



MCB FUNDS
Investments for Life

ANNUAL REPORT 2023

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



MCB PAKISTAN SOVEREIGN 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 Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited	Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqati Bank Limited Js Bank Limited National Bank Of Pakistan
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 **MCB Pakistan Sovereign 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 15.48% as against its benchmark return of 19.89%. At period-end, the fund decreased its exposure in cash to 26.4% from 56.4%.

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

The investment in PIBs stood at 42.20% and Other Receivables were 3.2%. The Net Assets of the Fund as at June 30, 2023 stood at Rs. 674 million as compared to Rs. 610 million as at June 30, 2022 registering an increase of 10%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 53.82 as compared to opening NAV of Rs. 53.46 per unit as at June 30, 2022 registering an increase of Rs. 0.36 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 name 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:

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:

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

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

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1.	Mobin Ahmed Siddiqui	Chief Internal Auditor	32.85	32.85	-

EXTERNAL AUDITORS

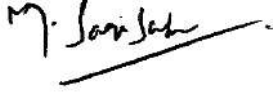
The Fund's external auditor's **M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants** have retired after completion of audit for Financial Year ended June 30, 2023. The Audit Committee has recommended appointment of **M/s. A.F Ferguson & Co. Chartered Accountants** as external auditors of the Fund 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**

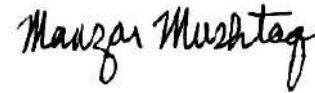
ACKNOWLEDGEMENT

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	۵۔ سید ساویل میقال سین
-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

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

سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم			
		(پونٹس کی تعداد)			
1.	مبین احمد صدیقی	چیف انٹرنل آڈیٹر	32.85	32.85	-

خارجی آڈیٹر

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، سیکورٹیز 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،

Mansur Mushtaq

منظر مشتاق

ڈائریکٹر

محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

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 میقال حسین

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

2. ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

میٹنگز کی تعداد		میٹنگز کی تعداد		
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز کی تعداد	نام
-	5	5	5	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

ڈائریکٹرز رپورٹ

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 ساول میکان حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6.	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	ایچ آراینڈ آر * کمیٹی (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آراینڈ آر * کمیٹی
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آراینڈ آر * کمیٹی

* ایچ آراینڈ آر کا مطلب ہے ہیومن ریسورس اینڈ ریورنیشن

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

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

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

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

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

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

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

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

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

i. پراویڈنٹ انگریجیوٹی 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:

ڈائریکٹرز رپورٹ

میوہل 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 کاران بے حد پُرکشش سطحوں پر ایکوٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

مینجمنٹ کمپنی

فنڈ کا انتظام ایم سی بی عارف حبیب سیونگز 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 سیونگز اینڈ انویسٹمنٹس لمیٹڈ سے تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا جائے، اور تبدیلی نام کی رسمی درخواست سکیورٹیز 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 کمیشنوں میں رکنیت
1.	جناب ہارون رشید	غیر ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب شعیب ممتاز	غیر ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمپنی

کی فراہمی متوقع ہے۔ مزید برآں، آئی ایم پروگرام کی بحالی سے پاکستان کو ورلڈ بینک اور دیگر کثیرالجہتی ایجنسیوں سے رعایتی شرائط پر رقم کے حصول میں بھی مدد ملے گی۔ اس سے مستقبل قریب میں ڈیفالٹ کا خطرہ ٹل گیا ہے، اور ہمیں اُمید ہے کہ قریب المیعاد میں روپے کی قدر مستحکم رہے گی۔

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

کیپٹل 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 کمی ہے۔ اسی طرح Earning Yield (آمدنی کی پیداوار) میں سے Risk Free Rate (خطرے سے محفوظ شرح) منہا کرنے پر تقریباً 6.0 فیصد بنتا ہے، اور قدیم اوسط 2.7 فیصد سے موازنہ کرنے پر اس بھرپور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد سے فائدہ اٹھانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے اُن کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.7x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 11.8 فیصد پر ہے۔

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

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات 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، فیکسڈ انکم کے مجموعی فنڈز جون 2022ء سے اب تک تقریباً 23.7 فیصد بڑھ کر 369 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 27 فیصد کم ہو کر 168 بلین روپے ہو گئے کیونکہ مجموعی معاشی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

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

ڈائریکٹرز رپورٹ

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

عارضی مجموعی 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 درآمداتی پابندیاں صنعتی ماحصل میں کمی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں ایف بی آر ٹیکس حصولی مالی سال 2023ء میں 16.4 فیصد بڑھ کر 7,154 بلین روپے ہو گئی، بالمقابل گزشتہ سال مماثل مدت میں 6,149 بلین روپے، لیکن 486 بلین روپے کے ہدف تک نہ پہنچ سکی۔

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا سال تا سال منافع 15.48 فیصد تھا جبکہ مقررہ معیار (بچ مارک) 19.89 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد میں اپنی سرمایہ کاری کو 56.4 فیصد سے کم کر کے 26.4 فیصد کر دیا۔ پاکستان انویسٹمنٹ بانڈز (پی آئی بی) میں سرمایہ کاری 42.2 فیصد تھی جبکہ دیگر قابل وصولیات 3.2 فیصد تھیں۔ 30 جون 2023ء کو فنڈ کے net اثاثہ جات 674 ملین روپے تھے، جو 30 جون 2022ء کی سطح 610 ملین روپے کے مقابلے میں 10 فیصد اضافہ ہے۔ 30 جون 2023ء کو net اثاثہ جاتی قدر (این اے وی) نی یونٹ 53.82 روپے تھی، جو 30 جون 2022ء پر ابتدائی این اے وی نی یونٹ 53.46 روپے کے مقابلے میں 0.36 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 اگریمینٹ (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 کثیرالجہتی 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

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان Sovereign فنڈ کے 30 جون 2023ء کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش خدمت ہے۔

معیشت اور بازار 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 ایشیاء کی قیمتوں میں اضافے اور کرنسی کی قدر میں کمی کے باعث مہنگائی کی ایسی لہر آئی جو 1974ء کے بعد سب سے بڑی تھی اور اس کے نتیجے میں سوڈ کی شرحیں بلند ترین سطح پر پہنچ گئیں۔ آئی ایم ایف پروگرام کا آغاز مالی سال کے نصف آخر کے دوران غیر یقینی رہا جس کے باعث سیاسی اور معاشی مسائل سے دوچار حکومت کے لیے سنگین مشکلات پیدا ہو گئیں۔

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

حکومت نے متعدد سیاسی ناپسندیدہ اقدامات اٹھائے، اگرچہ کچھ تاخیر اور ہچکچاہٹ کے ساتھ، مثلاً بجلی اور گیس کی قیمتوں میں اضافہ کیا، روپے کی قدر میں کمی ہونے دی، اضافی ٹیکس عائد کیے اور سوڈ کی شرحوں کو آئی ایم ایف کے مطالبات کے مطابق بڑھا دیا۔ تاہم آئی ایم ایف کے نوٹس (9th) جائزے کا اسٹاف لیول اگرینٹ (SLA) سال بھر غیر یقینی رہا کیونکہ آئی ایم ایف اور حکومت کے درمیان اتفاق نہیں ہو سکا۔ آئی ایم ایف پروگرام میں تاخیر کے باعث باہمی اور کثیرالجہتی شراکت داروں سے غیر ملکی آمد و رفت میں 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 مائل مدت میں 15.2 بلین ڈالر تھا، یعنی 81 فیصد سال در سال (YoY) کمی ہوئی۔ CAD میں کمی کی سب سے بڑی وجہ کاروباری خسارے میں کمی ہے۔ برآمدات میں 12.2 فیصد کمی اور درآمدات میں 23.9 فیصد کمی کی بدولت کاروباری خسارے میں 33.8 فیصد کمی ہوئی۔ حکومت نے منتخب درآمدات پر درآمداتی کوٹے عائد کر کے انتظامی اقدامات کے ذریعے درآمدات کو قابو میں رکھا۔ تاہم ان اقدامات سے غیر قانونی درآمدات (اسمگلنگ) میں اضافہ ہوا جس کے باعث ترسیلات زر مشتبہ ذرائع کی طرف مائل ہو گئیں۔ علاوہ ازیں، درآمدات پر مضبوط لگام کے نتیجے میں متعدد صنعتوں میں کمی واقع ہوئی اور مجموعی معاشی ترقی متاثر ہوئی۔

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

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

Fund Type and Category

MCB Pakistan Sovereign Fund (MSF) is an open end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse -REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Fund Benchmark

The benchmark for MSF is 6 month PKRV rates.

Investment Objective

The objective of the fund is to deliver income primarily from investment in Government securities.

Investment Strategy

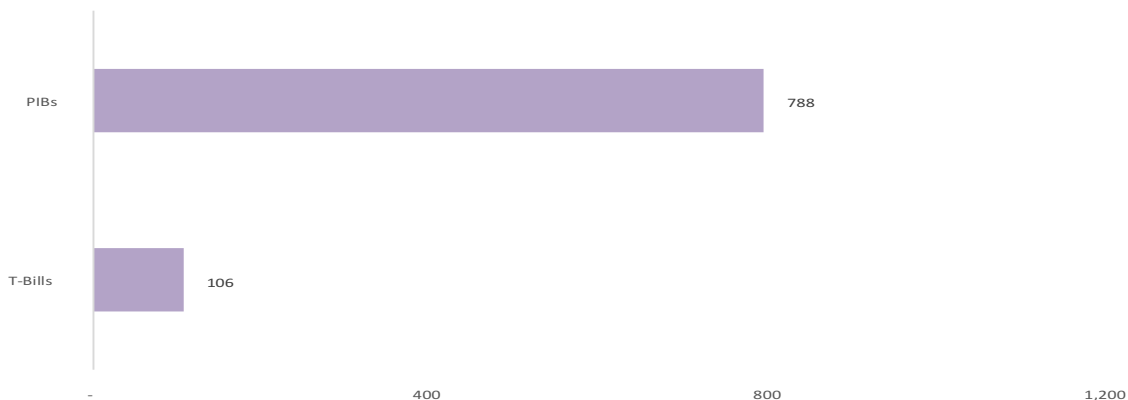
The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

During the period under review, the fund generated an annualized return of 15.48% as against its benchmark return of 19.89%. At period-end, the fund was invested 28.2% in T-Bills and 42.2% in PIBs.

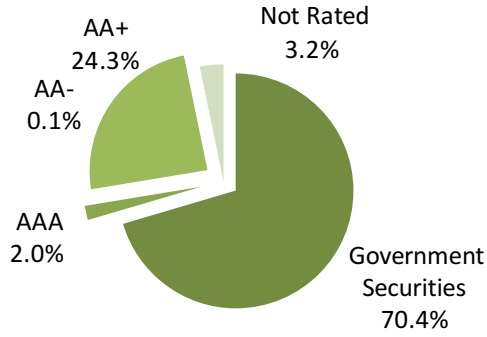
The Net Assets of the Fund as at June 30, 2023 stood at Rs. 674 million as compared to Rs. 610 million as at June 30, 2022 registering a increase of 10.5%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 53.82 as compared to opening NAV of Rs. 53.46 per unit as at June 30, 2022 registering an increase of Rs. 0.36 per unit.

Asset -wise Maturity (No. of Days)



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

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



Asset Allocation as of June 30, 2023 (%age of Total Assets)

Asset Allocation (%age of Total Assets)	Jun-23
Cash	26.4%
T-Bills	28.2%
PIBs	42.2%
Others including Receivables	3.2%

Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN SOVEREIGN 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 MCB Pakistan Sovereign 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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Pakistan

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INDEPENDENT AUDITOR'S REPORT

To The Unit Holders of MCB Pakistan Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB Pakistan Sovereign 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 (FVTPL) amounted to Rs. 512 million as at June 30, 2023, consisting of government securities 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 securities held by the Fund with the securities appearing in the Investor Portfolio Securities 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">tested purchases and sales during the period 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.
- 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.



Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

- 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: AR202310057zyulp293w

Independent Correspondent Firm In
Deloitte Touche Tohmatsu Limited

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

	Note	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022
ASSETS			
Bank balances	4	192,195	637,844
Investments	5	511,943	473,654
Profit receivable	6	19,736	16,148
Advances, prepayments and other receivables	7	3,246	3,089
Total assets		727,120	1,130,735
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	1,291	1,208
Payable to Central Depository Company of Pakistan Limited - Trustee	9	34	32
Payable to the Securities and Exchange Commission of Pakistan	10	132	139
Payable against purchase of investments		-	483,428
Dividend payable		2	1
Accrued expenses and other liabilities	11	52,041	35,556
Total liabilities		53,500	520,364
NET ASSETS		673,620	610,371
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		673,620	610,371
CONTINGENCIES AND COMMITMENTS	12	----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		12,515,525	11,417,720
		----- (Rupees) -----	
NET ASSETS VALUE PER UNIT		53.8200	53.4600

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

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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
INCOME			
Gain / (loss) on sale of investments - net		4,498	(3,290)
Income from Government securities		98,700	59,220
Markup on deposits with banks		17,819	11,311
Unrealised loss on re-measurement of investments at fair value through profit or loss' - net	5.2	(13,468)	(1,038)
Total income		107,549	66,203
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	3,714	7,339
Sindh sales tax on remuneration of Management Company	8.2	483	954
Allocated expense and related taxes	8.3	940	696
Marketing and selling expense	8.4	2,731	2,375
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	363	402
Sindh Sales Tax on remuneration of Trustee	9.2	47	52
Annual fee of Securities and Exchange Commission of Pakistan	10	132	139
Auditors' remuneration	13	728	550
Brokerage, printing and bank charges		777	388
Legal and other professional charges		713	1,686
Total expenses		10,628	14,581
Reversal of Provision against Sindh Workers' Welfare Fund	11.1	-	(13,419)
Net income for the year from operating activities		96,921	65,041
Taxation	15	-	-
Net income for the year after taxation		96,921	65,041
Allocation of net income for the year:			
Net income for the year after taxation		96,921	65,041
Income already paid on units redeemed		(20,987)	(22,418)
		75,934	42,623
Accounting income available for distribution:			
Relating to capital gains		-	-
Excluding capital gains		75,934	42,623
		75,934	42,623
Earnings per unit	3.10		

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022
Net income for the year after taxation	96,921	65,041
Other comprehensive income	-	-
Total comprehensive income for the year	96,921	65,041

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

	For year ended June 30,					
	2023			2022		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
----- (Rupees in '000) -----						
Net assets at beginning of the year	1,316,281	(705,910)	610,371	1,445,573	(707,643)	737,930
Issue of 23,209,089 units (2022: 9,992,618 units):						
- Capital value (at net asset value per unit at the beginning of the year)	1,240,758	-	1,240,758	532,806	-	532,806
- Element of income	57,022	-	57,022	26,862	-	26,862
	1,297,780	-	1,297,780	559,668	-	559,668
Redemption of 22,111,284 units (2022: 12,413,820 units):						
- Capital value (at net asset value per unit at the beginning of the year)	(1,182,071)	-	(1,182,071)	(661,905)	-	(661,905)
- Amount paid out of element of income						
- Relating to 'Net income for the year after taxation	(44,865)	(20,987)	(65,852)	(14,325)	(22,418)	(36,743)
	(1,226,936)	(20,987)	(1,247,923)	(676,230)	(22,418)	(698,648)
Interim distributions for the year ended June 30, 2022 (including additional units) at the rate of Rs. 5.07 per unit (declared on June 24, 2022)	-	-	-	(12,730)	(40,890)	(53,620)
Total comprehensive income for the year	-	96,921	96,921	-	65,041	65,041
Interim distributions for the year ended June 30, 2023 (including additional units) at the rate of Rs. 7.88 per unit (declared on June 16, 2023)	(11,925)	(71,604)	(83,529)	-	-	-
Net income for the year less distribution	(11,925)	25,317	13,392	(12,730)	24,151	11,421
Net assets as at the end of the year	1,375,200	(701,580)	673,620	1,316,281	(705,910)	610,371
Undistributed loss brought forward						
- Realised		(704,872)			(707,648)	
- Unrealised		(1,038)			5	
		(705,910)			(707,643)	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		75,934			42,623	
		75,934			42,623	
Distributions during the year		(71,604)			(40,890)	
Undistributed loss carried forward		(701,580)			(705,910)	
Undistributed loss carried forward						
- Realised		(688,112)			(704,872)	
- Unrealised		(13,468)			(1,038)	
		(701,580)			(705,910)	
		--- (Rupees) ---			--- (Rupees) ---	
Net assets value per unit as at beginning of the year		53.46			53.32	
Net assets value per unit as at end of the year		53.82			53.46	

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

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



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		96,921	65,041
Adjustments for:			
Unrealised loss on re-measurement of investments at fair value through profit or loss' - net		13,468	1,038
Reversal of provision against Sindh Workers' Welfare Fund		-	(13,419)
		110,389	52,660
Increase in assets			
Investments - net		(51,757)	(277,957)
Profit receivable		(3,588)	(8,358)
Advances, prepayments and other receivables		(157)	(65)
		(55,502)	(286,380)
Increase / (decrease) in liabilities			
Payable to the Management Company		83	191
Payable to the Trustee		2	(15)
Payable to the Securities and Exchange Commission of Pakistan		(7)	(113)
Payable against purchase of investments		(483,428)	(86,040)
Dividend payable		1	-
Accrued expenses and other liabilities		16,485	1,693
		(466,864)	(84,284)
Net cash used in operating activities		(411,977)	(318,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received against issuance of units		1,285,856	546,938
Amount paid against redemption of units		(1,247,923)	(698,648)
Distribution made during the year		(71,604)	(40,890)
Net cash used in from financing activities		(33,671)	(192,600)
Net decrease in cash and cash equivalents during the year		(445,649)	(510,604)
Cash and cash equivalents at beginning of the year		637,844	1,148,449
Cash and cash equivalents at end of the year		192,195	637,844

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Sovereign Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited as Management Company and Habib Metropolitan Bank Limited as Trustee. Pursuant to the merger of MCB Asset Management Limited and Arif Habib Investment Limited, the name of the Management Company has been changed from Arif Habib Investments Limited to MCB–Arif Habib Savings and Investments Limited with effect from June 27, 2011. During the year ended June 30, 2010, Habib Metropolitan Bank Limited retired as the Trustee of the Scheme and Central Depository Company of Pakistan Limited (CDC) was appointed as the new Trustee with effect from November 23, 2009. The Trust Deed was executed on December 24, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995, [repealed by the Non-Banking Finance Companies (Establishment and Regulations) 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 certificate of registration issued by SECP. The registered office of the Management Company 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 Board of Directors have approved that the Fund should be categorised as 'Income Scheme' as per the categories defined by the Securities and Exchange Commission of Pakistan Circular 7 of 2009 dated March 06, 2009. The Fund is an open ended mutual fund and offers units for public subscription on a continuous basis. The units of the Fund can be transferred to / from the Funds managed by the Management Company and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 MCB Pakistan Sovereign Fund has a policy of investing in Pakistan rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund.
- 1.6 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of 'AM1' dated October 06, 2022 to the Management Company and stability rating of 'AA-(f)' dated March 09, 2023 to the Fund.
- 1.7 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited, as the 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 by SECP 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;
- The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the requirements of the Trust Deed.

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

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

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

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

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, judgments 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, judgments 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 15)
- Classification and measurement of financial liabilities (notes 3.1.2.1)
- 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 investments that 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.

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.

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

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 rate (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 (FVOCI), 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 FVOCI criteria are classified as at fair value through profit or loss (FVTPL). In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL 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.

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 debt 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 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 debt 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.

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

The SECP/Commission has 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.

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;

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 rate 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 or the Fund has opted to measure them at fair value through profit or loss.

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

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 the 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.

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.

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

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.
- Income from investments in 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.
- Dividend income from equity securities is recognised when the right to receive dividend is established.

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.

		June 30, 2023	June 30, 2022
	Note	----- (Rupees in '000) -----	
4. BANK BALANCES			
In savings accounts	4.1	190,089	633,349
In current accounts	4.2	2,106	4,495
		192,195	637,844

4.1 These carry mark-up at rates ranging between 12.25% to 21.5% (2022: 5.5% to 17.5%) per annum and include Rs 0.665 million (2022: Rs. 0.701 million) maintained with MCB Bank Limited, connected person / related party, which carries profit at the rate of 19.50% and (2022: 12.25%) per annum.

4.2 These represents a balance of Rs. 2.09 million (2022: Rs. 4.488 million) held with MCB Bank Limited (a related party).

		June 30, 2023	June 30, 2022
	Note	----- (Rupees in '000) -----	
5. INVESTMENTS			
Financial assets 'at fair value through profit or loss'			
Government Securities			
Pakistan investment bonds	5.1.1	4,923	86,024
Pakistan investment bonds - Floating Rate Bond (FRB)	5.1.2	301,861	387,630
Market treasury bills	5.1.3	205,159	-
		511,943	473,654

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

5.1 Financial assets 'at fair value through profit or loss'
5.1.1 Government securities - Pakistan Investment Bonds

Name of security	Date of issue	Face value			As at June 30, 2023			Market value		
		As at July 01, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value	Market value	Loss	As a percentage of net assets	As a percentage of total investments
Pakistan Investment Bonds - 3 years	20-Aug-20	-	187,000	187,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years	5-Aug-21	-	250,000	250,000	-	-	-	-	-	-
Pakistan Investment Bonds - 3 years	4-Aug-22	-	1,750,000	1,750,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	12-Jul-18	-	88,000	88,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	19-Sep-19	-	27,000	27,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	29-Apr-22	100,000	800,000	900,000	-	-	-	-	-	-
Pakistan Investment Bonds - 5 years	13-Oct-22	-	950,000	950,000	-	-	-	-	-	-
Pakistan Investment Bonds - 10 years	12-Jul-18	-	70,500	70,500	-	-	-	-	-	-
Pakistan Investment Bonds - 20 years*	10-Jun-04	5,500	-	-	5,500	5,328	4,923	(405)	0.73	0.96
As at June 30, 2023						5,328	4,923	(405)		
As at June 30, 2022						86,751	86,024	(727)		

* This carry coupon rate of 10% (2022: 7.5% to 10%) per annum and will matured on June 09,2024.

5.1.2 Government securities - Pakistan Investment Bonds-Floating Rate Bond - FRB

Name of security	Date of issue	Face value			As at June 30, 2023			Market value		
		As at July 01, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value	Market value	Loss	As a percentage of net assets	As a percentage of total investments
Pakistan Investment Bonds FRB - 2 years	26-Aug-21	100,000	325,000	425,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 2 years	30-Dec-21	-	245,000	245,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 2 years	8-Sep-22	-	445,000	445,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 3 years	18-Jun-20	-	15,000	15,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 5 years*	6-May-21	100,000	125,000	100,000	125,000	123,070	120,800	(2,270)	17.93	23.60
Pakistan Investment Bonds FRB - 5 years	17-Nov-22	-	50,000	50,000	-	-	-	-	-	-
Pakistan Investment Bonds FRB - 10 years*	25-Jul-19	100,000	-	-	100,000	100,000	95,210	(4,790)	14.13	18.60
Pakistan Investment Bonds FRB - 10 years*	22-Aug-19	90,000	-	-	90,000	90,000	85,851	(4,149)	12.74	16.77
As at June 30, 2023						313,070	301,861	(11,209)		
As at June 30, 2022						387,941	387,630	(311)		

* These carry coupon rate of ranging from 17.57% to 21.96% (2021: 8.5% to 14%) per annum and will mature within 7 years.

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

5.1.3 Government securities - Market Treasury Bills

Name of security	Date of issue	Face value			As at June 30 2023			Market value	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying value	Market value	As a percentage of net assets	As a percentage of total investments
Market Treasury Bills - 03 Months	May 19, 2022	-	60,000	60,000	-	-	-	-	-
Market Treasury Bills - 03 Months	June 16, 2022	-	25,000	25,000	-	-	-	-	-
Market Treasury Bills - 03 Months	June 30, 2022	-	45,000	45,000	-	-	-	-	-
Market Treasury Bills - 03 Months	July 14, 2022	-	400,000	400,000	-	-	-	-	-
Market Treasury Bills - 03 Months	July 28, 2022	-	1,000,000	1,000,000	-	-	-	-	-
Market Treasury Bills - 03 Months	August 25, 2022	-	100,000	100,000	-	-	-	-	-
Market Treasury Bills - 03 Months	September 22, 2022	-	90,000	90,000	-	-	-	-	-
Market Treasury Bills - 03 Months	October 06, 2022	-	685,000	685,000	-	-	-	-	-
Market Treasury Bills - 03 Months	October 20, 2022	-	173,000	173,000	-	-	-	-	-
Market Treasury Bills - 03 Months	November 03, 2022	-	185,000	185,000	-	-	-	-	-
Market Treasury Bills - 03 Months	November 17, 2022	-	735,000	735,000	-	-	-	-	-
Market Treasury Bills - 03 Months	December 01, 2022	-	100,000	100,000	-	-	-	-	-
Market Treasury Bills - 03 Months	January 04, 2023	-	70,000	70,000	-	-	-	-	-
Market Treasury Bills - 03 Months	January 26, 2023	-	500,000	500,000	-	-	-	-	-
Market Treasury Bills - 03 Months	February 23, 2023	-	50,000	50,000	-	-	-	-	-
Market Treasury Bills - 03 Months	March 09, 2023	-	100,000	100,000	-	-	-	-	-
Market Treasury Bills - 03 Months	March 27, 2023	-	200,000	200,000	-	-	-	-	-
Market Treasury Bills - 03 Months	April 06, 2023	-	790,000	790,000	-	-	-	-	-
Market Treasury Bills - 03 Months	June 15, 2023	-	500,000	500,000	-	-	-	-	-
Market Treasury Bills - 06 Months	February 10, 2022	-	225,000	225,000	-	-	-	-	-
Market Treasury Bills - 06 Months	April 21, 2022	-	200,000	200,000	-	-	-	-	-
Market Treasury Bills - 06 Months	October 06, 2022	-	500,000	500,000	-	-	-	-	-
Market Treasury Bills - 06 Months	June 15, 2023	-	500,000	500,000	-	-	-	-	-
Market Treasury Bills - 12 Months	January 27, 2022	-	150,000	150,000	-	-	-	-	-
Market Treasury Bills - 12 Months	October 06, 2022	-	450,000	450,000	-	-	-	-	-
Market Treasury Bills - 12 Months	October 20, 2022	-	300,000	300,000	-	-	-	-	-
Market Treasury Bills - 12 Months	June 15, 2023	-	500,000	250,000	250,000	207,013	205,159	(1,854)	40.07
As at June 30, 2023						207,013	205,159	(1,854)	
As at June 30, 2022						-	-	-	-

* This carry Coupon rate of 21.98% (2022: Nil)

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

			June 30, 2023	June 30, 2022
	Note		----- (Rupees in '000) -----	
5.2	Net unrealised loss in value of investments at fair value through profit or loss			
		Market value	511,943	473,654
	5.1.1, 5.1.2 & 5.1.3	Carrying value	(525,411)	(474,692)
			<u>(13,468)</u>	<u>(1,038)</u>
6.	PROFIT RECEIVABLE			
	Profit receivable on:			
		Deposits with banks	1,946	1,785
		Government securities	17,790	14,363
			<u>19,736</u>	<u>16,148</u>
7.	ADVANCE, PREPAYMENTS AND OTHER RECEIVABLES			
		Advance tax	2,974	2,843
		Prepayment	270	245
		Other receivables	2	1
			<u>3,246</u>	<u>3,089</u>
8.	PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
		Management remuneration payable	280	632
	8.1	Sindh Sales Tax on management remuneration payable	37	82
	8.2	Payable against allocated expenses	80	50
	8.3	Payable against marketing and selling expenses	872	444
	8.4	Sale load payable	22	-
			<u>1,291</u>	<u>1,208</u>

8.1 As per Regulation 61 of the NBFC and Notified Entities 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 to 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 Sales tax on management remuneration has been charged at the rate of 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).

Till June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

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 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 the approval of Board of Directors and not being higher than actual expenses. Furthermore, the time limit of three years has also been removed in the revised condition.

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 ----- (Rupees in '000) -----
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration payable	9.1	30	28
Sindh Sales Tax on remuneration of the Trustee	9.2	4	4
		<u>34</u>	<u>32</u>

9.1 Trustee is entitled to a remuneration at the rate of 0.065% per annum of the net assets to be paid monthly in arrears.

9.2 Sales tax on remuneration of the Trustee has been charged at the rate of 13% (2022: 13%).

	Note	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022 ----- (Rupees in '000) -----
10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee payable to the SECP	10.1	<u>132</u>	<u>139</u>

10.1 The Fund has charged SECP Fee at the rate of 0.02% (2022: 0.02%) of net assets during the current period.

	Note	June 30, 2023 ----- (Rupees in '000) -----	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	29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		509	1,172
Auditors' remuneration		494	383
Brokerage		15	6
Payable to legal advisor		205	734
Others		17,620	63
		<u>52,041</u>	<u>35,556</u>

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 AMCs, 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. 33.198 (June 30, 2022: Rs. 33.198) 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 Rs. 2.66 (June 30, 2022: Rs. 2.91) per unit.

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

12. CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

An ex-parte income tax order dated April 30, 2021 was passed for tax year 2015 through which a tax demand of Rs. 309,896,010 was raised by the concerned Additional Commissioner Inland Revenue (ACIR) of Federal Board of Revenue (FBR) by rejecting the Fund's claim for income tax exemption under clause (99) contained in Part I of the Second Schedule to the Income Tax Ordinance, 2001. The order was passed by misconstruing that the Fund allegedly distributed less than 90% of its income to its unitholders which is the sole criterion for income tax exemption claim under clause (99).

Whilst passing the impugned order, the learned ACIR erred in grossly misinterpreting clause (99) of Part I of Second Schedule of the Ordinance, whereunder the assessing officer is bound to accept accounting income (for the purposes of calculating the threshold of 90%) calculated under the generally accepted Accounting Principles and verified by the auditors. More specifically:

- instead of the correct figure of Rs. 273,949,000 (being the income for the year before including capital gains), the learned ACIR has wrongly taken the figure of Rs 852,032,000 as the income for the year (which is the income arrived at before taking into account an amount of Rs. 572,492,000 representing 'Net element of loss included in prices of units issued less those in units redeemed' and amount of Rs. 5,591,000 representing Provision for Workers' Welfare Fund).
- the ACIR included the capital gains of Rs. 331,524,000 whilst computing the amount required to be distributed for purposes of clause (99) despite that capital gains (whether realised or unrealised) are specifically mentioned in clause (99) to be excluded while computing the distributable income for purposes of clause (99).

The ACIR also imposed super tax @ 3% which is contrary to the ATIR's order reported as 2018 PTD 1723 in which it has been held that the requirement to pay Super Tax under Section 4B of the Ordinance is not applicable to a taxpayer whose income is exempt under any provision of the Ordinance

On appeal, the Commissioner Inland Revenue (Appeals) remanded back the matter through Appellate Order dated November 25, 2021 with specific directions to "re-examine, re-verify and re-adjudicate the facts of the case".

After conducting remand back proceedings (vide notice dated September 27, 2022), the ACIR once again rejected Fund's exemption claim through order dated November 7, 2022 and raised tax demand of Rs. 309,896,010 whilst concluding that the Fund was not eligible to claim income tax exemption under clause (99) since the distribution by Fund allegedly fell short of 90% distribution threshold.

An appeal against the order was filed before the Commissioner (Appeals). The Commissioner (Appeals) vide Appellate Order dated April 7, 2023 decided the appeal in favour of the Fund.

13. AUDITORS' REMUNERATION

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
Annual audit fee	330	270
Half yearly review fee	165	142
Income certification	80	50
Out of pocket expenses	99	51
	674	513
Sales tax	54	37
	728	550

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

14. TAXATION

The Fund's income is exempt from income tax as per Clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of the accounting income available for distribution for the year as reduced by accumulated losses and capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash. The Fund is also exempt from the provision of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above. Accordingly, no provision for taxation has been made in these financial statements.

15. TOTAL EXPENSE RATIO

Total Expense Ratio of the Fund is 1.61% as on June 30, 2023 (June 30, 2022: 2.09%) and this includes 0.11% (June 30, 2022: 0.16%) representing Government Levy, Sindh Worker's Welfare Fund and SECP Fee. This ratio is within the maximum limit of 2.50% (June 30, 2022: 2.50%) prescribed under the NBFC Regulation 60 (5) for a collective investment scheme categorised as an income scheme.

16. 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.

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

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:

16.1 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) -----							
DG Khan Cement company Limited	8	-	-	8	-	-	-	-
MCB Arif Habib Savings And Investments Limited	-	9,307,194	9,307,194	-	-	510,359	514,770	-
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	-	313,845	313,845	-	-	17,500	17,588	-
Adamjee Insurance Co.Ltd Employees Provident Fund	-	627,690	627,690	-	-	35,000	35,176	-
Mandate under discretionary portfolio services	3	1,274,301	1,274,302	2	-	73,245	73,371	-
Key management personnel	-	1,779,632	1,779,601	31	-	99,228	99,725	2
Unitholders holding 10% or more	3,423,890	402,054	-	3,825,944	183,041	21,538	-	205,912
	----- (Units) ----- (Rupees in '000) -----							
	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) -----							
DG Khan Cement Company Limited	7	1	-	8	-	-	-	-
MCB Arif Habib Savings And Investments Limited	-	1,802,776	1,802,776	-	-	100,000	100,054	-
Adamjee Insurance Co.Ltd. Employees Gratuity Fund	105,833	-	105,833	-	5,643	-	6,151	-
Mandate under discretionary portfolio services	-	941,103	866,101	75,002	-	53,734	50,000	4,010
Key management personnel	2,849	77,742	80,591	1	152	4,273	4,438	-
Unitholders holding 10% or more	3,174,109	2,317,138	2,067,358	3,423,889	169,244	123,689	120,837	183,041

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

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
16.2 Details of transactions other than units of the fund with related parties / connected persons during the year		
MCB Arif Habib Savings and Investment Limited - Management Company		
Remuneration including indirect taxes	4,198	8,293
Expense allocated by the Management Company	940	696
Marketing and selling expense	2,731	2,375
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	411	454
MCB Bank Limited - Parent of the Management Company		
Profit on bank deposits	116	7
Bank charges	10	12
16.3 Balances outstanding at year end:		
MCB-Arif Habib Savings and Investments Limited - Management Company		
Management remuneration payable	280	632
Sindh Sales Tax on management remuneration payable	37	82
Payable against allocated expenses	80	50
Payable against marketing and selling expenses	872	444
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	30	28
Sindh Sales Tax on remuneration of the trustee	4	4
MCB Bank Limited - Parent of the Management Company		
Bank balances	2,764	5,189

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the 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).

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

The following table show the carrying amount and 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	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Market treasury bills	205,159	-	205,159	-	205,159	-	205,159
Pakistan investment bonds FRB	301,861	-	301,861	301,861	-	-	301,861
Pakistan investment bonds	4,923	-	4,923	-	4,923	-	4,923
	511,943	-	511,943	301,861	210,082	-	511,943

Financial assets not measured at fair value

Bank balances	-	192,195	192,195
Profit receivable	-	19,736	19,736
Other receivables	-	2	2
	-	211,933	211,933

Financial liabilities not measured at fair value

Payable to the Management Company	-	1,232	1,232
Payable to the Trustee	-	30	30
Dividend payable	-	2	2
Accrued and other liabilities	-	18,334	18,334
	-	19,598	19,598

	June 30, 2022						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----							
Financial assets measured at fair value							
Pakistan investment bonds FRB	387,630	-	387,630	387,630	-	-	387,630
Pakistan investment bonds	86,024	-	86,024	-	86,024	-	86,024
	473,654	-	473,654	387,630	86,024	-	473,654

Financial assets not measured at fair value

Bank balances	-	637,844	637,844
Profit receivable	-	16,148	16,148
Other receivables	-	1	1
	-	653,993	783,842

Financial liabilities not measured at fair value

Payable to the Management Company	-	1,126	1,126
Payable to the Trustee	-	28	28
Dividend payable	-	1	1
Payable against purchase of investments	-	483,428	483,428
Accrued and other liabilities	-	1,186	1,186
	-	485,769	485,769

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

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

18. FINANCIAL RISK MANAGEMENT

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

18.1 Market risk

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

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

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

18.1.1 Currency risk

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

18.1.2 Yield / Interest rate risk

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 risks on bank balances and investments in government securities. 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 ----- (Rupees in '000) -----	June 30, 2022
Variable rate instruments (financial asset)			
Bank balance	4	190,089	633,349
Pakistan investment bonds (FRB)	5.1.2	301,861	387,630
		491,950	1,020,979
Fixed rate instruments (financial assets)			
Pakistan investment bonds	5.1.1	4,923	86,024
Market treasury bills	5.1.3	205,159	-
		210,082	86,024

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds Government securities which are variable rate instruments exposing 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 4.92 million (2022: Rs 10.21 million).

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

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2023, the Fund holds Pakistan Investment Bond and Market Treasury Bills 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. 2.10 million (June 30, 2022: Rs. 0.86 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.

Particulars	As at June 30, 2023					Total
	Effective yield / rate	Exposed to yield / interest risk			Not exposed to yield rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	12.25 to 21.5	190,089	-	-	2,106	192,195
Investments	17.57 - 21.96	-	-	301,861	210,082	511,943
Profit receivable		-	-	-	19,736	19,736
Other receivables		-	-	-	2	2
Sub total		190,089	-	301,861	231,926	723,876
Financial liabilities						
Payable to the Management Company		-	-	-	1,254	1,254
Payable to the Trustee		-	-	-	30	30
Dividend payable		-	-	-	2	2
Accrued expenses and other liabilities		-	-	-	18,334	18,334
Sub total		-	-	-	19,620	19,620
On-balance sheet gap		190,089	-	301,861	212,306	704,256
Total profit rate sensitivity gap		190,089	-	301,861	212,306	704,256
Cumulative profit rate sensitivity gap		190,089	190,089	491,950		

Particulars	As at June 30, 2022					Total
	Effective yield / rate	Exposed to yield / interest risk			Not exposed to yield rate risk	
		Upto three months	More than three months and up to one year	More than one year		
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	5.5 - 17.5	633,349	-	-	4,495	637,844
Investments	7.5 - 14	-	-	473,654	-	473,654
Profit receivable		-	-	-	16,148	16,148
Other receivables		-	-	-	1	1
Sub total		633,349	-	473,654	20,644	1,127,647
Financial liabilities						
Payable to the Management Company		-	-	-	1,126	1,126
Payable to the Trustee		-	-	-	28	28
Payable against purchase of investments		-	-	-	483,428	483,428
Dividend payable		-	-	-	1	1
Accrued expenses and other liabilities		-	-	-	1,186	1,186
Sub Total		-	-	-	485,769	485,769
On-balance sheet gap		633,349	-	473,654	(465,125)	641,878
Total profit rate sensitivity gap		633,349	-	473,654	(465,125)	641,878
Cumulative profit rate sensitivity gap		633,349	633,349	1,107,003		

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

18.1.3 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. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk.

18.2 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 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. Investments in Pakistan Investment Bond and Market Treasury Bills are government backed and hence considered as secured.

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 creditors. 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	192,195	192,195	637,844	637,844
Investments	511,943	-	473,654	-
Profit receivable	19,736	1,946	16,148	1,785
Other receivables	2	2	1	1
	723,876	194,143	1,127,647	639,630

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in Government securities of Rs. 511.943 million (June 30, 2022: Rs. 473.654 million) and profit receivable on Government securities of Rs. 17.790 million (June 30, 2022: Rs. 14.363 million)

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	14,543	7.57	514,853	80.72
AA+	177,218	92.21	2,643	0.41
AA-	391	0.20	120,018	18.82
AA	43	0.02	330	0.05
	192,195	100	637,844	100

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

	June 30, 2023					Total
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	
Financial assets						
Bank balances	192,195	-	-	-	-	192,195
Investments	-	-	210,082	120,800	181,061	511,943
Profit receivable	19,736	-	-	-	-	19,736
Other receivables	2	-	-	-	-	2
	211,933	-	210,082	120,800	181,061	723,876
Financial liabilities						
Payable to the Management Company	1,232	-	-	-	-	1,232
Payable to the Trustee	30	-	-	-	-	30
Dividend payable	2	-	-	-	-	2
Accrued expenses and other liabilities	18,334	-	-	-	-	18,334
	19,598	-	-	-	-	19,598
	192,335	-	210,082	120,800	181,061	704,278
	June 30, 2022					Total
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	Over 1 to 5 years	
Financial assets						
Bank balances	637,844	-	-	-	-	637,844
Investments	-	-	-	188,320	99,310	287,630
Profit receivable	16,148	-	-	-	-	16,148
Other receivables	1	-	-	-	-	1
	653,993	-	-	188,320	99,310	941,623
Financial liabilities						
Payable to the Management Company	1,126	-	-	-	-	1,126
Payable to the Trustee	28	-	-	-	-	28
Payable against purchase of investments	483,428	-	-	-	-	483,428
Dividend payable	1	-	-	-	-	1
Accrued expenses and other liabilities	1,186	-	-	-	-	1,186
	485,769	-	-	-	-	485,769
	168,224	-	-	188,320	99,310	455,854

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

19. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
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

19.1 Mr. Saad Ahmed is the fund manager. Details of the other funds being managed by him are as follows:

- MCB Cash Management Optimizer
- Pakistan Cash Management Fund
- MCB DCF Income Fund
- Alhamra Cash Management Optimizer Fund
- Pakistan Income Enhancement Fund
- Alhamra Daily Dividend Fund

20. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	June 30, 2023 (Percentage)
1 Continental Exchange (Private).	26.27
2 C And M Management (Private) limited	20.66
3 Arif Habib Limited	18.24
4 Optimus Market (Private) Limited	7.45
5 Pearl Securities Limited	7.19
6 Bma Capital Management Limited	6.47
7 Vector Capital (Private) Limited	5.20
8 Magenta Capital Limited	2.25
9 Alfalah Clsa Securities (Private) Limited	1.66
10 Currency Market Associate	1.60
	June 30, 2022 (Percentage)
1 Continental Exchange (Private) Limited	32.40
2 Invest One Markets (Private) Limited	22.05
3 C And M Management (Private) Limited	11.55
4 Paramount Capital (Private) Limited	10.08
5 Bipl Securities Limited	9.05
6 Pearl Securities Limited	6.14
7 Bright Capital (Private) Limited	3.50
8 Js Global Capital Limited	2.45
9 Optimas Capital Management	2.45
10 Magenta Capital Limited	0.31

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

21. PATTERN OF UNIT HOLDINGS

	As at June 30, 2023			
	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage investment %
	Individual	846	8,711,560	468,880
Associated companies	1	8	-	0.00
Retirement benefits	10	3,761,036	202,430	30.05
Other	12	42,921	2,310	0.34
	869	12,515,525	673,620	100

	As at June 30, 2022			
	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage investment %
	Individual	828	7,403,850	395,797
Associated companies	1	8	-	0.00
Insurance companies	1	75,002	4,009	0.66
Retirement benefits	14	3,734,873	199,660	32.71
Other	12	203,987	10,905	1.79
	856	11,417,720	610,371	100

22. 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	0	-
Mr. Nasim Beg*	Vice Chairman / Director	12	12	12	0	-
Mr. Ahmed Jahangir	Director	12	12	12	0	-
Mr. Mirza Qamar Beg*	Director	12	12	12	0	-
Syed Savail Meekal Hussain*	Director	12	12	10	2	185th, 187th
Mr. Kashif A. Habib	Director	12	12	8	4	180th, 184th, 186th, 187th
Ms. Mavra Adil Khan	Director	12	12	9	3	178th, 181st, 182nd
Mr. Muhammad Saqib Saleem	Chief Executive Officer	12	12	12	0	-
Mr. Fahd Kamal Chinoy**	Director	12	1	1	0	-
Mr. Manzar Mushtaq**	Director	12	1	1	0	-
Mr. Shoaib Mumtaz**	Director	12	1	1	0	-

* Resigned in EOGM held 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

23. 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.

24. DATE OF AUTHORISATION FOR ISSUE

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit holdings	Total units held
520	A. 001-10,000	16,825
173	B. 10,001 – 100,000	142,785
99	C. 100,001 – 1000,000	759,097
77	D. 1000,001 & Above	11,596,819
869		12,515,525

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2023

Performance Information	2023	2022	2021	2020	2019
Total Net Assets Value – Rs. in million	673.621	610.3710	737.9300	1,816.3907	630.0000
Net Assets value per unit – Rupees	53.82	53.4600	53.3200	53.2700	53.1300
Closing Offer Price	54.73	54.3700	54.2200	54.1700	54.0300
Closing Repurchase Price	52	51.6500	51.5100	51.4600	51.3300
Highest offer price per unit	62.4916	59.4400	57.2100	62.8500	58.1800
Lowest offer price per unit	54.2848	54.2300	54.1800	54.0700	53.3400
Highest Redemption price per unit	61.45	58.4500	56.2600	61.8000	57.2100
Lowest Redemption price per unit	53.38	53.3300	53.2800	53.1700	53.1000
Distribution per unit – Rs. *	7.88	5.0700	2.9700	8.5558	6.8800
Average Annual Return - %					
One year	15.48	9.79	5.67	16.39	7.88
Two year	12.64	7.73	11.03	12.14	6.48
Three year	10.31	10.62	9.98	9.78	6.28
Net Income for the year – Rs. in million	96.9206	65.0408	66.0990	321.3320	48.9250
Distribution made during the year – Rs. in million	92.5910	63.3080	66.1360	276.1570	76.3310
Accumulated Capital Growth – Rs. in million	4.3296	1.7328	(0.0370)	45.1750	(27.4060)
Weighted average Portfolio Duration (days)	913	1351	803.0000	438.0000	47.0000

*** Date of Distribution**

2023	
Date	Rate
June 16, 2023	7.88

2022	
Date	Rate
June 24, 2022	5.07

2021	
Date	Rate
June 25, 2021	2.97

2020	
Date	Rate
June 26, 2020	8.5558

2019	
Date	Rate
July 04, 2018	2.75
June 27, 2019	4.13

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.

