	30	-	-	30	30,450	29,693	(757)	1.09	1.25	0.49
Investment Banks / Investment Companies / Securities Companies										
Jahangir Siddiqui & Company Limited	22,000	-	-	22,000	18,949	18,465	(484)	0.68	0.78	1.47
Total as at June 30, 2023					492,488	481,813	(10,675)			
Total as at June 30, 2022					756,934	772,305	15,371			

* Face value of the certificate is Rs. 100,000.

5.3.1 Significant terms and conditions of term finance certificates outstanding as at June 30, 2023 are as follows:

Name of the issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Commercial Banks				
The Bank of Punjab	6 months KIBOR + 1.25%	23-Apr-18	23-Apr-28	AA
Bank AL Habib Limited	6 months KIBOR + 0.75%	30-Sep-21	30-Sep-2031	AAA
Investment Banks / Investment Companies / Securities Companies				
Jahangir Siddiqui & Company Limited	6 months KIBOR + 1.40%	6-Mar-18	6-Mar-23	AA+
Askari Bank Limited	3 months KIBOR + 1.2%	17-Mar-20	17-Mar-30	AA

5.3.1.1 The rating of the term finance certificates have been obtained from Pakistan Credit Rating Agency (PACRA).

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

5.4 Unlisted debt securities - Sukuk certificates

Certificates have a face value of Rs 100,000 each unless stated otherwise

Name of investee company	Number of certificates		As at June 30, 2023		Market value as a percentage of net assets	Market value as a percentage of total investments	Investment as a percentage of total issue size
	As at July 1, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023			
Chemical							
Ghani Gases Limited	480	-	-	480	5,520	5,520	0.23
Oil and Gas							
Energycio PK Limited	10	-	(10)	-	-	-	-
Total as at June 30, 2023					<u>5,520</u>	<u>5,520</u>	
Total as at June 30, 2022					12,446	13,135	689

5.4.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2023 are as follows:

Name of the Issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Chemical				
Ghani Gases Limited	3 months KIBOR + 1.00%	2-Feb-17	2-Feb-24	A

5.4.1.1 The rating of the term finance certificates have been obtained from Pakistan Credit Rating Agency (PACRA).

5.5 Net unrealised diminution in value of investments at fair value through profit or loss

Market value as at June 30 - net of provision	5.1.1, 5.1.3, 5.3 & 5.4	2,374,533	2,869,367
Carrying value as at June 30 - net of provision	5.1.1, 5.1.3, 5.3 & 5.4	(2,397,768)	(2,856,753)
		<u>(23,235)</u>	<u>12,614</u>

June 30, 2023
June 30, 2022
Note ----- (Rupees in '000) -----

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

5.6 Status of non compliance as per circular 16 of 2010 issued by the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP), vide its Circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

Name of non-compliant investments	Note	Type of Instrument	Value of Investment before provision	Provision held if any	Value of Investment after provision	% of net assets	% of gross assets
Trust Investment Bank Limited	5.2.1	TFC	-	(18,743)	(18,743)	-	-
Telecard Limited *	5.2.1	TFC	-	(23,316)	(23,316)	-	-
Pace Pakistan Limited	5.2.1	TFC	-	(49,940)	(49,940)	-	-

Owing to continuous default on repayment of coupon by the issuer, the Fund had classified the said investment as non-performing. The Fund has recognised full provision against outstanding principal in accordance with applicable provisioning circular issued by the Securities and Exchange Commission of Pakistan and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of mark-up there against.

* During the year, the issuer with the consent of TFC holders restructured the issue. The restructuring term spreads over a period of 8 years with the first payment of principal starting from March 2022 and thereafter in equal quarterly instalments, with maturity in December 2028. The Fund has received 5 installments amounting to 7.75 million.

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
6. PROFIT RECEIVABLE		
Profit receivable on:		
Deposits with banks	9,986	18,879
Pakistan Investment Bond	11,697	38,140
Term finance certificates and sukuk certificates	24,775	24,577
Margin trading system (MTS)	-	14
	46,458	81,610
7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advance tax	4,783	4,454
Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Security deposit with Central Depository Company of Pakistan Limited	200	200
Receivable from National Clearing Company of Pakistan Limited	5,610	5,610
Prepayments	270	294
Others	169	45
	13,532	13,103
8. PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		
Management remuneration payable	8.1	1,206
Sindh sales tax payable on management remuneration	8.2	157
Sales load payable		2,718
Payable against allocated expenses	8.3	350
Payable against marketing and selling expenses	8.4	4,812
		9,243
		6,676

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

8.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject into the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 10% of the gross earnings of the fund, calculated on daily basis. The remuneration is payable to the Management Company monthly in arrears.

8.2 Sindh Sales Tax on management fee has been charged at 13% (2022: 13%).

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense.

8.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the average daily net assets of the Fund or actual expenses whichever is lower.

In the financial year 2019-20, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company can charge selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised conditions.

The Management Company has charged selling and marketing expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the BOD of the Management Company.

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration payable	9.1	175	249
Sindh sales tax on remuneration of the Trustee	9.2	23	32
		198	281

9.1 From July 01, 2019, the Trustee is entitled to a remuneration at the rate of 0.075% per annum of the net assets to be paid monthly in arrears.

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

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to the SECP	10.1	652	1,415

10.1 Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs, Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets.

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

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related tax on			
- Management fee	11.1	9,210	9,210
- Sales load		239	239
Legal and professional charges		38	34
Withholding tax on capital gains		4,468	2,671
Auditors' remuneration		531	409
Brokerage		148	9
Others		517	40,268
		15,151	52,840

11.1 Federal Excise Duty and related tax payable

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

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 1, 2016. However, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2023 aggregates to Rs. 9.45 million (2022: Rs. 9.45 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2023 would have been higher by Re. 0.19 (2022: Re. 0.16) per unit.

12. CONTINGENCIES AND COMMITMENTS

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

	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		
13. MARKUP / RETURN ON INVESTMENTS		
Government securities	369,774	310,033
Term finance certificates and sukuk certificates	112,449	71,254
	482,223	381,287
14. AUDITORS' REMUNERATION		
Annual audit fee	370	294
Half yearly review fee	185	168
Other certification and services	50	50
Out of pocket expenses	128	79
	733	591
Sales tax	95	47
	828	638

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

15. TOTAL EXPENSE RATIO

The total expense ratio of the Fund for the year is 1.37% and this includes 0.09% representing government levy, and SECP fee etc. This ratio is within the maximum limit of 3% (2022: 2.5%) prescribed under the NBFC Regulations for a Collective Investment Scheme categorized as Income Scheme.

Provided that in addition to the above prescribed limit Income and Aggressive Income Schemes which invest in Margin Trading System (MTS) and/or ready future spread transaction, may charge additional MTS and/or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme.

16. TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend. Furthermore, Regulation 63 of the NBFC Regulations, requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the Management Company has distributed the income earned by the Fund to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements.

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
17. CASH AND CASH EQUIVALENTS			
	4		
Bank balances	5.1.1	314,613	2,432,713
Market Treasury Bills		728,324	-
		1,042,937	2,432,713

18. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and their close family members, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

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

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

	For the year ended June 30, 2023							
	As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023	As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023
	Units (Rupees in '000)							
Adamjee Life Assurance Company Limited	2,940,965	458,452	-	3,399,417	159,888	24,936	-	185,759
Adamjee Life Assurance Company Limited - MGF	-	495	495	-	-	27	27	-
Adamjee Life Assurance Company Limited - DSF	-	111,334	111,334	-	-	6,500	6,746	-
D.G Khan Cement Company Limited - Employees Provident Fund Trust	476,145	74,225	-	550,370	25,886	4,037	-	30,075
Nishat Paper Production Company limited - Staff Provident Fund	-	146,625	-	146,625	-	8,000	-	8,012
Security General Insurance Company Limited - Employees Provident Fund and Trust	110,576	17,237	-	127,813	6,012	938	-	6,984
Directors and key management personnel of the Management Company	7	268,333	268,333	7	-	15,147	15,158	-
Mandate under discretionary portfolio services	100,519	195,098	231,982	63,635	5,465	11,263	13,458	3,477
Unit holders holding 10% or more units	-	11,065,110	5,152,960	5,912,150	-	617,434	321,578	323,065

* This reflects the position of related party / connected persons status as at June 30, 2023.

	For the year ended June 30, 2022							
	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022	As at July 01, 2021	Issued for cash	Redeemed	As at June 30, 2022
	Units (Rupees in '000)							
Adamjee Life Assurance Company Limited	-	2,940,965	-	2,940,965	-	159,665	-	159,888
MCB Investment Management Limited	7,152,428	8,753,800	15,906,228	-	388,254	486,000	881,428	-
Adamjee Insurance Company Limited - Employees Gratuity Fund	264,275	33,280	297,555	-	14,346	1,820	16,486	-
D.G Khan Cement Company Limited - Employees Provident Fund Trust	-	476,145	-	476,145	-	25,856	-	25,886
Security General Insurance Company Limited	8,700,207	7,195,642	15,895,849	-	472,272	400,000	883,252	-
Security General Insurance Company Limited - Employees Provident Fund and Trust	-	110,576	-	110,576	-	6,006	-	6,012
Directors and key management personnel of the Management Company	55	70,394	70,442	7	3	3,958	3,965	-
Mandate under discretionary portfolio services	26,422,955	48,821,803	75,144,239	100,519	1,434,312	2,767,470	4,238,912	5,465

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

18.2 Details of transactions other than units of the Fund with related parties / connected persons during the year

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
MCB-Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	17,333	76,408
Allocated expenses	4,604	7,076
Marketing and selling expense	15,799	2,479
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	2,763	5,996
CDS charges	20	690
Arif Habib Limited - Subsidiary of Associated Company*		
Brokerage expense	-	53
MCB Bank Limited - Parent of the Management Company		
Profit on bank balances	43	133
Bank charges	27	66
Silk Bank Limited - Common Directorship *		
Profit on bank balances	2	-
Purchase of securities : Face value 377.5 : (2022: Nil) million	371,982	-
Sale of securities : Face value 700 : (2022: Nil) million	696,299	-
Aisha Steel Limited - Group Company of Parent Company*		
Purchase of Nil shares (2022: 27,299,500 shares)	-	592,440
Sale of Nil shares (2022: 32,270,500 shares)	-	716,900
Dividend Income	-	11,070
Nishat Mills Limited - Group Company of Parent Company		
Purchase of Nil shares (2022: 644,000 shares)	-	62,132
Sale of Nil shares (2022: 683,000 shares)	-	66,508
Dividend Income	-	46
Nishat Chunian Limited- Group Company of Parent Company*		
Purchase of Nil shares (2022: 1,256,000 shares)	-	61,065
Sale of Nil shares (2022: 1,259,500 shares)	-	57,548
Dividend Income	-	4,115
Power Cement Limited- Group Company of Parent Company*		
Purchase of Nil shares (2022: 258,500 shares)	-	2,147
Sale of Nil shares (2022: 712,500 shares)	-	6,706
DG Khan Cement Company Limited - Group Company of Parent Company		
Purchase of Nil shares (2022: 2,506,500 shares)	-	243,649
Sale of Nil shares (2022: 2,848,000 shares)	-	287,319
Dividend Income	-	1,095
Siddiqsons Tin Plate Limited - Group Company of Parent Company*		
Purchase of Nil shares (2022: 2,545,000 shares)	-	43,343
Sale of Nil shares (2022: 2,545,000 shares)	-	43,726
Pak Elektron Limited - Group Company of Parent Company*		
Purchase of Nil shares (2022: 1,813,000 shares)	-	58,338
Sell of Nil shares (2022: 4,005,500 shares)	-	137,039

* This is no longer related party after April 18, 2023 due to disposal of Shares by Arif Habib Corporation in MCB-Arif Habib Savings and Investments Limited.

18.3 Details of balances with related parties / connected persons as at year end

MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	1,206	5,433
Sindh sales tax payable on management remuneration	157	706
Sales load payable	2,718	55
Payable against allocated expenses	350	332
Payable against marketing and selling expenses	4,812	150
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	175	249
Sindh sales tax payable on Trustee remuneration	23	32
Security deposit	200	200
MCB Bank Limited - Parent of the Management Company		
Bank balance	13,950	9,973

* The amount disclosed represents the amount of brokerage expense or brokerage payable to connected persons and not the purchase or sale value of securities transacted through them as the ultimate counter parties are not connected persons.

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

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	June 30, 2023							
	Carrying amount		Fair Value					
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----								
Financial assets measured at fair value								
Government securities	1,887,200	-	-	1,887,200	338,240	1,548,960	-	1,887,200
Term Finance Certificates - Unlisted	481,813	-	-	481,813	280,128	201,685	-	481,813
Sukuks Certificates - Unlisted	5,520	-	-	5,520	5,520	-	-	5,520
	2,374,533	-	-	2,374,533	623,888	1,750,645	-	2,374,533
Financial assets not measured at fair value								
Bank balances	-	-	314,613	314,613				
Profit receivable	-	-	46,458	46,458				
Deposits and other receivables	-	-	8,479	8,479				
	-	-	369,550	369,550				
Financial liabilities not measured at fair value								
Payable to the Management Company	-	-	9,086	9,086				
Payable to the Trustee	-	-	175	175				
Payable against redemption of units	-	-	47	47				
Accrued expenses and other liabilities	-	-	1,234	1,234				
	-	-	10,542	10,542				

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

	June 30, 2022						
	Carrying amount			Fair Value			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Government securities	2,083,927	-	-	2,083,927	1,962,610	121,317	-
Term Finance Certificates - Unlisted	772,305	-	-	772,305	571,225	201,080	-
Sukuks Certificates - Unlisted	13,135	-	-	13,135	-	13,135	-
	2,869,367	-	-	2,869,367	2,533,835	335,532	-
Financial assets not measured at fair value							
Bank balances	-	-	2,432,713	2,432,713			
Profit receivable	-	-	81,610	81,610			
Deposits and other receivables	-	-	8,355	8,355			
	-	-	2,522,678	2,522,678			
Financial liabilities not measured at fair value							
Payable to the Management Company	-	-	5,970	5,970			
Payable to the Trustee	-	-	249	249			
Payable against purchase of investment	-	-	2,125,509	2,125,509			
Payable against redemption of units	-	-	47	47			
Accrued expenses and other liabilities	-	-	40,720	40,720			
	-	-	2,172,495	2,172,495			

During the year ended June 30, 2023, there were no transfers between levels fair value measurements, and no transfer into and out of level 3 fair value measurements.

20. FINANCIAL RISK MANAGEMENT

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

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

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

20.1 Market risk

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

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

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

20.1.1 Currency risk

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

20.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2023, the Fund is exposed to such risk on bank balances, investments in term finance certificates, government securities and sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2023 details of Fund's interest bearing financial instruments were as follows:

	Note	June 30, 2023	June 30, 2022
		-----Rupees-----	
Variable rate instrument (financial asset)			
Bank balance	4	300,701	2,422,745
Pakistan investment bonds - Floating Rate Bonds (FRB)	5.1.3	338,240	1,962,610
Term finance certificates	5.3	481,813	772,305
Sukuks certificates	5.4	5,520	13,135
		1,126,274	5,170,795
Fixed rate instruments (financial assets)			
Pakistan investment bonds	5.1.2	-	121,317
		-	121,317

a) Sensitivity analysis for variable rate instrument

Presently, the Fund holds KIBOR based Government securities, term finance, sukuks certificates and balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs 11.26 million (2022: Rs. 51.7 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2023, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2023, the net income for the year and net assets would be lower / higher by Rs. Nil million (2022: Rs. 1.21 million).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2023 can be determined as follows:

Particulars	As at June 30, 2023					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and	More than one year		
%----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	12.25 to 19.50	300,701	-	-	13,912	314,613
Government securities	14.71 to 21.99	-	-	338,240	1,548,960	1,887,200
Unlisted debt securities	8.86 to 15.11	18,465	-	463,348	-	481,813
Sukuks certificates - unlisted		-	-	-	5,520	5,520
Profit receivable		-	-	-	46,458	46,458
Deposits and other receivables		-	-	-	8,479	8,479
Sub total		319,166	-	801,588	1,623,329	2,744,083
Financial liabilities						
Payable to the Management Company		-	-	-	9,086	9,086
Payable to the Trustee		-	-	-	175	175
Payable against purchase of investment		-	-	-	-	-
Payable against redemption of units		-	-	-	47	47
Accrued expenses and other liabilities		-	-	-	1,234	1,234
Sub total		-	-	-	10,542	10,542
On-balance sheet gap		319,166	-	801,588	1,612,787	2,733,541
Total interest rate sensitivity gap		319,166	-	801,588	1,612,787	2,733,541
Cumulative interest rate sensitivity gap		319,166	319,166	1,120,754		

Particulars	As at June 30, 2022					Total
	Effective yield / interest rate	Exposed to yield / interest risk			Not exposed to yield / interest rate risk	
		Upto three months	More than three months and upto one year	More than one year		
%----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.5 to 17.05	2,422,745	-	-	9,968	2,432,713
Government securities	7.16 to 7.5	-	549,175	1,534,752	-	2,083,927
Unlisted debt securities	8.86 to 15.11	-	57,072	728,368	-	785,440
Profit receivable		-	-	-	81,610	81,610
Deposits and other receivables		-	-	-	8,355	8,355
Sub total		2,422,745	606,247	2,263,120	99,933	5,392,045
Financial liabilities						
Payable to the Management Company		-	-	-	5,970	5,970
Payable to the Trustee		-	-	-	249	249
Payable against purchase of investment		-	-	-	2,125,509	2,125,509
Payable against redemption of units		-	-	-	47	47
Accrued expenses and other liabilities		-	-	-	40,720	40,720
Sub total		-	-	-	2,172,495	2,172,495
On-balance sheet gap		2,422,745	606,247	2,263,120	(2,072,562)	3,219,550
Total interest rate sensitivity gap		2,422,745	606,247	2,263,120	(2,072,562)	3,219,550
Cumulative interest rate sensitivity gap		2,422,745	3,028,992	5,292,112		

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

20.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit 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.

20.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on investments in term finance certificates and sukuk certificates, bank balances and other financial assets at amortised cost. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

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

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

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

	June 30, 2023		June 30, 2022	
	Balance as per statement of assets and liabilities	Maximum exposure	Balance as per statement of assets and liabilities	Maximum exposure
----- (Rupees in '000) -----				
Bank balances	314,613	314,613	2,432,713	2,432,713
Investments	2,374,533	487,333	2,869,367	785,440
Receivable against margin trading system	-	-	-	-
Receivable against sale of investment	-	-	-	-
Profit receivable	46,458	34,761	81,610	43,470
Advances, deposits and other receivables	8,479	8,479	8,355	8,355
	2,744,083	845,186	5,392,045	3,269,978

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2023.

Bank Balances by rating category

Rating	June 30, 2023		June 30, 2022	
	Rupees in '000	%	Rupees in '000	%
AAA	177,561	56.43	1,230,029	50.57
AA+	136,437	43.37	716,680	29.46
AA-	42	0.01	15	-
AA	426	0.14	490	0.02
A+	58	0.02	485,403	19.95
A-	58	0.02	21	-
A	31	0.01	75	-
	314,613	100.00	2,432,713	100.00

Investments in Market Treasury Bills and Pakistan Investment Bonds do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investment.

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 deposits 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 deposits.

Concentration of credit risk

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

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

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 counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using central clearing system.

20.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption units.

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

June 30, 2023	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- Rupees in '000 -----						
Financial assets						
Bank balances	314,613	-	-	-	-	314,613
Investments	-	728,324	844,621	510,232	291,356	2,374,533
Profit receivable	46,458	-	-	-	-	46,458
Deposits and other receivables	8,479	-	-	-	-	8,479
	369,550	728,324	844,621	510,232	291,356	2,744,083
Financial liabilities						
Payable to the Management Company	9,086	-	-	-	-	9,086
Payable to the Trustee	175	-	-	-	-	175
Payable against redemption of units	47	-	-	-	-	47
Accrued expenses and other liabilities	1,234	-	-	-	-	1,234
	10,542	-	-	-	-	10,542
	359,008	728,324	844,621	510,232	291,356	2,733,541
June 30, 2022	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
----- Rupees in '000 -----						
Financial assets						
Bank balances	2,432,713	-	-	-	-	2,432,713
Investments	-	-	606,247	1,547,632	715,488	2,869,367
Profit receivable	81,610	-	-	-	-	81,610
Deposits and other receivables	8,355	-	-	-	-	8,355
	2,522,678	-	606,247	1,547,632	715,488	5,392,045
Financial liabilities						
Payable to the Management Company	5,970	-	-	-	-	5,970
Payable to the Trustee	249	-	-	-	-	249
Payable against purchase of investment	2,125,509	-	-	-	-	2,125,509
Payable against redemption of units	47	-	-	-	-	47
Accrued expenses and other liabilities	40,720	-	-	-	-	40,720
	2,172,495	-	-	-	-	2,172,495
	350,183	-	606,247	1,547,632	715,488	3,219,550

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

21. PARTICULARS OF THE INVESTMENT COMMITTEE AND THE FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Muhammad Saqib Saleem	Chief Executive Officer	FCCA, FCA	25.5
Muhammad Asim	Chief Investment Officer	MBA, CFA	20
Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	12
Jawad Naeem	Head of Islamic Equity	MBA Finance & CFA level 1	15
Saad Ahmed	Head Of Fixed Income	MBA	17
Syed Abid Ali	Head Of Equities	MBA	15
Usama Iqbal	Fund Manager	Graduate	19

21.1 Syed Mohammad Usama Iqbal is the Manager of the Fund. Details of the other funds being managed by him are as follows:

- Alhamra Islamic Income Fund
- Alhamra Islamic Money Market Fund
- Alhamra Wada Plan VII
- Alhamra Smart Portfolio
- MCB Pakistan Fixed Return Fund

22.

TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2023 (Percentage)
1 Continental Exchange Private.	30.91
2 C And M Management Private	14.03
3 Optimus Market (Private) Limited	12.01
4 Paramount Capital (Private) Limited	7.91
5 Bipl Securities Limited	6.88
6 Vector Capital (Private) Limited	6.55
7 Alfalah Clsa Securities (Private) Limited	6.36
8 Akd Securities Limited	5.13
9 Invest One Markets Private	2.46
10 Arif Habib Limited	2.44
	June 30, 2022 (Percentage)
1 Top Line Securities (Private) Limited	44.87
2 KTrade Securities Limited	17.01
3 Adam Securities (Private) Limited	9.12
4 MRA Securities Limited	6.42
5 AKD Securities Limited	6.30
6 BMA Capital Management (Private) Limited	3.71
7 Multiline Securities (Private) Limited	2.43
8 Taurus Securities Limited	1.82
9 Alfalah Clsa Securities (Private) Limited	1.79
10 Continental Exchange (Private) Limited	1.16

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

23. PATTERN OF UNIT HOLDING

	As at June 30, 2023			
	Number of unit holders	Number of units	Investment amount	Percentage investment
	(Rupees in '000)			%
Associated Company	4	4,224,225	230,830	8.47
Individual	2,084	30,702,419	1,677,709	61.59
Retirement Fund	38	5,982,836	326,928	12.00
Foreign Individual	9	28,014	1,531	0.06
Others	19	752,816	41,137	1.51
Other Corporates	15	1,277,801	69,825	2.56
Insurance Companies	9	6,878,753	375,885	13.80
	2,178	49,846,864	2,723,845	100

	As at June 30, 2022			
	Number of unit holders	Number of units	Investment amount	Percentage investment
	(Rupees in '000)			%
Individuals	2,109	35,955,745	1,954,759	60.90
Retirement funds	54	8,782,859	477,488	14.87
Others	20	1,477,098	80,303	2.50
Associated Company	3	3,527,686	191,785	5.97
Other Corporates	17	1,776,928	96,604	3.01
Foreign Individual	12	42,854	2,330	0.07
Insurance Companies	10	7,481,849	406,756	12.67
	2,225	59,045,019	3,210,025	100

24. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

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

Name of persons attending the meetings	Designation	Number of Meetings Held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroun Rashid	Chairman	12	12	12	-	-
Mr. Nasim Beg*	Vice Chairman / Director	12	12	12	-	-
Mr. Ahmed Jahangir	Director	12	12	12	-	-
Mr. Mirza Qamar Beg*	Director	12	12	12	-	-
Mr. Kashif A. Habib	Director	12	12	8	4	180th, 184th, 186th, 187th
Syed Savail Meekal Hussain*	Director	12	12	10	2	185th, 187th
Ms. Mavra Adil Khan	Director	12	12	9	3	178th, 181st, 182nd
Mr. Muhammad Saqib Saleem	Chief Executive Officer	12	12	12	-	-
Mr. Shoaib Mumtaz**	Director	12	1	1	-	-
Mr. Manzar Mushtaq**	Director	12	1	1	-	-
Mr. Fahd kamal Chinoy**	Director	12	1	1	-	-

*Resigned in EOGM on May 02, 2023.

** New Directors appointed on the Board of Directors in EOGM held on May 02, 2023.

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

25. UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

26. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

27. DATE OF AUTHORISATION FOR ISSUE

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

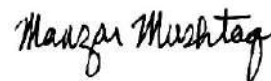
For MCB-Arif Habib Savings and Investments Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit holdings	Total units held
1190	A. 001-10,000	45,168
379	B. 10,001 – 100,000	246,761
340	C. 100,001 – 1000,000	2,696,210
269	D. 1000,001 & Above	46,858,725
<u>2,178</u>		<u>49,846,864</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2023

Performance Information	2023	2022	2021	2020	2019
Total Net Assets Value – Rs. in million	2,723.8450	3,210.0250	9,595.3546	2,103.3400	1,391.5310
Net Assets value per unit – Rupees	54.6443	54.3657	54.2828	54.2070	53.8234
Closing Offer Price	55.8793	55.5944	55.5096	55.4321	55.0398
Closing Repurchase Price	54.6443	54.3657	54.2828	54.2070	53.8234
Highest offer price per unit	64.2926	60.7626	59.4913	62.8085	59.4166
Lowest offer price per unit	55.6145	55.5410	54.7855	55.0580	55.0086
Highest Redemption price per unit	62.8717	59.4197	58.1765	61.4204	58.1035
Lowest Redemption price per unit	54.3854	54.3135	54.2148	53.8412	53.7929
Distribution per unit – Rs. *	8.4790	5.1073	3.9065	7.1414	4.3249
Average Annual Return - %					
One year	16.18	9.57	7.35	13.96	8.13
Two year	12.88	8.46	10.66	11.05	6.45
Three year	11.03	10.29	9.81	8.95	6.60
Net Income for the year – Rs. in million	484.555	611.3030	372.9311	212.0180	116.3810
Distribution made during the year – Rs. in million	477.3660	627.2130	366.1100	204.7820	156.2080
Accumulated Capital Growth – Rs. in million	7.1890	(15.9100)	6.8211	7.2360	(56.7400)
Weighted average Portfolio Duration (years)	1.9	2.8	0.58	1.6	1.5

*** Date of Distribution**

2023	
Date	Rate
June 16, 2023	8.479
2022	
Date	Rate
June 24, 2022	5.1073
2021	
Date	Rate
June 25, 2021	3.9065
2020	
Date	Rate
June 26, 2020	7.1414
2019	
Date	Rate
June 27, 2019	4.3249
July 4, 2018	2.5511

Disclaimer

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

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