



MCB FUNDS
Investments for Life

ANNUAL REPORT 2023

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



PAKISTAN CAPITAL MARKET FUND

Note - Change in Name

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

نوٹ: نام کی تبدیلی

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

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited* (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Manzar Mushtaq Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem	Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited Habib Bank Limited	National Bank of Pakistan JS Bank Limited Standard Chartered Bank Limited Zarai Traqiati Bank Limited Bank Al-Falah 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 **Pakistan Capital Market Fund** accounts review for the year ended June 30, 2023.

ECONOMY AND MONEY MARKET REVIEW

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

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

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

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

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

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

EQUITY MARKET REVIEW

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

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

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

Pharma, Miscellaneous, Auto Assemblers, and Refinery sectors were the major contributors to the index decline, taking away -561/-435/-310/-159 points, respectively. Pharma sector struggled with the risk of exchange losses amid depreciating PKR against USD posing risk to near-term earnings. Automobile Assemblers struggled due to poor volumetric sales thanks to restrictions imposed by the SBP. On the flip side, Power sector added 554 points to the index as a result of better than expected dividends.

FUND PERFORMANCE

During the period under review, the fund posted a return of 3.47% compared to the return of 4.47% posted by the benchmark. On the equities front, the overall allocation stood at 65.4% and 13.4% cash. The exposure was mainly held in Commercial Banks, Cement, Textile and Oil & Gas Exploration Companies. On the fixed income side, the fund maintained its exposure towards cash and T-bills because of rising interest rate trend. The Net Assets of the Fund as at June 30, 2023 stood at Rs. 333 million as compared to Rs. 382 million as at June 30, 2022 registering a decrease of 13.28%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 11.02 as compared to opening NAV of Rs. 10.65 per unit as at June 30, 2022 showing an increase of Rs. 0.37 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

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

sphere, conventional funds showed a growth of 6.1% to PKR 473 billion while Islamic funds increased by 90.4% to PKR 429 billion. In addition, the total fixed Income funds increased by about 23.7% since June 2022 to PKR 369 billion. Equity and related funds declined by 27% to PKR 168 billion as concern over macroeconomic factors kept investors at bay.

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

MUTUAL FUND INDUSTRY OUTLOOK

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

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).

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

7.	Ms. Mavra Adil Khan	Independent Director	HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

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

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

1. Meeting of the Audit Committee.

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

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

* Resigned on May 02, 2023.

2. Meeting of the Human Resource and Remuneration Committee.

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

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

* Resigned on May 02, 2023.

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

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. 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. BDO Ebrahim & Co., Chartered Accountants** as external auditors of the Fund for financial year ending June 30, 2024 and the Board has also endorsed the recommendation of the Audit Committee. **M/s. BDO Ebrahim & Co., Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.

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

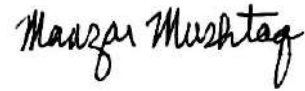
ACKNOWLEDGEMENT

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

اظہارِ تکر

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

من جانب ڈائریکٹرز،

Maaz Mustafa

منظر مشتاق
ڈائریکٹر

محمد ثاقب سلیم

محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
26 جولائی 2023ء

ڈائریکٹرز رپورٹ

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

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

2. ہیومن ریسورس اینڈ ریویژن کمیٹی کی میٹنگ

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

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

* 02 مئی 2023ء کو مستعفی ہو گئے تھے۔

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

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز 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 بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو فنڈ کا خارجی آڈیٹر مقرر کرنے کی سفارش کی ہے اور بورڈ نے آڈٹ کمیٹی کی سفارشات کی بھی توثیق کی ہے۔ بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے خارجی آڈیٹرز کے طور پر کام کرنے پر آمادگی کا اظہار کیا ہے

ڈائریکٹرز رپورٹ

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

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

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

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

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی - جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے، Non کمپنیز (اسٹیلشمنٹ اینڈ ریگولیشنز) ڈولز 2003ء کی، Non بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انسٹریٹ 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 موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

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

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

h. واجب الاداء ٹیکس، قانونی چارجز اور ڈیوٹیز 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؛

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 رسی 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:

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مینجمنٹ کمپنی

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

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

کارپوریٹ گورننس

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

* چار (4) غیر ایگزیکٹو ڈائریکٹرز

* تین (3) خود مختار ڈائریکٹرز

* ایک (1) ایگزیکٹو ڈائریکٹر (CEO)

مندرجہ بالا کی تفصیلات درج ذیل ہیں:

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

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

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متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زرمبادلہ کے ذخائر کے رجحان پر ہوگا۔

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

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

میوچل فنڈ صنعت کا جائزہ

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

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

میوچل فنڈ صنعت کی مستقبل کا منظر

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

ڈائریکٹرز رپورٹ

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا منافع 3.47 فیصد تھا، بالمتقابل مقررہ معیار (بنچ مارک) 4.47 فیصد منافع کے۔ ایکویٹیز میں مجموعی سرمایہ کاری 65.4 فیصد تھی اور نقد میں 13.4 فیصد۔ زیادہ تر سرمایہ کاری کمرشل بینکوں، سیمنٹ، ٹیکسٹائل اور ٹیل اور گیس کی دریافت کی کمپنیوں میں تھی۔ شرح سود میں اضافے کے رجحان کے باعث فِلَسڈ انکم کی جہت میں فنڈ نے نقد اور ٹریڈری بلز (ٹی بلز) میں سرمایہ کاری برقرار رکھی۔

30 جون 2023ء کو فنڈ کے net اثاثہ جات 333 ملین روپے تھے، جو 30 جون 2022ء کی سطح 382 ملین روپے کے مقابلے میں 13.28 فیصد کمی ہے۔ 30 جون 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی پونٹ 11.02 روپے تھی، جو 30 جون 2022ء پر ابتدائی این اے وی فی پونٹ 10.65 روپے کے مقابلے میں 0.37 روپے فی پونٹ 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 اگر سیمنٹ (SBA) کے تحت 3 بلین ڈالر فراہم کیے جائیں گے۔ یہ پروگرام نومبر 2023ء 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 ادا بینگیوں 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 زرمبادلہ کے ذخائر بھی بحال ہوں گے۔ سعودی عرب نے 2 بلین ڈالر اور متحدہ عرب امارات نے 1 بلین ڈالر فراہم کرنے کا وعدہ کیا تھا جو آئی ایم ایف پروگرام کی بحالی پر مشروط تھا۔ اس میں سے سعودی عرب کی طرف سے 2 بلین ڈالر جولائی 2023ء میں موصول ہو چکے ہیں۔ چین کی طرف سے بھی 2.0 بلین ڈالر، اور چین کی کمرشل بینکوں کی طرف سے اضافی 1.5 بلین ڈالر کی فراہمی متوقع ہے۔ مزید برآں، آئی ایم ایف پروگرام کی بحالی سے پاکستان کو ورلڈ بینک اور دیگر کثیر الجہتی ایجنسیوں سے رعایتی شرائط پر رقم کے حصول میں بھی مدد ملے گی۔ اس سے مستقبل قریب میں ڈیفالٹ کا خطرہ ٹل گیا ہے، اور ہمیں اُمید ہے کہ قریب المیعا میں روپے کی قدر مستحکم رہے گی۔

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

ڈائریکٹرز رپورٹ

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

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

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

ایکویٹی مارکیٹ کا جائزہ

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

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

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

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان کیپیٹل مارکیٹ فنڈ کے اکاؤنٹس کا جائزہ برائے سال مُختتمہ 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 آمد و رفت میں سُستی آئی جس کے باعث ذخائر کم ہوئے۔ اس کے نتیجے میں روپیہ سنگین دباؤ کا شکار رہا اور مالی سال 2023ء میں ڈالر کی قدر 40 فیصد بڑھ کر 286.0 روپے ہو گئی جو اس کی بلند ترین سطح کے قریب ہے۔

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

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

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

Fund Type and Category

Pakistan Capital Market Fund (PCMF) is an Open-End Balanced Scheme

Fund Benchmark

The benchmark for Pakistan Capital Market Fund is KSE 100 Index and Six (6) months KIBOR rates on the basis of actual proportion held by the Scheme

Investment Objective

The objective of the Fund is to maximize returns available from Pakistan's capital market by investing the Fund Property in equity as well as debt instruments while diversifying the risk within the market.

Investment Strategy

Pakistan Capital Market Fund (PCM) is an open-end balanced fund that invests in a range of asset classes such as equity and debt in Pakistani market. The asset allocation to equities and debt is made on the basis of relative attractiveness of each asset class. The investment process is driven by fundamental research. For equities investment, fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. For debt investment, interest rate outlook is the key determining factor and allocation to this segment is increased when the yields are comparatively higher compared to the total returns on equities. Investment is made in corporate bonds (investment grade) and government bonds. Cash is kept in deposits with highly rated banks. PCM is a long only Fund and cannot undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

During the period under review, the fund posted a return of 3.47% compared to the return of 4.47% posted by the benchmark.

At the period end, allocation towards equities stood at 65.4% while 13.4% was in cash. The exposure was mainly held in Commercial Banks, Cements and Oil & Gas Exploration Companies.

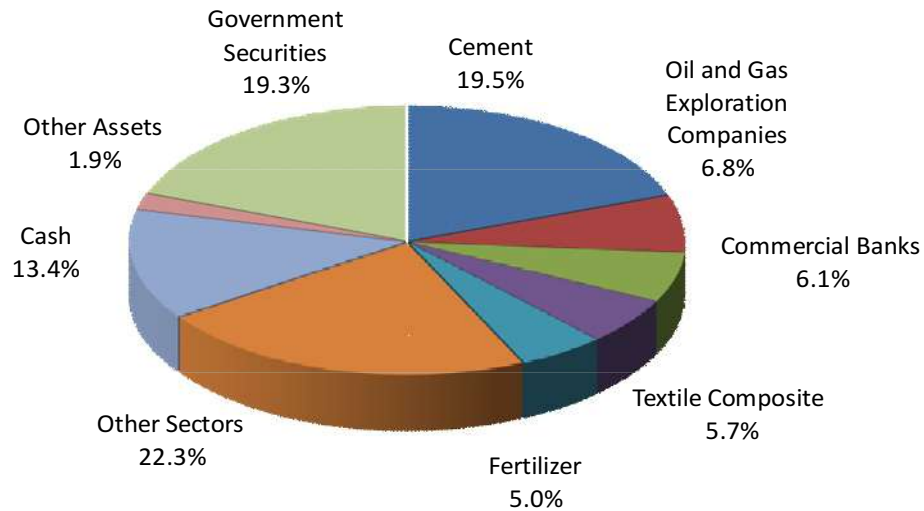
The Net Assets of the Fund as at June 30, 2023 stood at Rs. 333 million as compared to Rs. 382 million as at June 30, 2022 registering a decrease of 12.8%. The Net Asset Value (NAV) per unit as at June 30, 2023 was Rs. 11.02 as compared to opening NAV of Rs. 10.65 per unit as at June 30, 2022 showing an increase of Rs. 0.37 per unit.

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

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

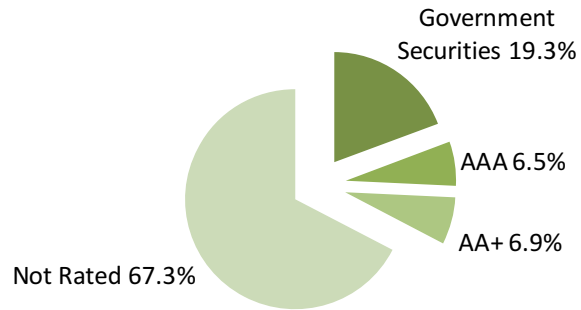
Asset Allocation (%age of Total Assets)	Jun-23
Cash	13.4%
T-Bills	19.3%
TFCs / Sukuks	0.0%
Stocks / Equities	65.4%
GoP Ijara Sukuk	0.0%
Others including receivables	1.9%
PIBs	0.0%

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



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

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



Syed Abid Ali
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 8 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Pakistan Capital Market Fund (the Fund) are of the opinion that MCB Investment Management Limited (Formerly MCB-Arif Habib Savings and Investments Limited) being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2023 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund;
- (iii) The management fee, fee payable to Commission and other expenses paid from the Fund during the period are in accordance with the applicable regulatory framework; and
- (iv) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2023



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Capital Market Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pakistan Capital Market Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2023, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and 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	Net Asset Value (NAV) (Refer notes 4 and 5 to the annexed financial statements) 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 47.311 million and Investments amounted to Rs 298.966 million. 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.	Our audit procedures amongst others included the following: <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.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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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.

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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. F. Ferguson & Co.

Chartered Accountants

Dated: September 22, 2023

Karachi

UDIN: AR202310611t408RQBgU

**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	47,311	41,404
Investments	5	298,966	376,458
Dividend and profit receivables	6	1,756	728
Advances, deposits and other receivables	7	4,928	4,790
Total assets		352,961	423,380
LIABILITIES			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company	8	1,073	1,243
Payable to Central Depository Company of Pakistan Limited - Trustee	9	65	72
Payable to the Securities and Exchange Commission of Pakistan	10	70	89
Payable against purchase of investment		8,720	30,501
Payable against redemption of units		216	216
Accrued and other liabilities	11	9,822	9,650
Total liabilities		19,966	41,771
NET ASSETS		<u>332,995</u>	<u>381,609</u>
Unit holders' fund (as per statement attached)		<u>332,995</u>	<u>381,609</u>
Contingencies and commitments	12	(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>30,207,113</u>	<u>35,840,544</u>
----- (Rupees) -----			
NET ASSET VALUE PER UNIT	3.6	<u>11.02</u>	<u>10.65</u>

The annexed notes from 1 to 28 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			
Dividend income		24,529	16,730
Income from government securities		4,505	7,320
Capital loss on sale of investments - net		(8,853)	(30,840)
Income from unlisted debt security		9	39
Profit on bank deposits		15,229	6,919
Income on deposit with NCCPL against exposure margin		202	97
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	5.4	(5,619)	(35,726)
Total income / (loss)		30,002	(35,461)
EXPENSES			
Remuneration of MCB-Arif Habib Savings and Investments Limited - Management Company	8.1	11,790	13,921
Sindh sales tax on remuneration of the Management Company	8.2	1,533	1,810
Allocated expenses	8.3	352	444
Selling and marketing expenses	8.4	-	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	719	889
Sindh sales tax on remuneration of the trustee	9.2	93	115
Annual fee to the Securities and Exchange Commission of Pakistan	10	70	89
Securities transaction costs		1,184	1,534
Settlement and bank charges		482	585
Fees and subscription		27	27
Auditors' remuneration	13	925	565
Printing and related costs		40	39
Legal and professional charges		174	161
Total expenses		(17,389)	(20,179)
Net income / (loss) from operating activities		12,613	(55,640)
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	6,269
Net income / (loss) for the year before taxation		12,613	(49,371)
Taxation	14	-	-
Net income / (loss) for the year after taxation		12,613	(49,371)
Earnings per unit	3.13		
Allocation of net income for the year:			
Net income for the year		12,613	-
Income already paid on units redeemed		(401)	-
		12,212	-
Accounting income available for distribution:			
- Relating to capital gains		12,212	-
- Excluding capital gains		-	-
Accounting income available for distribution		12,212	-

The annexed notes from 1 to 28 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 / (loss) for the year after taxation	12,613	(49,371)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	12,613	(49,371)

The annexed notes from 1 to 28 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

	For the year ended June 30, 2023			For the year ended June 30, 2022		
	Capital value	Undistributed income / (accumulated loss)	Total	Capital value	Undistributed income / (accumulated loss)	Total
	(Rupees in '000)					
Net assets at beginning of the year	372,388	9,221	381,609	408,071	58,592	466,663
Issuance of 1,130,708 units (2022: 6,901,729 units)						
- Capital value (at net asset value per unit at the beginning of the year)	12,042	-	12,042	82,821	-	82,821
- Element of loss / (income)	53	-	53	(2,022)	-	(2,022)
Total proceeds from issuance of units	12,095	-	12,095	80,799	-	80,799
Redemption of 6,764,139 units (2022: 9,952,269 units)						
- Capital value (at net asset value per unit at the beginning of the year)	72,038	-	72,038	119,427	-	119,427
- Element of loss / (income)	883	401	1,284	(2,945)	-	(2,945)
Total payments on redemption of units	72,921	401	73,322	116,482	-	116,482
Total comprehensive income / (loss) for the year	-	12,613	12,613	-	(49,371)	(49,371)
Net assets at end of the year	311,562	21,433	332,995	372,388	9,221	381,609
Undistributed income brought forward comprising of:						
- Realised	44,947			41,469		
- Unrealised	(35,726)			17,123		
	9,221			58,592		
Accounting income available for distribution						
- Relating to capital gains	12,212			-		
- Excluding capital gains	-			-		
	12,212			-		
Net loss for the year after taxation	-			(49,371)		
Undistributed income carried forward	21,433			9,221		
Undistributed income carried forward comprising of:						
- Realised	27,052			44,947		
- Unrealised	(5,619)			(35,726)		
	21,433			9,221		
	(Rupees)			(Rupees)		
Net asset value per unit at beginning of the year	10.65			12.00		
Net asset value per unit at end of the year	11.02			10.65		

The annexed notes from 1 to 28 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 / (loss) for the year before taxation		12,613	(49,371)
Adjustments for:			
Dividend income		(24,529)	(16,730)
Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net		5,619	35,726
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(6,269)
		<u>(6,297)</u>	<u>(36,644)</u>
Decrease / (increase) in assets			
Investments		110,110	(108,991)
Dividend and profit receivables		(1,028)	(435)
Advances, deposits and prepayments		(138)	13
Receivable against sale of investment		-	20,614
		<u>108,944</u>	<u>(88,799)</u>
(Decrease) / increase in liabilities			
Payable to MCB-Arif Habib Savings and Investments Limited - Management Company		(170)	(136)
Payable to Central Depository Company of Pakistan Limited - Trustee		(7)	(17)
Payable to the Securities and Exchange Commission of Pakistan		(19)	(5)
Payable against purchase of investment		(21,781)	29,549
Accrued expenses and other liabilities		172	(66)
		<u>(21,805)</u>	<u>29,325</u>
Dividend received		24,529	16,730
Net cash generated / (used in) from operating activities		<u>105,371</u>	<u>(79,388)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units net of refund of capital		12,095	80,799
Payment against redemption of units		(73,322)	(116,482)
Dividend paid		-	-
Net cash used in financing activities		<u>(61,227)</u>	<u>(35,683)</u>
Net increase / (decrease) in cash and cash equivalents during the year		<u>44,144</u>	<u>(115,071)</u>
Cash and cash equivalents at beginning of the year		71,305	186,376
Cash and cash equivalents at end of the year	15	<u><u>115,449</u></u>	<u><u>71,305</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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



Chief Executive Officer



Chief Financial Officer



Director

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

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between Arif Habib Investments Limited (now MCB - Arif Habib Savings and Investments Limited) as "Management Company" and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 30, 2003 consequent to which the Trust Deed was executed on October 27, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) 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 Pakistan Capital Market Fund as a closed-end scheme was authorized by the SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorised as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

1.4 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities, secured debt securities, money market transactions and reverse re-purchase transactions.

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

1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (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 Regulations 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 approved accounting 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 judgments

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 3.2).

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

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.

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less and subject to insignificant risk of changes in value.

3.2 Financial assets

3.2.1 Classification and subsequent measurement

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 recognized at FVTPL. The Fund is primarily focused on fair value 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.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

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

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVTPL. Accordingly, the irrevocable option has not been considered.

The dividend income from equity securities classified under FVTPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVTPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

3.2.2 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:

- an unbiased and probability-weighted amount 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

3.2.2.1 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.

3.2.3 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. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.2.4 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.

3.2.5 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.

3.2.6 Derivatives

Derivative 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.

3.3 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortised cost using effective interest method. A financial liability is derecognized 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.

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

3.4 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.

3.5 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.

3.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on 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.

3.7 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 and charges 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 and charges.

3.8 Distribution to units 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.

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

3.10 Revenue recognition

- Capital gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Income from government securities is recognised on an accrual basis using effective interest rate method.
- Income on debt securities (including Sukuks) is recognised on an accrual basis using the effective interest rate method, except for the securities which are classified as non-performing asset under Circular No. 33 of 2012 issued by the SECP for which the income is recorded on cash basis.
- Profit on bank deposits, income on government securities, unlisted debt securities and term deposit receipts is recognised on an accrual basis using effective interest rate method.
- Unrealised appreciation / (diminution) arising on remeasurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement.
- Dividend income is recognised when the Fund's right to receive the same is established.
- Income on deposit with NCCPL against exposure margin is recognised on accrual basis using the effective yield method.

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

3.11 Expenses

All expenses including management remuneration, trustee remuneration, the Securities and Exchange Commission of Pakistan remuneration and allocated expenses are recognised in the Income Statement on an accrual basis.

3.12 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.

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.

3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.14 Distributions to unit holders

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.

3.15 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.

	Note	June 30, 2023	June 30, 2022
(Rupees in '000)			
4. BALANCES WITH BANKS			
In current accounts		2,791	3,397
In deposit accounts	4.1	44,520	38,007
	4.2	47,311	41,404

4.1 These accounts carry profit at the rate ranging from 12.75% to 19.5% (2022: 5.50% to 17.05%) per annum.

4.2 These include balance of Rs. 1.857 million (2022: Rs. 1.929 million) maintained with MCB Bank Limited (a related party) .

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)	
5. INVESTMENTS			
Investments at fair value through profit or loss			
Listed equity securities	5.1	230,828	250,669
Government securities	5.2	68,138	125,534
Unlisted debt security	5.3	-	255
		298,966	376,458

5.1 Listed equity securities

Shares of listed companies - fully paid ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	As at July 1, 2022	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2023	As at June 30, 2023			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation/(diminution)	Net assets	Total investments	
----- Number of shares -----						----- Rupees in '000 -----			----- % -----		
Automobile Parts And Accessories											
Ghandhara Tyre & Rubber Company Limited	-	42,000	-	42,000	-	-	-	-	-	-	-
Panther Tyres Limited	319	-	-	319	-	-	-	-	-	-	-
Thal Limited * & **	19,100	-	-	19,000	100	27	16	(11)	-	0.01	-
						27	16	(11)	-	0.01	-
Cement											
Cherat Cement Company Limited	11,000	96,000	-	107,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited ***	64,000	296,000	-	132,000	228,000	11,617	11,696	79	3.51	3.91	0.01
Fauji Cement Company Limited ****	1,240,000	539,750	-	531,000	1,248,750	15,825	14,685	(1,140)	4.41	4.91	0.01
Gharibwal Cement Limited	90,000	-	-	90,000	-	-	-	-	-	-	-
Kohat Cement Company Limited *	-	32,500	-	2,200	30,300	3,638	5,256	1,618	1.58	1.76	-
Lucky Cement Limited *	40,500	25,300	-	30,300	35,500	16,106	18,534	2,428	5.57	6.20	-
Maple Leaf Cement Factory Limited ****	187,436	1,202,816	-	735,252	655,000	16,958	18,556	1,598	5.57	6.21	0.01
						64,144	68,727	4,583	20.64	22.99	0.03
Chemicals											
Archroma Pakistan Limited *	-	3,800	-	-	3,800	1,691	1,786	95	0.54	0.60	-
						1,691	1,786	95	0.54	0.60	-
Commercial Banks											
Bank AL Falah Limited *	235,000	356,000	-	438,753	152,247	4,871	4,634	(237)	1.39	1.55	-
Bank Islami Pakistan Limited	715,000	194,000	-	909,000	-	-	-	-	-	-	-
Faysal Bank Limited	565,000	220,000	-	785,000	-	-	-	-	-	-	-
Habib Bank Limited	157,000	314,000	-	471,000	-	-	-	-	-	-	-
Habib Metropolitan Bank Limited	225,000	-	-	225,000	-	-	-	-	-	-	-
Meezan Bank Limited *	141,200	135,700	14,120	174,020	117,000	11,702	10,105	(1,597)	3.03	3.38	-
United Bank Limited* & ****	83,500	177,500	-	202,000	59,000	6,654	6,935	281	2.08	2.32	-
						23,227	21,674	(1,553)	6.50	7.25	-
Engineering											
Aisha Steel Mills Limited	190,000	-	-	190,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited *	-	172,000	-	7,000	165,000	8,542	7,993	(549)	2.40	2.67	-
						8,542	7,993	(549)	2.40	2.67	-
Fertilizer											
Engro Corporation Limited *	30,000	59,000	-	54,000	35,000	9,615	9,096	(519)	2.73	3.04	-
Engro Fertilizer Limited *	39,511	40,000	-	39,511	40,000	3,382	3,301	(81)	0.99	1.10	-
Fatima Fertilizer Company Limited	4,000	-	-	4,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited *	-	455,000	-	-	455,000	5,267	5,360	93	1.61	1.79	-
						18,264	17,757	(507)	5.33	5.93	-
Food & Personal Care Products											
National Foods Limited	-	60,000	-	-	60,000	5,100	5,904	804	1.77	1.97	-
Shezan International Limited	10,956	-	-	3,000	7,956	1,353	840	(513)	0.25	0.28	0.01
The Organic Meat Company Limited	161,500	115,210	-	164,500	112,210	2,202	2,332	130	0.70	0.78	0.01
						8,655	9,076	421	2.72	3.03	0.02
Balance carried forward						124,550	127,029	2,479	38	42	0.05

* Nil figures due to rounding off

** These have a face value of Rs. 5 per share

*** These represents transactions in shares of related parties

**** These represents pledge securities (note 5.1.1)

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

Name of the investee company	As at July 1, 2022	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2023	As at June 30, 2023			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation/ (diminution)	Net assets	Total investments	
----- Number of shares -----						----- Rupees in '000' -----			----- % -----		
Balance brought forward						124,550	127,029	2,479	38.13	42.48	0.05
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited**	204,500	-	-	-	204,500	2,992	1,701	(1,291)	0.51	0.57	0.01
Tariq Glass Industries	25,000	-	-	25,000	-	-	-	-	-	-	-
						2,992	1,701	(1,291)	0.51	0.57	0.01
Leather & Tanneries											
Service Global Footwear Limited*	426	-	-	426	-	-	-	-	-	-	-
Service Industries Limited *	13	-	-	13	-	-	-	-	-	-	-
						-	-	-	-	-	-
Oil & Gas Exploration Company											
Mari Petroleum Company Limited *	15,378	2,580	-	6,958	11,000	18,642	16,661	(1,981)	5.00	5.57	-
Oil & Gas Development Company Limited *	50	309,000	-	215,050	94,000	8,242	7,332	(910)	2.20	2.45	-
Pakistan Oilfields Limited	-	4,077	-	4,077	-	-	-	-	-	-	-
Pakistan Petroleum Limited*	120,190	409,000	-	529,190	-	-	-	-	-	-	-
						26,884	23,993	(2,891)	7.20	8.02	-
Oil & Gas Marketing Companies											
Shell Pakistan Limited *	-	22,000	-	-	22,000	1,900	2,544	644	0.76	0.85	-
Sui Northern Gas Pipelines Limited *	-	80,000	-	-	80,000	3,358	3,150	(208)	0.95	1.05	-
						5,258	5,694	436	1.71	1.90	-
Pharmaceuticals											
AGP Limited *	-	30,000	-	-	30,000	1,673	1,694	21	0.51	0.57	-
Citi Pharma Limited *	112,000	105,000	-	56,000	161,000	4,387	3,436	(951)	1.03	1.15	-
Ferozsons Laboratories Limited	-	36,600	-	12,600	24,000	3,542	3,284	(258)	0.99	1.10	0.01
Haleon Pakistan Limited* (Formerly: GlaxoSmithKline Consumer Healthcare Pakistan Limited)	19,500	24,000	-	19,500	24,000	3,361	3,363	2	1.01	1.12	-
Highnoon Laboratories Limited *	-	7,000	1,855	-	8,855	3,280	2,977	(303)	0.89	1.00	-
						16,243	14,754	(1,489)	4.43	4.94	0.01
Paper and Board											
Packages Limited *	16,700	-	-	1,200	15,500	6,182	6,029	(153)	1.81	2.02	-
						6,182	6,029	(153)	1.81	2.02	-
Refinery											
Attock Refinery Limited	7,500	-	-	7,500	-	-	-	-	-	-	-
						-	-	-	-	-	-
Miscellaneous											
Shifa International Hospitals	33,000	-	-	33,000	-	-	-	-	-	-	-
Synthetic Products Limited * & **	930	80,000	-	930	80,000	837	832	(5)	0.25	0.28	-
						837	832	(5)	0.25	0.28	-
Power Generation And Distribution											
Hub Power Company Limited *	-	225,000	-	25,000	200,000	13,965	13,916	(49)	4.18	4.65	-
Nishat (Chunian) Power Limited	-	210,929	-	210,929	-	-	-	-	-	-	-
						13,965	13,916	(49)	4.18	4.65	-
Tobacco											
Pakistan Tobacco Company Limited *	-	4,000	-	-	4,000	3,496	2,880	(616)	0.86	0.96	-
						3,496	2,880	(616)	0.86	0.96	-
Technology & Communication											
Air Link Communication Limited	93,000	-	-	93,000	-	-	-	-	-	-	-
Systems Limited *	14,500	33,800	-	13,800	34,500	14,176	13,915	(261)	4.18	4.65	-
						14,176	13,915	(261)	4.18	4.65	-
Balance carried forward						214,583	210,743	(3,840)	63.27	70.48	0.07

* Nil figures due to rounding off

** These have a face value of Rs. 5 per share

*** These represents transactions in shares of related parties

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

Name of the investee company	As at July 1, 2022	Purchases during the year	Bonus / right issue during the year	Sales during the year	As at June 30, 2023	As at June 30, 2023			Market value as a percentage of		Paid-up value of shares held as a percentage of total paid-up capital of the investee company
						Carrying Value	Market value	Unrealised appreciation/ (diminution)	Net assets	Total investments	
----- Number of shares -----						----- Rupees in '000' -----			----- % -----		
Balance brought forward						214,583	210,743	(3,840)	63.27	70.48	0.07
Textile Composite											
Gul Ahmed Textile Mills Limited *	153,352	131,670	-	35,000	250,022	5,832	4,453	(1,379)	1.34	1.49	-
Interloop Limited *	-	238,383	104,192	30,000	312,575	11,407	11,022	(385)	3.31	3.69	-
Kohinoor Textile Mills Limited *	90,541	-	-	-	90,541	4,527	4,610	83	1.38	1.54	-
Nishat (Chunian) Limited	355,000	30,000	-	385,000	-	-	-	-	-	-	-
Nishat Mills Limited ***	55,000	15,000	-	70,000	-	-	-	-	-	-	-
						21,766	20,085	(1,681)	6.03	6.72	-
Total at June 30, 2023						236,349	230,828	(5,520)			
Total at June 30, 2022						285,875	250,669	(35,206)			

* Nil figures due to rounding off

** These have a face value of Rs. 5 per share

*** These represents transactions in shares of related parties

- 5.1.1** Following shares were pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against margin for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by SECP:

Name of security	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	--- (Number of shares) ---		--- (Rupees in '000) ---	
Faysal Bank Limited	-	250,000	-	5,765
Habib Metropolitan Bank Limited	-	100,000	-	3,905
United Bank Limited	50,000	75,000	5,877	8,485
Maple Leaf Cement Factory Limited	100,000	-	2,833	-
Fauji Cement Company Limited	500,000	-	5,880	-
	650,000	425,000	14,590	18,155

- 5.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 in the High Court of Sindh. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio. The management is confident that the decision of the constitutional petition will be in favour of the CISs. During the year ended June 30, 2020, the Fund has reclassified the amount of these shares from "investments" to "advances, deposits and other receivables" based on the market value of these shares on November 13, 2020.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

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) -----	
5.2 Government securities			
Market Treasury Bills	5.2.1	68,138	125,534
Pakistan Investment Bonds	5.2.2	-	-
		68,138	125,534

5.2.1 Market Treasury Bills

Name of security	Date of issue	Face Value				As at June 30, 2023			Market value as a percentage of	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying Value	Market value	Unrealised loss	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
Market Treasury Bills										
- 3 months	April 21, 2022	30,000	-	30,000	-	-	-	-	-	-
- 3 months	April 21, 2022	-	30,000	30,000	-	-	-	-	-	-
- 3 months	May 19, 2022	-	8,000	8,000	-	-	-	-	-	-
- 3 months	July 28, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	November 17, 2022	-	500,000	500,000	-	-	-	-	-	-
- 3 months	January 26, 2023	-	500,000	500,000	-	-	-	-	-	-
- 3 months	April 6, 2023	-	500,000	500,000	-	-	-	-	-	-
- 3 months *	June 15, 2023	-	642,000	571,000	71,000	68,236	68,138	(98)	20.46	22.79
Market Treasury Bills										
- 6 months	January 27, 2022	100,000	-	100,000	-	-	-	-	-	-
- 6 months	April 21, 2022	-	11,000	11,000	-	-	-	-	-	-
- 6 months	October 6, 2022	-	500,000	500,000	-	-	-	-	-	-
- 6 months	April 6, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills										
- 12 months	April 6, 2023	-	500,000	500,000	-	-	-	-	-	-
Total as at June 30, 2023						68,236	68,138	(98)		
Total as at June 30, 2022						126,059	125,534	(525)		

* These will mature latest by 7th September, 2023 and carry effective yield with rate 22.54% per annum

5.2.2 Pakistan Investment Bonds

Name of security	Date of issue	Face Value				As at June 30, 2023			Market value as a percentage of	
		As at July 01, 2022	Purchased during the year	Sold / matured during the year	As at June 30, 2023	Carrying Value	Market value	Unrealised loss	Net assets	Total investments
----- (Rupees in '000) ----- % -----										
Pakistan Investment Bonds										
- 03 years	August 5, 2021	-	250,000	250,000	-	-	-	-	-	-
- 03 years	August 4, 2022	-	600,000	600,000	-	-	-	-	-	-
Pakistan Investment Bonds										
- 05 years	April 29, 2022	-	300,000	300,000	-	-	-	-	-	-
- 05 years	October 13, 2022	-	335,000	335,000	-	-	-	-	-	-
Total as at June 30, 2023						-	-	-		
Total as at June 30, 2022						-	-	-		

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

5.3 Unlisted debt security

Certificates have a face value of Rs 100,000 each

Name of investee company	Number of certificates					As at June 30, 2023			Market value as a percentage of	
	As at July 1, 2022	Purchased during the year	Matured during the year	Disposed during the year	As at June 30, 2023	Carrying value	Market Value	Appreciation / (diminution)	Net assets	Total investment
----- (Rupees in '000) -----										
Cinergyco PK Ltd. (Formerly: Byco Petroleum Pakistan Ltd.) (January 18, 2017)	10	-	-	10	-	-	-	-	-	-
Total as at June 30, 2023						-	-	-		
Total as at June 30, 2022						250	255	5		

5.4 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
Market value of investments	5.1, 5.2 & 5.3	298,966	376,458
Carrying value of investments	5.1, 5.2 & 5.3	304,585	412,184
		<u>(5,619)</u>	<u>(35,726)</u>

6. DIVIDEND AND PROFIT RECEIVABLES

Profit on:

- Term finance certificates and Sukuk certificates	-	7
- Deposit accounts	1,756	721
	<u>1,756</u>	<u>728</u>

7. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advance tax	7.1	603	466
Security deposits:			
- National Clearing Company of Pakistan Limited		3,817	3,817
- Central Depository Company of Pakistan Limited		300	300
Receivable Against Bonus Shares Withheld	5.1.2	203	203
Other receivables		5	4
		<u>4,928</u>	<u>4,790</u>

7.1 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 sale of shares, profit on bank balances and dividends 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 against sale of shares, profit on bank balances and dividends amounts Rs 0.604 million (2022: Rs 0.466 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 Funds 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 profit against sale of shares, profit on bank balances and dividends has been shown as advance tax under 'Advances, deposits and other receivables' as at June 30, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

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

		Note	June 30, 2023	June 30, 2022
8	PAYABLE TO THE MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED - MANAGEMENT COMPANY		----- (Rupees in '000) -----	
	Management remuneration payable	8.1	925	1,072
	Sindh sales tax on management remuneration	8.2	120	139
	Allocated expenses payable	8.3	28	32
			1,073	1,243

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 3.35% (2022: 3.35% per annum) of the average daily net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company on monthly in arrears.

8.2 During the year, an amount of Rs 1.533 million (2022: Rs 1.810 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.552 million (2022: Rs. 1.825 million) has been paid to the Management Company which acts as a collecting agent.

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

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

8.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

The Management Company has not charged selling and marketing expenses to the fund based on its discretion, which has also been approved by the Board of Directors of the Management Company.

		Note	June 30, 2023	June 30, 2022
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		----- (Rupees in '000) -----	
	Trustee remuneration payable	9.1	58	64
	Sindh sales tax on trustee remuneration	9.2	7	8
			65	72

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the average daily net assets of the Fund during the year. The tariff structure applicable to the Fund in respect of trustee remuneration is as follows:

Average net asset value	Tariff per annum
Up to Rs.1,000 million	0.20% per annum of net assets
Amount exceeding Rs.1,000 million	Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion

9.2 During the year, an amount of Rs 0.093 million (2022: Rs 0.115 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 0.094 million (2022: Rs 0.117 million) was paid to the Trustee which acts as a collecting agent.

		Note	June 30, 2023	June 30, 2022
10.	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		----- (Rupees in '000) -----	
	Annual fee	10.1	70	89

10.1 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 the SRO No. 685(I)/2019 dated June 28, 2019 issued by SECP, the Fund has charged SECP fee at the rate of 0.02% (June 30, 2022: 0.02%) of the average daily net assets of the Fund during the year.

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

	Note	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----			
11. ACCRUED AND OTHER LIABILITIES			
Provision for Federal Excise Duty	11.1		
- On management remuneration		5,872	5,872
- Sales load		393	393
Legal and professional charges payable		39	35
Withholding tax payable		1	26
Dividend payable		2,784	2,784
Auditors' remuneration payable		560	351
Brokerage payable		133	150
Other payable		40	39
		9,822	9,650

- 11.1** 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 6.27 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 for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2023 would have been higher by Re 0.21 (2022: Re 0.17) per unit.

12. CONTINGENCIES AND COMMITMENTS

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

	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		
13. AUDITORS' REMUNERATION		
Annual audit fee	335	291
Half yearly review fee	167	145
Other certification and services	306	50
Out of pocket expenses and taxes	117	79
	925	565

14. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company has distributed cash dividend subsequent to the year end (refer note 26) that is at least 90 percent of the Fund's accounting income for the year ended June 30, 2023 as reduced by capital gains (whether realized or unrealized) to its unit holders in the form of cash.

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.

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) -----	
15. CASH AND CASH EQUIVALENTS			
Balances with banks	4.	47,311	41,404
Treasury bills maturing within 3 months	5.2.1	68,138	29,901
		115,449	71,305

16. TOTAL EXPENSE RATIO

The Total Expense Ratio of the Fund as at June 30, 2023 is 4.94% (2022: 4.54%) which includes 0.52% (2022: 0.45%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. The prescribed limit for the ratio is 4.5% under the NBFC Regulations for a collective investment scheme categorised as an balanced fund.

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

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

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	For the year ended	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
17.1 Details of transaction with connected persons are as follows:		
MCB - Arif Habib Savings and Investments Limited - Management Company		
Remuneration including indirect taxes	13,323	15,731
Allocated Expenses	352	444
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	812	1,004
CDS charges	25	46
MCB Bank Limited		
Bank charges	9	17
Mark-up income	63	28
Purchase of Nil (2022: 38,000) shares	-	5,846
Sale of Nil (2022: 38,000) shares	-	6,044
D.G. Khan Cement Limited		
Purchase of 296,000 (2022: 124,000) shares	14,866	7,940
Sale of 132,000 (2022: 98,000) shares	7,173	7,520
Dividend Income	209	-

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

		For the year ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
Nishat Mills Limited			
Purchase of 15,000 (2022: 55,000) shares		1,043	4,013
Sale of 70,000 (2022: Nil) shares		4,060	-
Dividend Income		717	-
17.2	Amount outstanding at the year end	June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
MCB - Arif Habib Savings and Investments Limited - Management Company			
Management remuneration payable		925	1,072
Sindh sales tax on management remuneration		120	139
Allocated expense payable		28	32
Central Depository Company of Pakistan Limited - Trustee			
Security deposit		300	300
Trustee remuneration payable		58	64
Sindh sales tax payable on trustee remuneration		7	8
MCB Bank Limited			
Balance with Bank		2,214	1,929
Profit receivable on bank deposit		35	35
D.G. Khan Cement Company Limited			
228,000 (2022: 64,000) shares held		11,696	4,000
Nishat Mills Limited			
Nil (2022: 55,000) shares held		-	4,065

17.3 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 / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2023	As at July 01, 2022	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	Amount outstanding as at June 30, 2023
(Units)			(Rupees in '000)				
8	-	-	8	-	-	-	-
Key management personnel * & **							
3,500,802	-	-	3,500,802	37,284	-	-	38,579
10% or more unitholders							

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

** Nil figure due to rounding off

June 30, 2022							
As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2022	As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	Amount outstanding as at June 30, 2022
(Units)			(Rupees in '000)				
8	-	-	8	-	-	-	-
Key management personnel * & **							

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

** Nil figure due to rounding off

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

18. FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2023		
At amortised cost	Assets at fair value through profit or loss	Total
(Rupees in '000)		

Financial Assets

Balances with banks	47,311	-	47,311
Investments	-	298,966	298,966
Dividend and profit receivables	1,756	-	1,756
Security deposits and other receivable	4,122	-	4,122
	53,189	298,966	352,155

June 30, 2023		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial Liabilities

Payable to the MCB-Arif Habib Savings & Investments Limited - Management Company	-	1,073	1,073
Payable to Central Depository Company of Pakistan Limited- Trustee	-	65	65
Payable against purchase of investment	-	8,720	8,720
Payable against redemption of units	-	216	216
Accrued and other liabilities	-	3,556	3,556
	-	13,630	13,630

June 30, 2022		
At amortised cost	Assets at fair value through profit or loss	Total
(Rupees in '000)		

Financial Assets

Balances with banks	41,404	-	41,404
Investments	-	376,458	376,458
Dividend and profit receivables	728	-	728
Security deposits and other receivable	4,121	-	4,121
	46,253	376,458	422,711

June 30, 2022		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		

Financial Liabilities

Payable to the MCB-Arif Habib Savings & Investments Limited - Management Company	-	1,243	1,243
Payable to Central Depository Company of Pakistan Limited- Trustee	-	72	72
Payable against purchase of investment	-	30,501	30,501
Payable against redemption of units	-	216	216
Accrued and other liabilities	-	3,359	3,359
	-	35,391	35,391

19. FINANCIAL RISK MANAGEMENT

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

19.1 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.

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

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

19.1.1 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 hold any financial instrument in foreign currencies and hence is not exposed to such risk.

19.1.2 Yield / Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

As at June 30, 2023, the Fund holds KIBOR based bank deposits exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets value of the Fund and the net income for the year would be higher / lower by Rs 0.445 million (2022: Rs 0.380 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2023, the Fund does not hold any financial instruments exposing the Fund to fair value interest rate risk.

The composition of the fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association of Pakistan is 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 (%)	Exposed to yield / Interest rate risk			Not exposed to yield / Interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	12.75% to 19.5%	44,520	-	-	2,791	47,311
Investments						
at fair value through profit or loss						
- Listed equity securities		-	-	-	230,828	230,828
- Market Treasury Bills	22.54%	68,138	-	-	-	68,138
- Unlisted debt security		-	-	-	-	-
Dividend and profit receivables		-	-	-	1,756	1,756
Security deposits and other receivable		-	-	-	4,122	4,122
		112,658	-	-	239,497	352,155
Financial Liabilities						
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	1,073	1,073
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	65	65
Payable against purchase of investment		-	-	-	8,720	8,720
Payable against redemption of units		-	-	-	216	216
Accrued and other liabilities		-	-	-	3,556	3,556
		-	-	-	13,630	13,630
On-balance sheet gap (a)		112,658	-	-	225,867	338,525
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		112,658	-	-		
Cumulative profit rate sensitivity gap		112,658	112,658	112,658		

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

June 30 2022						
Yield / effective interest rate (%)	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	5.50% to 17.05%	38,007	-	-	3,397	41,404
Investments						
at fair value through profit or loss						
- Listed equity securities		-	-	-	250,669	250,669
- Market Treasury Bills	13.40% to 13.48%	29,901	95,633	-	-	125,534
- Unlisted debt security	3M KIBOR+1.05%	-	255	-	-	255
Dividend and profit receivables		-	-	-	728	728
Security deposits and other receivable		-	-	-	4,121	4,121
		67,908	95,888	-	258,915	422,711
Financial Liabilities						
Payable to the MCB-Arif Habib Savings and Investments Limited - Management Company		-	-	-	1,243	1,243
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	72	72
Payable against purchase of investment		-	-	-	30,501	30,501
Payable against redemption of units		-	-	-	216	216
Accrued and other liabilities		-	-	-	3,359	3,359
		-	-	-	35,391	35,391
On-balance sheet gap (a)		67,908	95,888	-	223,524	387,320
Off-balance sheet financial instruments						
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		67,908	95,888	-		
Cumulative profit rate sensitivity gap		67,908	163,796	163,796		

19.1.3 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 5.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date with all other variables held constant.

	June 30, 2023	June 30, 2022
	---- (Rupees in '000) ----	
Investments	11,541	12,533
Income statement	11,541	12,533

19.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

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

	June 30, 2023		June 30, 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
	-----Rupees in '000-----			
Balances with banks	47,311	47,311	41,404	41,404
Listed equity securities	230,828	-	250,669	-
Government securities	68,138	-	125,534	-
Unlisted debt security	-	-	255	255
Dividend and profit receivable	1,756	1,756	728	728
Security deposits and other receivable	4,122	4,122	4,121	4,121
	<u>352,155</u>	<u>53,189</u>	<u>422,711</u>	<u>46,508</u>

Difference in the balance as per statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities and government securities amounting to Rs. 230.828 million (2022: Rs. 250.669 million) and Rs. 68.138 million (2022: Rs. 125.534) respectively is not exposed to credit risk

The analysis below summarizes the credit rating quality of the Fund's financial assets as at June 30, 2023 and June 30, 2022:

	2023	2022
Bank balances by rating category	----- % -----	
AAA	48.22	71.81
AA+	51.67	28.17
AA-	0.11	0.02
	<u>100</u>	<u>100</u>

The analysis below summarizes the credit quality of the Fund's investment in government securities and sukuks as at June 30, 2023 and June 30, 2022:

	2023	2022
Investments by rating category	----- % -----	
Government Securities	100	99.8
AAA	-	0.2
	<u>100</u>	<u>100</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets except for shares held. None of these assets are impaired nor past due.

Concentration of credit risk

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

19.3 Liquidity risk

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

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

The Fund is exposed to daily settlement of equity securities and 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, 2008, 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 also has the ability to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

June 30, 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
Payable against purchase of investment
Payable against redemption of units
Accrued and other liabilities

1,073	-	-	-	-	-	1,073
65	-	-	-	-	-	65
8,720	-	-	-	-	-	8,720
216	-	-	-	-	-	216
3,556	-	-	-	-	-	3,556
13,630	-	-	-	-	-	13,630

June 30, 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
Payable against purchase of investment
Payable against redemption of units
Accrued and other liabilities

1,243	-	-	-	-	-	1,243
72	-	-	-	-	-	72
30,501	-	-	-	-	-	30,501
216	-	-	-	-	-	216
3,359	-	-	-	-	-	3,359
35,391	-	-	-	-	-	35,391

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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

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 assets or liability that are not based on observable market data (i.e. unobservable inputs).

June 30, 2023			
Level 1	Level 2	Level 3	Total
Rupees			
Financial assets at fair value through profit or loss			
Listed equity securities	230,828	-	230,828
Government securities	-	68,138	68,138
	230,828	68,138	298,966

June 30, 2022			
Level 1	Level 2	Level 3	Total
Rupees			
Financial assets at fair value through profit or loss			
Listed equity securities	250,669	-	250,669
Government securities	-	125,534	125,534
Unlisted debt securities	-	255	255
	250,669	125,789	376,458

21. 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 unit holders' 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 requirements 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 the 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.

22. 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

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

22.1 Syed Abid Ali is the Fund Manager. Details of the other funds being managed by him are as follows:

- MCB Pakistan Asset Allocation Fund
- Pakistan Pension Fund
- MCB Pakistan Dividend Yield Plan (An allocation plan of MCB Pakistan opportunity fund)

23. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID *

	2023 (Percentage) %
1 Ismail Iqbal Securities (Private) Limited	9.26%
2 Khadim Ali Shah Bukhari Securities	8.58%
3 Foundation Securities (Private) Limited	8.27%
4 DJM Securities (Private) Limited	7.80%
5 Optimas Capital Management	5.21%
6 JS Global Capital Limited	5.09%
7 EFG Hermes Pakistan Limited	5.04%
8 Topline Securities Limited	4.82%
9 Akik Capital (Private) Limited	4.59%
10 Arif Habib Limited	4.29%
2022 (Percentage) %	
1 Topline Securities Limited	9.81%
2 Ismail Iqbal Securities (Private) Limited	7.89%
3 EFG Hermes Pakistan Limited	7.64%
4 Arif Habib Limited	7.20%
5 Foundation Securities (Private) Limited	6.49%
6 Intermarket Securities Limited	5.92%
7 AL Habib Capital Markets (Private) Limited	5.91%
8 DJM Securities (Private) Limited	4.51%
9 JS Global Capital Limited	4.11%
10 Alfalah CLSA Securities (Private) Limited	4.06%

24. PATTERN OF UNITHOLDING

As at June 30, 2023				
	Number of unit holders	Number of Units held	Investment amount (Rupees in '000)	Percentage Investment %
Individual	2,253	26,397,978	291,004	87.39
Insurance Companies	1	124,603	1,374	0.41
NBFC	1	17,515	193	0.06
Others	233	3,280,535	36,164	10.86
Retirement Fund	3	386,482	4,260	1.28
	2,491	30,207,113	332,995	100

As at June 30, 2022				
	Number of unit holders	Number of Units held	Investment amount (Rupees in '000)	Percentage Investment %
Individual	2321	31,808,340	338,676	88.75
Insurance Companies	1	124,603	1,327	0.35
NBFC	1	17,515	186	0.05
Others	216	3,284,719	34,974	9.16
Retirement Fund	4	605,367	6,446	1.69
	2,543	35,840,544	381,609	100

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

25. ATTENDANCE AT MEETINGS OF 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:

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	-	-

26. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Fund has distributed cash dividend of Re. 0.4 per unit on July 01, 2023, for the year ended June 30, 2023. The financial statements of the Fund for the year ended June 30, 2023 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2024.

27. DATE OF AUTHORISATION OF ISSUE

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

28. GENERAL

28.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

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



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit holdings	Total units held
536	A. 001-10,000	108,345
1414	B. 10,001 – 100,000	4,211,969
505	C. 100,001 – 1000,000	12,122,685
36	D. 1000,001 & Above	13,764,115
<u>2,491</u>		<u>30,207,113</u>

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

Performance Information	2023	2022	2021	2020	2019
Total Net Assets Value – Rs. in million	332.9948	381.6090	466.6630	414.5787	503.6360
Net Assets value per unit – Rupees	11.02	10.6500	12.0000	10.1500	10.1100
Closing Offer Price	11.27	10.8900	12.2700	10.3800	10.3400
Closing Repurchase Price	11.02	10.6500	12.0000	10.1500	10.1100
Highest offer price per unit	11.48	12.6000	13.1400	12.2200	11.8200
Lowest offer price per unit	10.21	10.7400	10.4800	9.2700	10.0500
Highest Redemption price per unit	11.23	12.3200	12.8500	11.9500	11.7100
Lowest Redemption price per unit	9.98	10.5000	10.2500	9.0700	9.9600
Distribution per unit – Rs. *	-	-	0.5000	0.4533	-
Average Annual Return - %					
One year	3.47	(11.25)	23.14	4.86	(9.41)
Two year	(3.89)	5.95	14.00	(2.28)	(6.31)
Three year	5.12	5.58	6.20	(2.59)	4.25
Net Income for the year – Rs. in million	12.613152	(49.3710)	94.9640	21.1207	(54.2770)
Distribution made during the year – Rs. in million	-	-	28.7650	19.4490	-
Accumulated Capital Growth – Rs. in million	12.6132	(49.3710)	66.1990	3.2070	(54.2770)

*** Date of Distribution**

2023	
Date	Rate
Nil	

2022	
Date	Rate
Nil	

2021	
Date	Rate
June 25, 2021	0.5

2020	
Date	Rate
June 29, 2020	0.4533

2019	
Date	Rate
Nil	

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.

**PROXY ISSUED BY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

The Board of Directors of MCB - Arif Habib Savings and Investments Limited (the Management Company of Pakistan Capital Market Fund – PCMF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company’s website (www.mcbfunds.com).

During the financial year ended June 30, 2023, the Management Company on behalf of PCMF participated in eleven (11) shareholders' meetings. The Management Company did not participate in shareholders’ meetings in the cases which did not meet the criteria reported in Paragraph No. 8 and 9 of the Proxy Voting Policy and Procedures. Summary of actual proxies voted during the financial year are as follows:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	68	66	2	0	-
(%ages)	100	97	3	0	-

Detailed information regarding actual proxies voted by the Management Company on behalf of PCMF will be provided without any charges on request of the Unit Holders.

MCB INVESTMENT MANAGEMENT LIMITED

(Formerly: MCB Arif Habib Savings and Investments Limited)

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

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