



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 CASH MANAGEMENT OPTIMIZER

Note - Change in Name

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

نوٹ: نام کی تبدیلی

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

TABLE OF CONTENTS

1	Fund's Information	221
2	Report of the Director of the Management Company	222
3	Report of the Fund Manager	235
4	Trustee Report to the Unit Holders	237
5	Independent Auditor's Report to the Unit Holders	238
6	Statement of Assets and Liabilities	241
7	Income Statement	242
8	Statement of Other Comprehensive Income	243
9	Statement of Movement in Unit Holder's Fund	244
10	Cash Flow Statement	245
11	Notes to and Forming Part of the Financial Statements	246
12	Pattern of Units Holding by Size	267
13	Performance Table	268

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 Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Bank Al-Habib Limited Habib Bank Limited National Bank of Pakistan	Zarai Taraqati Bank Limited Bank Al Falah Limited Meezan Bank Limited Dubai Islamic Bank Pakistan Limited Bank of Punjab Limited Faysal Bank Limited
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
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 Cash Management Optimizer** 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 Agri cultural 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 of 17.35% as against its benchmark return of 17.01%, a difference of 0.34%. WAM of the fund was 80 days at June end. The fund was 22.80%

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

in cash and 76.7% in T-Bills as of June end. The Net Assets of the Fund as at June 30, 2023 decreased by 9% to Rs. 58,153 million as compared to Rs. 64,153 million as at June 30, 2022. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 101.6881 as compared to opening NAV of Rs. 101.3454 per unit as at June 30, 2022 registering an increase of Rs. 0.3427 per unit.

ECONOMY & MARKET – FUTURE OUTLOOK

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

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

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

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

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

MUTUAL FUND INDUSTRY REVIEW

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

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

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

MUTUAL FUND INDUSTRY OUTLOOK

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

MANAGEMENT COMPANY

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

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

CORPORATE GOVERNANCE

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

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

The details of above are as under:

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

* HR&R stands for Human Resource and Remuneration

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

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

The Board of Directors is pleased to report that:

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

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

1. Meeting of the Audit Committee.

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

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

* Resigned on May 02, 2023.

2. Meeting of the Human Resource and Remuneration Committee.

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

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

* Resigned on May 02, 2023.

- n. 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.	Muhammad Asif Mehdi Rizvi	Chief Operating & Financial Officer	217,704.72	221,300.68	39.098

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. A.F Ferguson & 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. M. Yousuf Adil Saleem & 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. M. Yousuf Adil Saleem & Co. Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.

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

ACKNOWLEDGEMENT

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

On behalf of Directors,



Muhammad Saqib Saleem
Chief Executive Officer
July 26, 2023



Manzar Mushtaq
Director

ڈائریکٹرز رپورٹ

-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)
---	---	---	---	-----------------------------------

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

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

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
				(یونٹس کی تعداد)	
1.	محمد آصف مہدی رضوی	چیف آپریٹنگ اینڈ فنانشل آفیسر	217,704.72	221,300.68	39.098

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹر اے ایف فرگوسن 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 یوسف عادل سلیم 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۔ یوسف عادل سلیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے خارجی آڈیٹرز کے طور پر کام کرنے پر آمادگی کا اظہار کیا ہے۔

اظہار تعلق

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،

Mansoor Mushtaq

منظر مشتاق
ڈائریکٹر



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
26 جولائی 2023ء

ڈائریکٹرز رپورٹ

- j. 30 جون 2023ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق، ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر تعمیل پیرا ہے؛
- k. 30 جون 2023ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛
- l. بورڈ کی اپنی، بورڈ کے ارکان کی اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باقاعدہ رسمی اور 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 مختتمہ 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 میکان حسین

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

2. ہیومن ریسورس اینڈ میونریشن کمیٹی کی میٹنگ

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

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

ڈائریکٹرز رپورٹ

3.	جناب احمد جہانگیر	غیر ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی اور ایچ آر اینڈ آر * کمیٹی
4.	جناب منظر مشتاق	غیر ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	جناب سید ساویل میکان حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6.	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی

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

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 صورت حال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

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

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

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

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

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

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

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

i. پراویڈنٹ ایگریجیوٹی اور پینشن فنڈ کی قدر کے اسٹیٹمنٹ کا اطلاق فنڈ پر نہیں ہوتا لیکن بینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں کوئی اظہار نہیں کیا گیا 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 کار ان 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 تبدیلیء نام کی رسمی درخواست سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کو منظوری کے لیے بھیج دی گئی ہے۔

کارپوریٹ گورننس

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

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

مندرجہ بالا کی تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ 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 مدتِ زیرِ مبادلہ 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 زیرِ مبادلہ کے ذخائر کے رجحان پر ہوگا۔

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

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۔ سوڈ 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۔ ہلنز کے منافع جات میں بالترتیب 767، 772 اور 763 بیس 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 کا اب تک کا منافع 17.35 فیصد تھا، بالمقابل مقررہ معیار (بنچ مارک) 17.01 فیصد منافع کے، یعنی 0.34 فیصد کا فرق۔ 30 جون 2023ء کو فنڈ کی پالوزن اوسط میچورٹی (WAM) 80 دن کی سطح پر تھی، فنڈ کی سرمایہ کاری 22.80 فیصد نقد میں اور 76.7 فیصد ریٹری ہلسز (ٹی ہلسز) میں تھی۔ 30 جون 2023ء کو فنڈ کے net اثاثہ جات 58,153 ملین روپے تھے، جو 30 جون 2022ء کی سطح 64,153 ملین روپے کے مقابلے میں 9 فیصد کمی ہے۔ 30 جون 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 101.6881 روپے تھی، جو 30 جون 2022ء پر ابتدائی این اے وی فی یونٹ 101.3454 روپے کے مقابلے میں 0.3427 روپے فی یونٹ کا اضافہ ہے۔

معیشت اور بازار - مستقبل کا منظر نامہ

انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) اور پاکستان کے درمیان ایک اسٹاف لیول معاہدہ طے پایا ہے جس کے مطابق ایک اسٹینڈ بائی اگریمنٹ (SBA) کے تحت 3 بلین ڈالر فراہم کیے جائیں گے۔ یہ پروگرام نو ماہ پر محیط ہے، اور آئی ایم ایف کی طرف سے SBA کی منظوری سے 1.2 بلین ڈالر فوری طور پر فراہم کر دیے جائیں گے، جبکہ بقیہ 1.8 بلین ڈالر کی فراہمی نومبر 2023ء اور فروری 2024ء میں جائزوں کے بعد طے کی گئی ہے۔ یہ پروگرام ایک اہم موڑ پر طے پایا ہے جب پاکستان ادائیگیوں کے توازن کے سنگین بحران سے نبرد آزما ہے۔ آئی ایم ایف پروگرام کی کامیاب بحالی سے پاکستان کو باہمی اور کثیر الجہتی ذرائع سے رقم کے حصول میں مدد ملے گی جس کی بدولت زر 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 کیش مینجمنٹ آپٹیمائزر کے اکاؤنٹس کا جائزہ برائے سال مُختصمہ 30 جون 2023ء پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال 2023ء پاکستان کے لیے مشکل سال تھا کیونکہ متعدد مجموعی معاشی مسائل درپیش رہے۔ 2022ء کے مون سون سیلابوں نے بنیادی ساخت، فصلوں اور موسیقیوں 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 نوں (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 کثیر الجہتی شراکت داروں سے غیر ملکی آمدورفت میں سُستی آئی جس کے باعث ذخائر کم ہوئے۔ اس کے نتیجے میں روپیہ سنگین دباؤ کا شکار رہا اور مالی سال 2023ء میں ڈالر کی قدر 40 فیصد بڑھ کر 286.0 روپے ہو گئی جو اس کی بلند ترین سطح کے قریب ہے۔

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

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفین کی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2023ء کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 12.1 فیصد تھا۔ ایشیائے خور 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 Cash Management Optimizer (CMOP) is an open end fund money market fund, and has the leverage to invest in short term government securities, repurchase agreements, term deposit and money market placements with scheduled banks with a maximum maturity of 180 days and weighted average maturity up to 90 days.

Fund Benchmark

70% three (3) months PKRV rates plus 30% three (3) months average deposit rates of three (3) AA rated scheduled Banks as selected by MUFAP.

Investment Objective

To provide unit-holders competitive returns from a low risk portfolio of short duration assets while maintaining high liquidity.

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in highly liquid debt securities issued by the Government of Pakistan as well as TDR to AA or above rated banks.

Manager's Review

During the period under review, the fund generated an annualized return of 17.35% as against its benchmark return of 17.01%, an outperformance of 0.34%. WAM of the fund was 80 days at June end. The fund was 22.8% invested in cash and 76.7% invested in T-Bills as of June end.

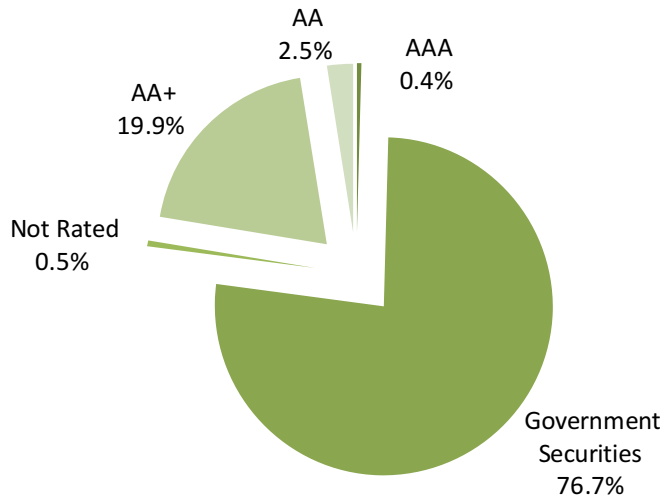
The Net Assets of the Fund as at June 30, 2023 decreased by 9.4% to Rs. 58,153 million as compared to Rs. 64,153 million as at June 30, 2022. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 101.6881 as compared to opening NAV of Rs. 101.3454 per unit as at June 30, 2022 registering an increase of Rs. 0.3427 per unit.

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

Asset Allocation (%age of Total Assets)	Jun-23
Cash	22.8%
T-Bills	76.7%
Others including receivables	0.5%
PIBs	0.0%
Term Deposits with Banks	0.0%
Placements with Banks and DFIs	0.0%

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

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



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 CASH MANAGEMENT OPTIMIZER

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 Cash Management Optimizer (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



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Cash Management Optimizer

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Cash Management Optimizer (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 cash flow statement 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 the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Net Asset Value (NAV) (Refer notes 4 and 5 to the annexed financial statements)</p> <p>Balances with banks and Investments constitute the most significant components of the NAV. Balances with banks of the Fund as at June 30, 2023 aggregated to Rs 17,447.467 million and Investments amounted to Rs 58,664 million.</p> <p>The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2023 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none">• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2023 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and• Obtained bank reconciliation statements and tested reconciling items on a sample basis.

Affeto

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

• KARACHI • LAHORE • ISLAMABAD

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



A·F·FERGUSON&CO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our 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 and Board of Directors of the Management Company for the Financial Statements

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

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

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Aff

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F.FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

A handwritten signature in blue ink that reads "A. Ferguson & Co."

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 22, 2023

Karachi

UDIN: AR202310611721BOupid

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

	Note	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	17,447,467	58,423,943
Investments	5	58,664,000	5,000,000
Advances, deposits, prepayments and other receivable	6	392,919	863,814
Total assets		76,504,386	64,287,757
LIABILITIES			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	7	102,470	28,973
Payable to Central Depository Company of Pakistan Limited - Trustee	8	2,965	2,854
Payable to the Securities and Exchange Commission of Pakistan	9	11,673	7,018
Payable against purchase of investments		18,144,541	-
Accrued and other liabilities	10	89,306	95,744
Total liabilities		18,350,955	134,589
NET ASSETS		58,153,431	64,153,168
Unit holders' fund (as per statement attached)		58,153,431	64,153,168
Contingencies and Commitments	11		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		571,880,450	633,015,098
		(Rupees)	
NET ASSET VALUE PER UNIT	3.7	101.6881	101.3454

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

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



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	For the year ended	
		June 30, 2023	June 30, 2022
(Rupees in '000)			
INCOME			
Capital gain on sale of investments - net		181,611	135,330
Profit on term deposits receipts		238,787	98,270
Profit on bank deposits		2,697,841	2,526,616
Income from government securities		6,638,295	1,022,740
Income from letter of placement		113,459	34,108
Income from other placement		230,592	-
Income from musharika		25,480	-
Net unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit or loss	5.2	(92,827)	-
Total income		10,033,238	3,817,064
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	7.1	315,607	102,878
Sindh sales tax on remuneration of Management Company	7.2	41,029	13,376
Allocated expenses	7.3	10,233	29,913
Selling and marketing expenses	7.4	176,680	31,631
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	32,097	20,101
Sindh sales tax on remuneration of Trustee	8.2	4,173	2,613
Annual fee to Securities and Exchange Commission of Pakistan	9.1	11,673	7,018
Legal and professional		174	208
Brokerage, settlement and bank charges		11,412	3,701
Auditors' remuneration	12	1,342	1,013
Fees and subscription		498	456
Printing and related costs		37	39
Total operating expenses		604,955	212,947
Net income from operating activities		9,428,283	3,604,117
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	134,276
Net income before taxation		9,428,283	3,738,393
Taxation	13	-	-
Net income after taxation		9,428,283	3,738,393
Allocation of net income:			
Net income		9,428,283	3,738,393
Income already paid on units redeemed		(1,950,788)	(788,103)
		7,477,495	2,950,290
Accounting income available for distribution			
- Relating to capital gains		43,557	100,733
- Excluding capital gains		7,433,938	2,849,557
		7,477,495	2,950,290
Earnings per unit	3.14		

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

	For the year ended	
	June 30, 2023	June 30, 2022
	(Rupees in '000)	
Net income for the year after taxation	9,428,283	3,738,393
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>9,428,283</u>	<u>3,738,393</u>

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

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



Chief Executive Officer



Chief Financial Officer



Director

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

Note	Year ended June 30, 2023			Year ended June 30, 2022		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	63,779,942	373,226	64,153,168	33,870,518	159,145	34,029,663
Issuance of 2,865,456,428 units (2022: 2,065,333,242 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	290,400,827	-	290,400,827	208,557,255	-	208,557,255
- Element of income	1,977,780	-	1,977,780	801,154	-	801,154
	292,378,607	-	292,378,607	209,358,409	-	209,358,409
Redemption of 2,926,591,076 units (2022: 1,769,312,387 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	296,596,542	-	296,596,542	178,665,083	-	178,665,083
- Element of loss - net	276,473	1,950,788	2,227,261	94,355	788,103	882,458
	296,873,015	1,950,788	298,823,803	178,759,438	788,103	179,547,541
Total comprehensive income for the year	-	9,428,283	9,428,283	-	3,738,393	3,738,393
Interim distributions for the year ended June 30, 2023	25	-	(7,288,498)	-	-	-
Refund of capital for the year ended June 30, 2023	25	(1,694,326)	-	-	-	-
Final distributions for the year ended June 30, 2022		-	-	-	(2,736,209)	(2,736,209)
Refund of capital for the year ended June 30, 2022		-	-	(689,547)	-	(689,547)
Total distributions during the year		(1,694,326)	(7,288,498)	(689,547)	(2,736,209)	(3,425,756)
Net assets at end of the year	<u>57,591,208</u>	<u>562,223</u>	<u>58,153,431</u>	<u>63,779,942</u>	<u>373,226</u>	<u>64,153,168</u>
Undistributed income brought forward comprising of:						
- Realised		373,226			159,145	
- Unrealised		-			-	
		<u>373,226</u>			<u>159,145</u>	
Accounting income available for distribution						
- Relating to capital gains		43,557			100,733	
- Excluding capital gains		7,433,938			2,849,557	
		<u>7,477,495</u>			<u>2,950,290</u>	
Distributions during the year		(7,288,498)			(2,736,209)	
Undistributed income carried forward		<u>562,223</u>			<u>373,226</u>	
Undistributed income carried forward comprising of:						
- Realised		655,050			373,226	
- Unrealised		(92,827)			-	
		<u>562,223</u>			<u>373,226</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at beginning of the year		<u>101.3454</u>			<u>100.9800</u>	
Net asset value per unit at end of the year		<u>101.6881</u>			<u>101.3454</u>	

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

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



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

	Note	For the year ended	
		June 30, 2023	June 30, 2022
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		9,428,283	3,738,393
Adjustments for non cash and other items:			
Reversal of provision for Sindh Worker's Welfare Fund (SWWF)		-	(134,276)
Net unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit or loss		92,827	-
		9,521,110	3,604,117
Increase in assets			
Investments		(4,168,990)	-
Advances, deposits, prepayments and other receivable		470,895	(670,387)
		(3,698,095)	(670,387)
Increase in liabilities			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		73,497	18,774
Payable to Central Depository Company of Pakistan Limited - Trustee		111	839
Payable to the Securities and Exchange Commission of Pakistan		4,655	591
Payable against purchase of investments		18,144,541	-
Accrued and other liabilities		(6,438)	38,539
		18,216,366	58,743
Net cash flow generated from operating activities		24,039,381	2,992,473
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from issuance of units - net of refund of capital		290,684,281	208,668,862
Payment against redemption of units		(298,823,803)	(179,547,541)
Distributions during the year		(7,288,498)	(2,736,209)
Net cash (used in) / generated from financing activities		(15,428,020)	26,385,112
Net increase in cash and cash equivalents		8,611,361	29,377,585
Cash and cash equivalents at beginning of the year		63,423,943	34,046,358
Cash and cash equivalents at end of the year	14	<u>72,035,304</u>	<u>63,423,943</u>

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

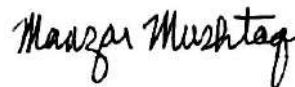
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Cash Management Optimizer (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated July 09, 2009 consequent to which the trust deed was executed on July 10, 2009, in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on August 13, 2021 the Trust Deed of the fund had been registered under the Sindh Trust Act.

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.

- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open-end mutual fund and has been categorised as 'Money Market Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP, and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unitholders are divided into plan 'A' and plan 'B'. The unit holders under plan "A" are entitled for bonus units as well as cash dividend, whereas unit holders under plan "B" are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4 The Fund primarily invests in a mix of short term corporate debt and government securities, repurchase agreements, term deposit and money market placements with scheduled banks.
- 1.5 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2022 to the Management Company and a stability rating of 'AA+(f)' dated March 09, 2023 to the Fund.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement Of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been marked to market and carried at fair value.

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

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

2.5 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The area where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies primarily related to classification, valuation and impairment of financial assets (note 3.3).

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.2 Cash and cash equivalents

These comprise balances with banks and other short-term highly liquid investments with original maturities of three months or less.

3.3 Financial assets

3.3.1 Classification and subsequent measurement

3.3.1.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost;
- at fair value through other comprehensive income "(FVOCI)"; or
- at fair value through profit or loss (FVTPL) based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVTPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVTPL.

3.3.2 Impairment

The Fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments as per Circular 33 of 2012) carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

- an unbiased and probability-weighted around that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

3.3.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on the management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company.

3.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.3.5 Initial recognition and measurement

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

3.3.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

3.3.7 Derivatives

Derivate instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured at fair value and the resultant gain or loss is recognised in the Income Statement.

3.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortized cost using effective interest method. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement. Financial liabilities include payable to the Management Company and other liabilities.

3.5 Offsetting of financial assets and financial liabilities

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

3.6 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

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 circulation at the year end.

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

3.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties, charges and transaction costs, if applicable.

3.9 Distribution to unit holders fund

Distributions to the unit holders are recognised upon declaration and approval 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.

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

3.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net asset 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.

3.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits and term deposit receipts is recognised on an accrual basis using effective interest rate method.
- Interest income on government securities is recognised on an accrual basis using effective interest rate method.
- Income on debt securities (including commercial papers, letter of placements and term deposit receipts) is recognised on an accrual basis using effective interest rate method.
- Unrealised appreciation / (diminution) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement.

3.12 Expenses

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

3.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

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

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

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 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders in cash. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

3.14 Earnings per unit

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

3.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

4. BALANCES WITH BANKS	Note	June 30, 2023	June 30, 2022
(Rupees in '000)			
In current accounts		2,145	2,753,875
In deposit accounts	4.1	<u>17,445,322</u>	<u>55,670,068</u>
	4.2	<u>17,447,467</u>	<u>58,423,943</u>

4.1 These carry mark-up at rates ranging between 12.25% to 21.80% per annum (2022: 5.50% to 17.05% per annum).

4.2 These include balances of Rs 0.072 million (2022: Rs 61.716 million) maintained with MCB Bank Limited (a related party).

5. INVESTMENTS	Note	June 30, 2023	June 30, 2022
(Rupees in '000)			
5.1 Investments at fair value through profit or loss			
Term deposit receipt	5.1.1	-	5,000,000
Market Treasury Bills	5.1.2	58,664,000	-
Letter of placements	5.1.3	-	-
Other placements	5.1.4	-	-
		<u>58,664,000</u>	<u>5,000,000</u>

5.1.1 Term Deposit Receipts - at fair value through profit or loss

Name of Investee Company	Issue Date	Face value			As at June 30, 2023		Market value as a percentage of		
		At July 01, 2022	Purchased during the year	Matured during the year	At June 30, 2023	Carrying value	Market value	net assets of the fund	total investments
(Rupees in '000)									
Habib Bank Limited	June 14, 2022	5,000,000	-	5,000,000	-	-	-	-	-
Bank Alfalah Limited	July 28, 2022	-	3,000,000	3,000,000	-	-	-	-	-
Bank Alfalah Limited	August 24, 2022	-	4,000,000	4,000,000	-	-	-	-	-
Bank Alfalah Limited	November 17, 2022	-	5,450,000	5,450,000	-	-	-	-	-
Bank Alfalah Limited	March 28, 2023	-	4,000,000	4,000,000	-	-	-	-	-
As at June 30, 2023						<u>-</u>	<u>-</u>		
As at June 30, 2022						<u>5,000,000</u>	<u>5,000,000</u>		

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

5.1.2 Government securities - at fair value through profit or loss

Tenure	Issue Date	Face value				At June 30, 2023			Market value as a percentage of	
		At July 01, 2022	Purchases during the year	Sold / matured during the year	At June 30, 2023	Carrying value	Market value	Appreciation	net assets	total investments
		(Rupees in '000)							%	
Market Treasury Bills										
- 3 months	April 28, 2022	-	12,175,000	12,175,000	-	-	-	-	-	-
- 3 months	June 2, 2022	-	775,000	775,000	-	-	-	-	-	-
- 3 months	June 16, 2022	-	23,450,000	23,450,000	-	-	-	-	-	-
- 3 months	June 30, 2022	-	73,600,000	73,600,000	-	-	-	-	-	-
- 3 months	July 14, 2022	-	12,308,640	12,308,640	-	-	-	-	-	-
- 3 months	July 28, 2022	-	85,500,000	85,500,000	-	-	-	-	-	-
- 3 months	August 11, 2022	-	5,250,000	5,250,000	-	-	-	-	-	-
- 3 months	August 25, 2022	-	9,473,900	9,473,900	-	-	-	-	-	-
- 3 months	September 8, 2022	-	922,000	922,000	-	-	-	-	-	-
- 3 months	September 22, 2022	-	10,701,000	10,701,000	-	-	-	-	-	-
- 3 months	October 6, 2022	-	55,970,000	55,970,000	-	-	-	-	-	-
- 3 months	October 20, 2022	-	9,613,000	9,613,000	-	-	-	-	-	-
- 3 months	November 3, 2022	-	70,580,000	70,580,000	-	-	-	-	-	-
- 3 months	November 17, 2022	-	103,054,880	103,054,880	-	-	-	-	-	-
- 3 months	December 1, 2022	-	5,498,000	5,498,000	-	-	-	-	-	-
- 3 months	December 15, 2022	-	14,430,300	14,430,300	-	-	-	-	-	-
- 3 months	December 29, 2022	-	17,302,375	17,302,375	-	-	-	-	-	-
- 3 months	January 4, 2023	-	56,500,000	56,500,000	-	-	-	-	-	-
- 3 months	January 12, 2023	-	6,544,000	6,544,000	-	-	-	-	-	-
- 3 months	January 26, 2023	-	66,150,000	66,150,000	-	-	-	-	-	-
- 3 months	February 9, 2023	-	12,000,000	12,000,000	-	-	-	-	-	-
- 3 months	February 23, 2023	-	14,500,000	14,500,000	-	-	-	-	-	-
- 3 months	March 9, 2023	-	3,304,000	3,304,000	-	-	-	-	-	-
- 3 months	March 27, 2023	-	17,560,000	17,560,000	-	-	-	-	-	-
- 3 months	April 6, 2023	-	110,425,000	110,425,000	-	-	-	-	-	-
- 3 months	May 4, 2023	-	9,200,000	9,200,000	-	-	-	-	-	-
- 3 months	May 18, 2023	-	17,700,000	17,700,000	-	-	-	-	-	-
- 3 months	June 1, 2023	-	24,000,000	24,000,000	-	-	-	-	-	-
- 3 months *	June 15, 2023	-	38,000,000	-	38,000,000	36,517,416	36,468,106	(49,310)	62.71	62.16
- 3 months *	June 22, 2023	-	40,000,000	21,000,000	19,000,000	18,144,542	18,119,731	(24,811)	31.16	30.89
Market Treasury Bills										
- 6 months	January 27, 2022	-	500,000	500,000	-	-	-	-	-	-
- 6 months	March 10, 2022	-	11,500,000	11,500,000	-	-	-	-	-	-
- 6 months	April 7, 2022	-	500,000	500,000	-	-	-	-	-	-
- 6 months	April 28, 2022	-	600,000	600,000	-	-	-	-	-	-
- 6 months	June 2, 2022	-	7,000,000	7,000,000	-	-	-	-	-	-
- 6 months	August 25, 2022	-	800,000	800,000	-	-	-	-	-	-
- 6 months	September 8, 2022	-	10,000	10,000	-	-	-	-	-	-
- 6 months	October 6, 2022	-	7,940,080	7,940,080	-	-	-	-	-	-
- 6 months	October 20, 2022	-	3,100,000	3,100,000	-	-	-	-	-	-
- 6 months	March 27, 2023	-	33,800,000	33,800,000	-	-	-	-	-	-
- 6 months *	June 15, 2023	-	4,500,000	-	4,500,000	4,094,869	4,076,163	(18,706)	7.01	6.95
Market Treasury Bills										
- 12 months	January 27, 2022	-	3,350,000	3,350,000	-	-	-	-	-	-
- 12 months	March 10, 2022	-	904,055	904,055	-	-	-	-	-	-
- 12 months	April 7, 2022	-	565,500	565,500	-	-	-	-	-	-
- 12 months	April 21, 2022	-	6,300,000	6,300,000	-	-	-	-	-	-
- 12 months	October 6, 2022	-	207,000	207,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 2 years	August 26, 2021	-	73,200,000	73,200,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 3 years	June 18, 2020	-	24,943,700	24,943,700	-	-	-	-	-	-
As at June 30, 2023						58,756,827	58,664,000	(92,827)		
As at June 30, 2022										

*These will mature latest by September 12, 2023 and carrying effective yield rates ranging from 21.45% to 22.16%.

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

5.1.3 Letter of Placements - at fair value through profit or loss

Name of Investee Company		Face value			At June 30, 2023			Market value as a percentage of	
		At July 01, 2022	Purchases during the year	Matured during the year	At June 30, 2023	Face Value	Carrying Value	Appreciation	net assets
----- (Rupees in '000) ----- % -----									
Pak Oman Investment Company Limited	October 3, 2022	-	800,000	800,000	-	-	-	-	-
Askari Bank Limited	October 3, 2022	-	6,000,000	6,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	August 17, 2022	-	850,000	850,000	-	-	-	-	-
Askari Bank Limited	December 16, 2022	-	3,000,000	3,000,000	-	-	-	-	-
Pak Brunei Investment Company Limited	October 17, 2022	-	1,000,000	1,000,000	-	-	-	-	-
Askari Bank Limited	December 19, 2022	-	1,850,000	1,850,000	-	-	-	-	-
Pak Oman Investment Company Limited	December 15, 2022	-	800,000	800,000	-	-	-	-	-
Pak Oman Investment Company Limited	July 19, 2022	-	850,000	850,000	-	-	-	-	-
Pak Brunei Investment Company Limited	August 22, 2022	-	1,100,000	1,100,000	-	-	-	-	-
Pak Oman Investment Company Limited	August 22, 2022	-	850,000	850,000	-	-	-	-	-
Askari Bank Limited	December 20, 2022	-	3,625,000	3,625,000	-	-	-	-	-
Pak Oman Investment Company Limited	December 22, 2022	-	800,000	800,000	-	-	-	-	-
Askari Bank Limited	November 23, 2022	-	1,900,000	1,900,000	-	-	-	-	-
Askari Bank Limited	December 23, 2022	-	4,500,000	4,500,000	-	-	-	-	-
Askari Bank Limited	January 10, 2023	-	5,000,000	5,000,000	-	-	-	-	-
Pak Brunei Investment Company Limited	January 16, 2023	-	1,000,000	1,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	January 25, 2023	-	800,000	800,000	-	-	-	-	-
Pak Oman Investment Company Limited	February 6, 2023	-	800,000	800,000	-	-	-	-	-
Pak Brunei Investment Company Limited	February 7, 2023	-	700,000	700,000	-	-	-	-	-
Pak Brunei Investment Company Limited	February 10, 2023	-	1,025,000	1,025,000	-	-	-	-	-
Pak Oman Investment Company Limited	February 13, 2023	-	800,000	800,000	-	-	-	-	-
Pak Oman Investment Company Limited	February 27, 2023	-	800,000	800,000	-	-	-	-	-
Pak Kuwait Investment Company (Private) Limited	March 22, 2023	-	3,000,000	3,000,000	-	-	-	-	-
Pak Kuwait Investment Company (Private) Limited	May 8, 2023	-	4,245,000	4,245,000	-	-	-	-	-
Pak Oman Investment Company	May 8, 2023	-	805,000	805,000	-	-	-	-	-
Pak Kuwait Investment Company (Private) Limited	June 9, 2023	-	5,000,000	5,000,000	-	-	-	-	-
Pak Oman Investment Company Limited	June 20, 2023	-	715,000	715,000	-	-	-	-	-
Pak Oman Investment Company Limited	June 22, 2023	-	715,000	715,000	-	-	-	-	-
Meezan Bank Limited	January 12, 2023	-	5,000,000	5,000,000	-	-	-	-	-
As at June 30, 2023									
As at June 30, 2022									

5.1.4 Other placements - at fair value through profit or loss

Name of Investee Company		Face value			At June 30, 2023			Market value as a percentage of	
		At July 01, 2022	Purchases during the year	Matured during the year	At June 30, 2023	Face Value	Carrying Value	Appreciation	net assets
----- (Rupees in '000) ----- % -----									
Pak Kuwait Investment Company (Private) Limited	September 28, 2022	-	250,000	250,000	-	-	-	-	-
Pak Kuwait Investment Company (Private) Limited	September 30, 2022	-	3,975,000	3,975,000	-	-	-	-	-
As at June 30, 2023									
As at June 30, 2022									

5.2 Net unrealised dimunition in value of investments at fair value through profit or loss

	Note	June 30, 2023	June 30, 2022
(Rupees in '000)			
Market value of investments	5.1.1, 5.1.2, 5.1.3 & 5.1.4	58,664,000	-
Carrying value of investments	5.1.1, 5.1.2, 5.1.3 & 5.1.4	58,756,827	-
		(92,827)	

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

	Note	June 30, 2023	June 30, 2022
(Rupees in '000)			
6. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE			
Advance tax	6.1	18,650	1,411
Prepayments and security deposits		348	326
Profit receivable on savings accounts		367,186	797,495
Other receivable		6,735	19,869
Profit on term deposit receipts		-	44,713
		392,919	863,814

- 6.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on bank deposits to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on profit on bank deposits was amounted to Rs 18.65 million (2022: Rs 1.411 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on bank deposits has been shown as advance tax under 'Advances, deposits, prepayments and other receivable' as at June 30, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	June 30, 2023	June 30, 2022
(Rupees in '000)			
7 PAYABLE TO MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY			
Management fee payable	7.1	36,271	17,262
Sindh Sales Tax payable on remuneration of the Management Company	7.2	4,715	2,244
Allocated expenses payable	7.3	-	4,674
Selling and marketing expenses payable	7.4	61,484	4,793
		102,470	28,973

- 7.1** The management company has charged management fee at the rate upto, 7.5% of the gross earnings of scheme, calculated on a daily basis.

- 7.2** Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2022: 13%).

During the year, an amount of Rs 41.029 million (2022: Rs 13.376 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs 38.558 million (2022: Rs 12.189 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

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

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

The Management Company has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense which has also been approved by the Board of Directors of the Management Company.

- 7.4 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) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

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

	Note	June 30, 2023	June 30, 2022
8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		(Rupees in '000)	
Trustee remuneration payable	8.1	2,624	2,526
Sindh Sales Tax payable on trustee remuneration	8.2	341	328
		2,965	2,854

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged Trustee Fee at the rate of 0.055% (2022: 0.055%) of the average daily net assets of the Fund during the year.

Remuneration is paid to the trustee on monthly basis in arrears.

- 8.2 During the year, an amount of Rs 4.173 million (2022: Rs 2.613 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 4.064 million (2022: Rs 2.517 million) was paid on account of sales tax on remuneration of trustee was paid to the Trustee which acts as a collecting agent.

	Note	June 30, 2023	June 30, 2022
9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		(Rupees in '000)	
Annual fee	9.1	11,673	7,018

- 9.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with SRO No. 685 (I) / 2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (2022: 0.02%) of average daily net assets of the Fund during the year.

	Note	June 30, 2023	June 30, 2022
10. ACCRUED AND OTHER LIABILITIES		(Rupees in '000)	
Provision for federal excise duty on:			
- Remuneration of the Management Company	10.1	54,267	54,267
- Sales load		19	19
Brokerage payable		2,610	-
Capital gain tax payable		24,740	38,706
Auditors' remuneration payable		845	653
Printing expense payable		40	40
Other payable		6,785	2,059
		89,306	95,744

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

10.1 Federal Excise Duty Payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 54.286 million (2022: Rs. 54.286 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re. 0.095 per unit (June 30, 2022: Re. 0.086 per unit).

11. CONTINGENCIES AND COMMITMENTS

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

12. AUDITORS' REMUNERATION

	June 30, 2023	June 30, 2022
	(Rupees in '000)	
Annual audit fee	575	500
Half yearly review fee	322	285
Other certifications	180	100
Out of pocket expenses and other taxes	265	128
	1,342	1,013

13. TAXATION

- 13.1** 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 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2023 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

14. CASH AND CASH EQUIVALENTS

	Note	June 30, 2023	June 30, 2022
		(Rupees in '000)	
Balances with banks	4	17,447,467	58,423,943
Market Treasury Bills maturing within 3 months	5.1.2	54,587,837	-
Term deposit receipt maturing within 3 months	5.1.1	-	5,000,000
		72,035,304	63,423,943

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

15. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 1.04% (2022: 0.61%) which includes 0.1% (2022: 0.07%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 2% (2022: 2%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

16. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provision of the Trust Deed.

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

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

	For the year ended	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	356,636	116,254
Allocated expenses	10,233	29,913
Selling and marketing expenses	176,680	31,631
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	36,270	22,714
CDS charges	4	7
MCB Bank Limited		
Profit on Bank deposits	2,026	1,134
Bank charges	231	188
Purchase of securities - Face value: Rs 14,344,305,000 (2022: Nil)	14,133,476	-
Sale of securities - Face value: Rs 20,745,300,000 (2022: Rs 2,500,000,000)	27,948,951	3,329,271

16.2 Amounts outstanding at year end

	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company		
Management fee payable	36,271	17,262
Sales tax payable on remuneration of the Management Company	4,715	2,244
Allocated expenses payable	-	4,674
Selling and marketing expenses payable	61,484	4,793
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	2,624	2,526
Sindh Sales tax payable on trustee remuneration	341	328
MCB Bank Limited		
Bank balance	71,811	61,716
Profit receivable on bank deposits	-	390

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

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

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)				
Associated Companies							
Adamjee Insurance Company Limited**	2,737,042	1,050,105	3,787,146	1	277,387	106,423	387,615
Mcb-Arif Habib Savings And Investments Limited	-	62,429,804	58,805,570	3,624,234	-	6,342,849	6,008,305
Adamjee Life Assurance Company Limited Conventional Business	3,474,011	539,342	-	4,013,353	352,075	54,660	408,110
Adamjee Life Assurance Company Limited - Nuil Fund	1,523,731	5,085,864	6,609,595	-	154,423	515,522	674,226
Adamjee Life Assurance Company Limited	360,356	55,945	-	416,301	36,520	5,670	42,333
Adamjee Life Assurance Company Limited (IMF)	1,305,933	1,319,194	2,625,127	-	132,350	133,694	268,424
Adamjee Life Assurance Company Limited (ISF)	13,019,718	36,002,817	49,022,535	-	1,319,489	3,651,827	4,990,789
Adamjee Life Assurance Company Limited ISF II	5,747,888	30,095,680	35,843,569	-	582,522	3,056,253	3,652,709
D.G. Khan Cement Company Limited **	3	-	-	3	-	-	-
Nishat Power Limited Employees Provident Fund Trust	122,690	20,796	143,486	-	12,434	2,108	14,558
Security General Insurance Company Limited	2,021,728	17,543	2,039,271	-	204,893	1,778	208,735
Adamjee Life Assurance Company Limited - Employees Gratuity Fund	259,792	31,704	117,880	173,616	26,329	3,213	12,000
Adamjee Insurance Company Limited Employees Gratuity Fund**	333,855	547,709	881,563	1	33,835	55,508	89,799
Adamjee Insurance Company Limited Employees Provident Fund	665,703	892,146	1,552,383	5,466	67,466	90,415	157,574
Security General Insurance Company Limited Employees Provident Fund Trust	91,735	15,549	-	107,284	9,297	1,576	10,910
Sayyed Engineers Limited	6,508	927	-	7,435	660	94	756
Adamjee Life Assurance Company Limited - DGF	-	1,991,083	1,991,083	-	-	202,243	204,118
Adamjee Life Assurance Company Limited - DSF	22,906	1,869,304	1,892,210	-	2,321	189,779	193,913
Adamjee Life Assurance Company Limited Managed Growth Fund	-	34,949	33,159	1,790	-	3,542	3,391
Nishat Paper Products Company Limited Staff Provident Fund Trust	172,688	46,188	150,795	68,081	17,501	4,681	15,300
Total associated Companies	31,866,286	142,046,649	165,495,373	8,417,564	3,229,502	14,421,834	16,881,459
Key management personnel*	36,796,574	33,295,537	17,090,394	53,001,717	3,729,164	3,375,728	1,742,441
Mandate Under Discretionary Portfolio Services*	9,574,252	79,771,113	80,311,981	9,033,384	970,306	8,096,640	8,212,838
Unit holders holding 10% or more units *	138,589,039	456,798,915	481,111,872	114,276,082	14,045,362	46,302,708	48,981,487

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

** Nil figures due to rounding off

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)				
Associated Companies							
Adamjee Insurance Company Limited.	-	2,737,042	-	2,737,042	-	276,386	277,387
Mcb-Arif Habib Savings And Investments Limited	64,767	50,465,348	50,530,115	-	6,540	5,102,139	5,127,502
Asghari Beg Memorial Trust	-	2	-	2	-	-	-
Adamjee Life Assurance Company Limited. Conventional Business	-	3,474,011	-	3,474,011.00	-	350,806	352,075
Adamjee Life Assurance Company Limited.-Nuil Fund	-	8,787,816	7,264,086	1,523,730	-	887,888	738,820
Adamjee Life Assurance Company Limited.	518,776	39,391	197,811	360,355	52,386	3,978	20,000
Adamjee Life Assurance Company Limited. (IMF)	-	18,394,559	17,088,625	1,305,934	-	1,859,437	1,734,641
Mcb Financial Sevcies Limited	862,616	34,057	878,466	18,207	87,107	3,439	89,000
Adamjee Life Assurance Company Limited.(ISF)	-	68,023,456	55,003,737	13,019,719	-	6,875,127	5,586,159
Adamjee Life Assurance Co Limited Isf II	-	77,691,365	71,943,477	5,747,888	-	7,851,171	7,296,743
D.G. Khan Cement Company Limited	3	-	-	3	-	-	-
Nishat Power Limited Employees Provident Fund Trust	111,102	11,588	-	122,690	11,219	1,170	12,434
Security General Insurance Company Limited	10,276	2,021,850	10,398	2,021,729	1,038	204,166	1,051
Adamjee Life Assurance Company Limited-Employees Gratuity Fund	-	259,792	-	259,792	-	26,234	26,329
Adamjee Insurance Company Limited. Employees Gratuity Fund	68,133	651,933	386,210	333,856	6,880	65,832	39,057
Adamjee Insurance Company Limited Employees Provident Fund	196,013	1,300,291	830,600	665,704	19,793	131,303	83,987
Security General Insurance Company Limited. Employees Provident Fund Trust	-	239,023	147,288	91,735	-	24,179	15,000
Sayyed Engineers Limited	5,981	527	-	6,508	604	53	660
Itminds Limited	-	99,030	99,030	-	-	10,000	10,042
Adamjee Life Assurance Company Limited - Dsf	-	68,172	45,267	22,905	-	6,884	4,603
Nishat Paper Products Company Limited Staff Provident Fund Trust	-	187,536	14,848	172,688	-	18,937	17,501
Total associated Companies	1,837,667	234,486,789	204,439,958	31,884,498	185,567	23,699,130	20,748,105
Key management personnel*	23,011,248	14,800,988	1,107,483	36,704,753	2,323,676	1,494,859	112,303
Mandate Under Discretionary Portfolio Services*	1,863,152	76,250,789	68,458,991	9,654,950	188,141	7,702,264	6,949,207
Unit holders holding 10% or more units *	82,168,723	784,169,834	727,749,518	138,589,039	8,297,398	75,918,097	47,436,143

* This reflects the position of related party / connected persons status as at June 30, 2022.

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2023		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	17,447,467	-	17,447,467
Investments	-	58,664,000	58,664,000
Deposits and profit receivable	374,021	-	374,021
	<u>17,821,488</u>	<u>58,664,000</u>	<u>76,485,488</u>

	2023		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	-	102,470	102,470
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,965	2,965
Accrued and other liabilities	-	10,280	10,280
	<u>-</u>	<u>115,715</u>	<u>115,715</u>

	2022		
	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000		
Financial assets			
Balances with banks	58,423,943	-	58,423,943
Investments	-	5,000,000	5,000,000
Deposits and profit receivable	862,177	-	862,177
	<u>59,286,120</u>	<u>5,000,000</u>	<u>64,286,120</u>

	2022		
	At fair value through profit or loss	At amortised cost	Total
	Rupees in '000		
Financial liabilities			
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company	-	28,973	28,973
Payable to Central Depository Company of Pakistan Limited - Trustee	-	2,854	2,854
Accrued and other liabilities	-	2,752	2,752
	<u>-</u>	<u>34,579</u>	<u>34,579</u>

18. FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the 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 the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

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

18.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

18.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances with banks. 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.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2023, the Fund holds KIBOR based balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 174.453 million (2022: Rs 556.701 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2023, the Fund holds Term Deposit Receipt which are classified as at fair value through profit or loss exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association of Pakistan (FMAP) on June 30, 2023, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs Nil (2022: Rs 50 Million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan (FMAP) are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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

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

June 30, 2023					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total

----- Rupees in '000 -----

On-balance sheet financial instruments

Financial Assets

Balances with banks	12.25% to 21.80%	17,445,322	-	-	2,145	17,447,467
Investments	21.45% to 22.16%	54,587,837	4,076,163	-	-	58,664,000
Deposits & profit receivable		-	-	-	374,021	374,021
		72,033,159	4,076,163	-	376,166	76,485,488

Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	102,470	102,470
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,965	2,965
Accrued and other liabilities		-	-	-	10,280	10,280
		-	-	-	115,715	115,715

On-balance sheet gap (a)

	72,033,159	4,076,163	-	260,451	76,369,773
--	------------	-----------	---	---------	------------

Off-balance sheet financial instruments

	-	-	-	-	-
--	---	---	---	---	---

Off-balance sheet gap (b)

	-	-	-	-	-
--	---	---	---	---	---

Total profit rate sensitivity gap (a+b)

	72,033,159	4,076,163	-		
--	------------	-----------	---	--	--

Cumulative profit rate sensitivity gap

	72,033,159	76,109,322	76,109,322		
--	------------	------------	------------	--	--

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

June 30, 2022					
Yield / effective interest rate (%)	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	Total

Rupees in '000

On-balance sheet financial instruments

Financial Assets

Balances with banks	5.50% to 17.05%	55,670,068	-	-	2,753,875	58,423,943
Investments	19.20%	5,000,000	-	-	-	5,000,000
Deposits & profit receivable		-	-	-	862,177	862,177
		60,670,068	-	-	3,616,052	64,286,120

Financial Liabilities

Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	28,973	28,973
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,854	2,854
Accrued and other liabilities		-	-	-	2,752	2,752
		-	-	-	34,579	34,579

On-balance sheet gap (a)

		60,670,068	-	-	3,581,473	64,251,541
--	--	------------	---	---	-----------	------------

Off-balance sheet financial instruments

		-	-	-	-	-
--	--	---	---	---	---	---

Off-balance sheet gap (b)

		-	-	-	-	-
--	--	---	---	---	---	---

Total profit rate sensitivity gap (a+b)

		60,670,068	-	-		
--	--	------------	---	---	--	--

Cumulative profit rate sensitivity gap

		60,670,068	60,670,068	60,670,068		
--	--	------------	------------	------------	--	--

18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not hold any financial instruments that exposes it to price risk.

18.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks and receivable against conversion of units. Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Balances with banks	17,447,467	17,447,467	58,423,943	58,423,943
Investments	58,664,000	58,664,000	5,000,000	5,000,000
Deposits and profit receivable	374,021	374,021	862,177	862,177
	76,485,488	76,485,488	64,286,120	64,286,120

Rupees in '000

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

The analysis below summaries the credit rating quality of the Fund's financial assets.

	June 30, 2023	June 30, 2022
	----- % -----	
Bank balances by rating category		
AAA	1.71	96.53
AA+	87.15	0.56
AA	11.14	2.91
	100	100

The analysis below summaries the credit quality of the Fund's investments as at June 30, 2023 and June 30, 2022:

	June 30, 2023	June 30, 2022
	----- % -----	
Investments by rating category		
Government Securities	100	-
AAA	-	100

Concentration of credit risk

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

Settlement risk

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

18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

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

2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued and other liabilities

102,470	-	-	-	-	-	102,470
2,965	-	-	-	-	-	2,965
10,280	-	-	-	-	-	10,280
115,715	-	-	-	-	-	115,715

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial liabilities

Payable to MCB-Arif Habib Savings and Investments Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued and other liabilities

28,973	-	-	-	-	-	28,973
2,854	-	-	-	-	-	2,854
2,752	-	-	-	-	-	2,752
34,579	-	-	-	-	-	34,579

19 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

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

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

As at June 30, the Fund held the following financial instruments measured at fair values:

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

----- June 30, 2023 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
Financial assets at fair value through profit or loss			
Market Treasury Bills	-	58,664,000	-
	-	58,664,000	-
	-	-	58,664,000

----- June 30, 2022 -----			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
Financial assets at fair value through profit or loss			
Term deposit receipt maturing within 3 months*	-	5,000,000	-
	-	5,000,000	-
	-	-	5,000,000

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

20. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of their proportionate share of the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unitholders' Fund'.

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

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

21.1 Mr. Saad Ahmed is the Fund Manager. Details of the other funds being managed by him are as follows:

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

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

22. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

	2023 (Percentage)
1 Continental Capital Management (Private) Limited	24.38
2 Alfalah CLSA Securities (Private) Limited	17.72
3 Optimus Market Private Limited	15.83
4 Invest One Markets Limited	8.55
5 Arif Habib Limited	6.99
6 C And M Management Private Limited	6.77
7 Paramount Capital (Private) Limited	6.00
8 Vector Capital Private Limited	5.44
9 Currency Market Associates (Private) Limited	1.66
10 Magenta Capital (Private) Limited	1.33
2022 (Percentage)	
1 Continental Capital Management (Private) Limited	27.09
2 Invest One Markets Limited	20.49
3 Icon Management (Private) Limited	12.27
4 Arif Habib Limited	12.00
5 Paramount Capital (Private) Limited	5.44
6 C & M Management (Private) Limited	4.77
7 BIPL Securities Limited	3.45
8 Currency Market Associates (Private) Limited	2.90
9 Pearl Securities Limited	2.69
10 Magenta Capital (Private) Limited	2.38

23. PATTERN OF UNITHOLDING

	----- As at June 30, 2023 -----			
	Number of unit holders	Number of units	Investment amount <small>(Rupees in '000')</small>	Percentage investment %
Insurance Companies	6	3,634,078	369,542	0.64
Retirement Fund	83	25,552,197	2,598,354	4.47
Individual	5,385	216,442,669	22,009,642	37.84
Others	145	314,177,853	31,948,146	54.94
NBFC	2	3,656,090	371,781	0.64
Associated Company	10	8,417,562	855,967	1.47
	5,631	571,880,450	58,153,432	100.00

	----- As at June 30, 2022 -----			
	Number of unit holders	Number of units	Investment amount <small>(Rupees in '000')</small>	Percentage investment %
Insurance Companies	5	32,951,898	3,339,523	5.21
Retirement Fund	88	49,574,924	5,024,190	7.83
Individual	2,384	127,952,003	12,967,347	20.20
Others	2,189	387,955,324	39,317,487	61.29
NBFC	1	228,529	23,160	0.04
Associated Company	19	31,884,498	3,231,348	5.04
Banks / DFI	1	2,467,922	250,113	0.39
	4,687	633,015,098	64,153,168	100.00

24. ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 177th, 178th, 179th, 180th, 181st, 182nd, 183rd, 184th, 185th, 186th, 187th & 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:

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

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroon Rashid	Chairman	12	12	12	-	-
Mr. Nasim Beg (Resigned on May 2nd, 2023)	Vice Chairman	12	12	12	-	-
Mr. Muhammad Saqib Saleem	Chief Executive Officer	12	12	12	-	-
Mr. Ahmed Jahangir	Director	12	12	12	-	-
Mr. Mirza Qamar Beg (Resigned on May 2nd, 2023)	Director	12	12	12	-	-
Mr. Kashif A. Habib (Resigned on May 2nd, 2023)	Director	12	12	8	4	180, 184, 186 & 187
Syed Savail Meekal Hussain	Director	12	12	10	2	185 & 187
Ms. Mavra Adil Khan	Director	12	12	9	3	178, 181 & 182
Mr. Fahd Kamal Chinoy (Appointed on May 2nd, 2023)	Director	12	1	1	-	-
Mr. Manzar Mushtaq (Appointed on May 2nd, 2023)	Director	12	1	1	-	-
Mr. Shoaib Mumtaz (Appointed on May 2nd, 2023)	Director	12	1	1	-	-

25. CASH DISTRIBUTIONS DURING THE YEAR

-----June 30, 2023-----					
Rate per unit	Declaration date	Refund of Capital	Distribution from Income	Total distribution	
----- Rupees in '000 -----					
For the period ended July 25, 2022	1.0346	July 26, 2022	67,711	387,633	455,344
For the period ended August 29, 2022	1.3809	August 30, 2022	112,409	441,368	553,777
For the period ended September 27, 2022	1.2335	September 28, 2022	207,080	524,358	731,438
For the period ended October 25, 2022	1.1762	October 26, 2022	108,073	518,926	626,999
For the period ended November 25, 2022	1.3125	November 28, 2022	126,214	540,867	667,081
For the period ended December 23, 2022	1.1518	December 26, 2022	162,207	465,815	628,022
For the period ended January 20, 2023	1.0867	January 23, 2023	136,537	556,098	692,635
For the period ended February 22, 2023	1.3247	February 23, 2023	141,277	670,025	811,302
For the period ended March 8, 2023	0.5715	March 9, 2023	43,091	289,917	333,008
For the period ended March 27, 2023	1.0375	March 28, 2023	90,327	627,034	717,361
For the period ended April 13, 2023	0.8285	April 14, 2023	105,216	411,783	516,999
For the period ended May 3, 2023	1.153	May 4, 2023	96,124	618,292	714,416
For the period ended May 23, 2023	1.1036	May 24, 2023	97,110	541,857	638,967
For the period ended June 21, 2023	1.5664	June 22, 2023	200,952	694,525	895,477
			<u>1,694,326</u>	<u>7,288,498</u>	<u>8,982,824</u>

-----June 30, 2022-----					
Rate per unit	Declaration date	Refund of Capital	Distribution from Income	Total distribution	
----- Rupees in '000 -----					
For the period ended July 27, 2021	0.5378	July 28, 2021	3,437	173,670	177,107
For the period ended August 6, 2021	0.2347	August 9, 2021	603	75,805	76,408
For the period ended August 20, 2021	0.6364	August 23, 2021	833	203,422	204,255
For the period ended September 3, 2021	0.2684	September 6, 2021	4,660	70,661	75,321
For the period ended September 17, 2021	0.2955	September 20, 2021	4,695	85,301	89,996
For the period ended October 4, 2021	0.3346	October 5, 2021	8,952	104,972	113,924
For the period ended October 21, 2021	0.3685	October 22, 2021	8,270	128,937	137,207
For the period ended November 5, 2021	0.3449	November 8, 2021	2,714	103,630	106,344
For the period ended November 19, 2021	0.2783	November 22, 2021	1,946	79,036	80,982
For the period ended December 28, 2021	1.015	December 29, 2021	105,816	246,675	352,491
For the period ended January 12, 2022	0.4663	January 13, 2022	64,418	124,224	188,642
For the period ended February 25, 2022	1.2644	February 28, 2022	25,991	263,198	289,189
For the period ended March 10, 2022	0.283	March 11, 2022	33,861	63,557	97,418
For the period ended March 17, 2022	0.2224	March 18, 2022	24,958	83,053	108,011
For the period ended April 15, 2022	0.9843	April 18, 2022	25,820	239,499	265,319
For the period ended May 18, 2022	1.0325	May 19, 2022	78,341	232,277	310,618
For the period ended June 1, 2022	0.5356	June 2, 2022	55,391	136,402	191,793
For the period ended June 22, 2022	0.9534	June 23, 2022	238,841	321,890	560,731
			<u>689,547</u>	<u>2,736,209</u>	<u>3,425,756</u>

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

26. DATE OF AUTHORISATION FOR ISSUE

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

27. GENERAL

27.1 Figures have been rounded off to the nearest thousand rupees unless otherwise specified.

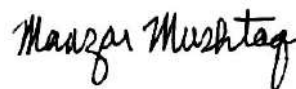
For MCB-Arif Habib Savings and Investments Limited
(the Management Company)



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
2785	A. 001-10,000	43,004
692	B. 10,001 – 100,000	252,570
817	C. 100,001 – 1000,000	3,420,912
1337	D. 1000,001 & Above	568,163,964
<u>5,631</u>		<u>571,880,450</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2023

Performance Information	2023	2022	2021	2020	2019
Total Net Assets Value – Rs. in million	58,153.4306	64,153.1678	34,029.6630	28,105.7866	13,902.6160
Net Assets value per unit – Rupees	101.6881	101.3454	100.9800	100.8561	100.6423
Closing Offer Price	101.6881	101.3454	100.9800	100.8561	100.6423
Closing Repurchase Price	101.6881	101.3454	100.9800	100.8561	100.6423
Highest offer price per unit	102.8537	102.2173	101.5507	101.4111	101.6709
Lowest offer price per unit	101.3210	100.9800	100.8561	100.6423	100.5452
Highest Redemption price per unit	102.8537	102.2173	101.5507	101.4111	101.6709
Lowest Redemption price per unit	101.3210	100.9800	100.8561	100.6423	100.5452
Distribution per unit – Rs. *	15.9858	10.0560	6.6874	11.8563	13.9047
Average Annual Return - %					
One year	17.35	10.83	6.98	12.71	8.88
Two year	14.09	8.91	9.85	10.80	7.15
Three year (inception date September 30, 2009)	11.72	10.17	9.52	9.00	7.13
Net Income for the period – Rs. in million	9,428.2827	3,738.3932	2,174.1650	2,297.7126	1,190.9620
Distribution made during the year (Including Income already paid on units redeemed) – Rs. in million	9,239.2860	3,524.3120	2,132.9930	2,236.3500	1,509.7750
Accumulated Capital Growth – Rs. in million	188.9967	214.0812	41.1720	88.0197	(592.5140)
Weighted average Portfolio Duration (months)	2.58	0.03	0.03	0.03	0.37

*** Date of Distribution**

2023		2022		2021	
Date	Rate	Date	Rate	Date	Rate
26-Jul-22	1.0346	28-Jul-21	0.5378	13-Jul-20	0.2642
30-Aug-22	1.3809	9-Aug-21	0.2347	20-Jul-20	0.14
28-Sep-22	1.2335	24-Aug-21	0.6364	12-Aug-20	0.3082
26-Oct-22	1.1762	6-Sep-21	0.2684	24-Aug-20	0.2357
28-Nov-22	1.3125	20-Sep-21	0.2955	7-Sep-20	0.229
26-Dec-22	1.1762	5-Oct-21	0.3346	21-Sep-20	0.2539
23-Jan-23	1.0867	22-Oct-21	0.3685	5-Oct-20	0.2621
23-Feb-23	1.3247	8-Nov-21	0.3449	19-Oct-20	0.2752
9-Mar-23	0.5715	22-Nov-21	0.2783	9-Nov-20	0.3941
28-Mar-23	1.0375	29-Dec-21	1.015	23-Nov-20	0.2524
14-Apr-23	0.8285	13-Jan-22	0.4663	7-Dec-20	0.2542
4-May-23	1.153	28-Feb-22	1.2644	21-Dec-20	0.2582
24-May-23	1.1036	11-Mar-22	0.283	30-Dec-20	0.1747
22-Jun-23	1.5664	18-Mar-22	0.2224	22-Jan-21	0.4282
		18-Apr-22	0.9843	8-Feb-21	0.3254
		19-May-22	1.0325	22-Feb-21	0.2532
		2-Jun-22	0.5356	8-Mar-21	0.2568
		23-Jun-22	0.9534	22-Mar-21	0.271
				5-Apr-21	0.2778
				19-Apr-21	0.2922
				27-May-21	0.7093
				8-Jun-21	0.2287
				25-Jun-21	0.3429

2020		2019	
Date	Rate	Date	Rate
22-Jul-19	0.6999	4-Jul-18	5.4255
5-Aug-19	0.4732	6-Aug-18	0.6385
19-Aug-19	0.4808	20-Aug-18	0.254
11-Sep-19	0.8042	10-Sep-18	0.3899
23-Sep-19	0.4381	24-Sep-18	0.2667
7-Oct-19	0.51	8-Oct-18	0.2837
21-Oct-19	0.5122	22-Oct-18	0.2986
4-Nov-19	0.495	8-Nov-18	0.3276
18-Nov-19	0.4501	19-Nov-18	0.2637
9-Dec-19	0.6885	10-Dec-18	0.3782
23-Dec-19	0.4998	24-Dec-18	0.3604
6-Jan-20	0.5102	21-Jan-19	0.7131
20-Jan-20	0.5019	4-Feb-19	0.3385
10-Feb-20	0.7188	18-Feb-19	0.3868
24-Feb-20	0.4842	4-Mar-19	0.3667
9-Mar-20	0.4939	18-Mar-19	0.3718
24-Mar-20	0.5943	8-Apr-19	0.5711
6-Apr-20	0.4626	22-Apr-19	0.3738
20-Apr-20	0.5675	20-May-19	0.7377
4-May-20	0.4359	28-Jun-19	1.1584
18-May-20	0.2786		
8-Jun-20	0.4499		
22-Jun-20	0.3067		

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.

MCB INVESTMENT MANAGEMENT LIMITED

(Formerly: MCB Arif Habib Savings and Investments Limited)

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 111 468 378 (111 INVEST)

URL: www.mcbfunds.com, **Email:** info@mcbfunds.com