

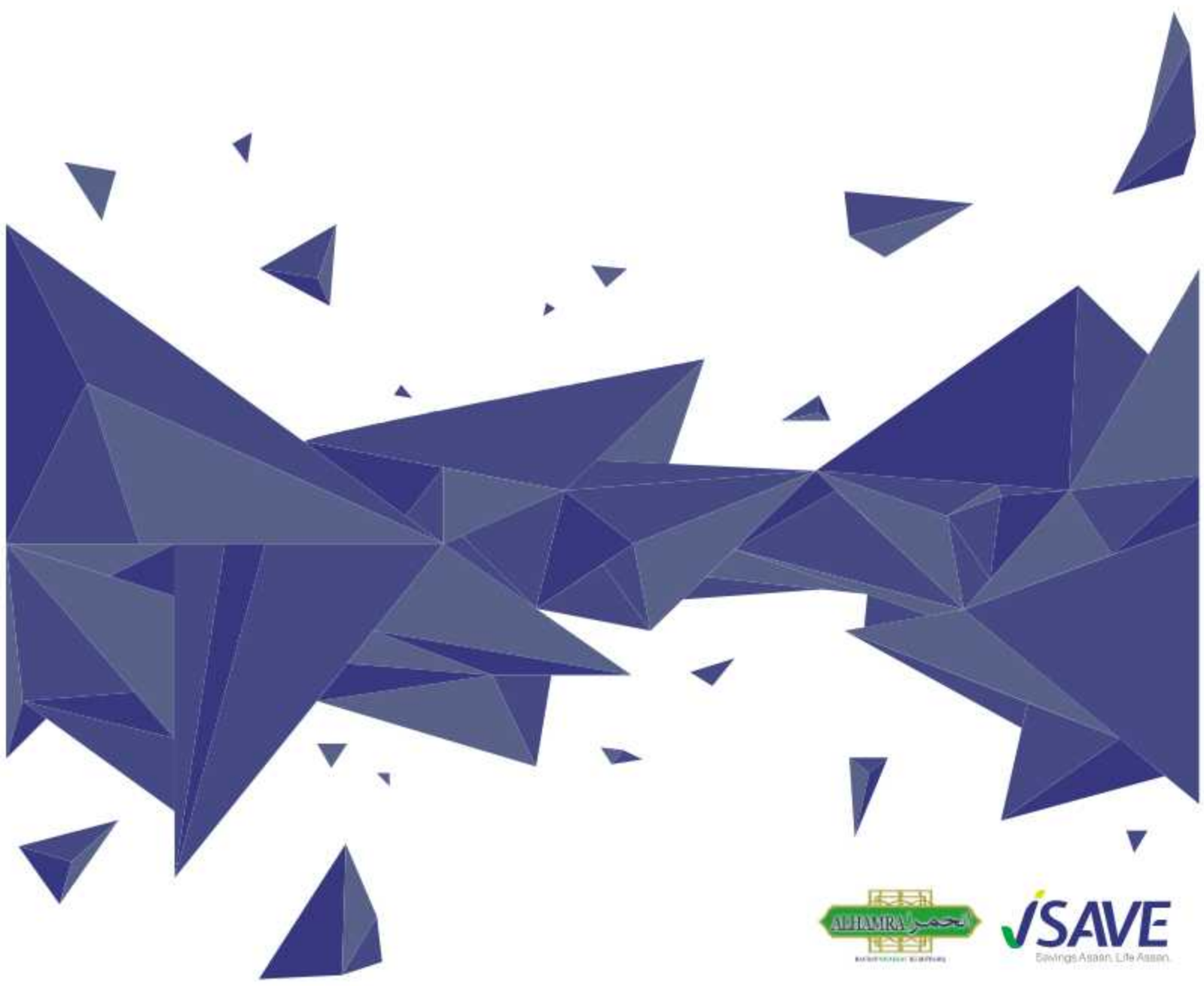


MCB FUNDS
Investments for Life

HALF YEARLY REPORT

DECEMBER
2023
(UNAUDITED)

Funds Under Management of
MCB Investment Management Limited



Vision

“To be the most coveted Savings and Investment company,
while leading the effort to make the saving
population and industry grow”

Mission

“To be the preferred Savings and Investment Manager in Pakistan
by being best in class in customer services
and maximizing stakeholders’ value”

Core Values

HONESTY

We ensure to build trust through responsible actions and honest
relationships with our colleagues, customers and stakeholders

INTEGRITY

We work with integrity in everything we do, and embody our principles
when working with stakeholders as well as internal and external customers.
We assure to promote the integrity for the ultimate benefit for everyone

ETHICS

As a trusted custodian of customer funds, we are committed to
conforming to the highest level of ethical standards in the workplace
that involves putting customer interest first and maintaining
our stakeholders trust in the Company

PROFESSIONALISM

We value everyone and treat our external and internal
customers and our stakeholders with respect, dignity and professionalism

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MCB DCF INCOME FUND

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FUND'S INFORMATION

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Income Fund** accounts review for the Half Year ended December 31, 2023.

Economy and Money Market Review

The first half of the fiscal year concluded with Pakistan's macros in a considerably better shape compared to the start of the fiscal year. The government secured a much-needed Stand-by Arrangement (SBA) facility of USD 3 billion from the IMF in June 23, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows and timely rollovers from friendly countries, which led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook.

The new caretaker government, after facing speculative pressure on currency, took decisive steps against smuggling of dollar and abuse of Afghan Transit in September 2023, which spurred a rapid recovery in the exchange rate and reduction of the difference between open market and interbank rates. This led to improvement in remittances and export proceeds and helping the rupee to appreciate to PKR 281.9 against the USD by December end compared to a low of PKR 307.

Country posted a current account deficit (CAD) of USD 0.8 billion in the first half of the fiscal year 2024 (1HFY24) declining by 77% YoY compared to a deficit of USD 3.6 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 7.5% increase in exports coupled with a 14.7% drop in imports led to a 35.2% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 8.2 billion as of December 2023 compared to USD 4.4 billion at the end of last fiscal year. This was on account of flows from the IMF, friendly countries and multilateral sources.

Headline inflation represented by CPI averaged 28.8% during first half of the fiscal year compared to 25% in the corresponding period last year. Inflation remained on the higher side as massive currency depreciation in the prior periods led to surge in food and energy prices. The government also hiked electricity base tariff and gas prices to comply with the IMF conditions, which led to further inflationary pressures. The SBP maintained status quo in the monetary policy held on December 12, 2023. The Committee assessed that the real interest rate continues to be positive on a 12-month forward-looking basis and inflation is expected to remain on a downward path.

The country's revised GDP growth recorded at -0.17% in FY23 with Agricultural and Services sector increasing by 2.3% and 0.1%, respectively, while industrial sector witnessed a drop of 3.8%. Historic high interest rates coupled with import restrictions were the major culprits behind the fall in industrial output. GDP grew by 2.13% in the first quarter of the financial year 2023-24 as compared to 0.96% in the same period last year. Agriculture, Industry and Services sectors grew by 5.1%, 2.5% and 0.8% respectively. On the fiscal side, FBR tax collection increased by 30.3% in 1HFY24 to PKR 4,468 billion compared to PKR 3,428 billion in the same period last year, outpacing the target by PKR 43 billion.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2023

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 20.11% against its benchmark return of 23.85%. The WAM of the fund increased to 2.7 years. The fund allocation remained notably in cash and T-Bills at the end of the period under review. At period-end, the fund was invested 26.9% in T-Bills, 36.8% in Cash and 6.5% in GOP Ijara Sukuks. The Net Assets of the Fund as at December 31, 2023 stood at Rs. 12,669 million as compared to Rs. 7,706 million as at June 30, 2023 registering an increase of 64.40%.

The Net Asset Value (NAV) per unit as at December 31, 2023 was Rs. 118.9537 as compared to opening NAV of Rs. 108.0027 per unit as at June 30, 2023 registering an increase of Rs. 10.951 per unit.

Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 3.4% in FY24 after a dismal performance last year. The industrial and services sector are expected to show growth as import restriction has been removed, which will help to normalize trade activities. Agriculture growth is likely to remain on the higher side due to base effect as the heavy floods last year affected agriculture output. The arrivals of crops have been encouraging with cotton arrival increasing to 8.2 million bales in 1HFY24 compared to 4.9 million bales in FY23.

Successful resumption of the IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. We expect SBP reserves to increase to USD 10.1 billion on the back of flows from friendly countries, IMF and multilateral agencies. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus, we would have to ensure a sustainable current account this year to stave off external concerns. We expect a CAD of USD 3.1 billion (0.9% of GDP) in FY24 as policy of consolidation is likely to continue under the IMF umbrella.

The rupee has recovered from its recent low due to the administrative measures by the government to curb dollar smuggling and hoarding. The remittances and export proceeds have also recovered, which will help in stabilizing the currency. In addition, the flows from bilateral and multilateral sources and reserve building will be vital for external outlook. We expect USD/PKR to close the fiscal year around PKR 306 at an ending REER of 95.

We expect average FY24 inflation to ease to 24.8% compared to 29.0% in FY23 as the base effect will come into play. Inflation readings have peaked and inflation is expected to follow a downward trajectory with headline number falling sharply to 19.0% by June 2024. This coupled with the buildup of forex reserves during the period will allow the monetary easing cycle to start in the second half of the year. We expect a cumulative easing of around 4.0% till June 2024, however, its pace and timing would be determined by trend in FX reserves.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Risks to recovery also continue to remain high as the cushion in Forex reserves continues to remain low and remain dependent of continued need for rollovers on bilateral loans and support from multilateral institutions. Country desperately needs political stability for focus on steering economy through focus on long term policies. Post elections, winning the support of IMF in the form of another program would be one of biggest challenge for incumbent government requiring tough measures to address long term vulnerabilities. Conflict in Middle East, tensions on Palestinian and potential threat of a wider conflict continue to remain high.

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 9.5%, a discount of 51% from its historical average of 19.3%. Similarly, Earning Yield minus Risk Free Rate is close to 8.7%, compared to the historical average of 3.0% 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 4.2x, while offering a dividend yield of 10.6%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. Investors with a mid to long term view can benefit from Bond and Income Funds where higher duration will create opportunities for capital gains in the wake of Interest rate outlook. 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 near term.

Mutual Fund Industry Review

The Net Assets of the open-end mutual funds industry increased by about 34.1% during 1HFY24 to PKR 2,097bn. Total money market funds grew by about 15.8% since June 2023. Within the money market sphere, conventional funds showed a growth of 16.6% to PKR 551 billion while Islamic funds increased by 15.0% to PKR 493 billion. In addition, the total fixed Income funds increased by about 80.7% since Jun 2023 to PKR 667 billion while Equity and related funds increased by 33.0% to PKR 223 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 49.8%, followed by Income funds with 31.8% and Equity and Equity related funds having a share of 10.6% as at the end of December 2023.

Mutual Fund Industry Outlook

Both Bonds and Equities are likely to do well in the next year on the back of cut in interest rates. During the year, significant interest of investors is already visible in Income Funds while equity fund are likely to see inflows post elections and new IMF agreement. High interest rates during the period would encourage sustained flows in the money market funds as they are ideal for investors with a short-term horizon and low risk

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

profile. 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.

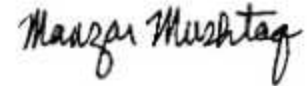
ACKNOWLEDGMENT

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,



Khawaja Khalil Shah
Chief Executive Officer
February 02, 2024



Manzar Mushtaq
Director
February 02, 2024

میوچل فنڈ صنعت کا نقطہ نظر

بانڈز اور ایکویٹیز، دونوں کا اگلے سال اچھی کارکردگی کا مظاہرہ کرنے کا امکان ہے کیونکہ سود کی شرحوں میں کمی ہوئی ہے۔ دوران سال انکم فنڈز میں سرمایہ کاروں کی قابل ذکر دلچسپی دیکھی گئی، جبکہ ایکویٹی فنڈز میں انتخابات اور نئے آئی ایم ایف معاہدے کے بعد آمدات متوقع ہیں۔ دوران مدت سود کی بلند شرحوں کی بدولت منی مارکیٹ فنڈز میں پائیدار 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۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا اُن کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز انتظامی ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

منجانب ڈائریکٹرز

Manzoor Mushtaq

منظر مشتاق

ڈائریکٹر

02 فروری 2024ء



خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

02 فروری 2024ء

ہوگی۔ مشرق وسطیٰ میں تنازعہ، فلسطین میں جنگ، اور وسیع تر تصادم کا خطرہ بدستور بلند ہے۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.5 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.3 فیصد سے 51 فیصد کمی ہے۔ اسی طرح Earning Yield مائنس محفوظ شرح 8.7 فیصد کے قریب ہے، جس کا 3.0 فیصد کے تاریخی اوسط سے موازنہ کرنے پر پتہ چلتا ہے کہ مارکیٹ میں بھرپور رعایت پر تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد کار آمد بنانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.2x کے PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ آمدنی 10.6 فیصد ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ وسط سے طویل مدتی نقطہ نظر کے حامل سرمایہ کار بانڈ اور انکم فنڈ سے فائدہ اٹھا سکتے ہیں جہاں زیادہ مدت سود کی شرح کے نقطہ نظر کے تناظر میں سرمایہ حاصل کرنے کے مواقع موجود ہیں۔ ہم ڈیٹا پوائنٹس کی نگرانی اور پُرکشش شرحوں پر انکم 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 مالی سال 2024ء کی پہلی ششماہی کے دوران تقریباً 34.1 فیصد بڑھ کر 2,097 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2023ء سے اب تک تقریباً 15.8 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز 16.6 فیصد بڑھ کر 551 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 15.0 فیصد بڑھ کر 493 بلین روپے ہو گئے۔ مزید برآں، فیکسڈ انکم کے مجموعی فنڈز جون 2023ء سے اب تک تقریباً 80.7 فیصد بڑھ کر 667 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 33.0 فیصد بڑھ کر 223 بلین روپے ہو گئے۔

شعبہ جاتی شراکت کے اعتبار سے دسمبر 2023ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 49.8 فیصد کے ساتھ سب سے آگے تھے، جبکہ انکم فنڈ 31.8 فیصد کے ساتھ دوسرے نمبر پر، اور ایکویٹی اور متعلقہ فنڈ 10.6 فیصد کے ساتھ تیسرے نمبر پر تھے۔

آئی ایم ایف پروگرام کی کامیاب بحالی اہم ترین پیش رفت ہے کیونکہ اس سے پاکستان کو باہمی اور کثیرالاجہتی ذرائع سے رقم کے حصول میں مدد ملے گی۔ دوست ممالک، آئی ایم ایف اور کثیرالاجہتی ایجنسیوں سے آمدات کی بنیاد پر اسٹیٹ بینک آف پاکستان کے ذخائر متوقع طور پر بڑھ کر 10.1 بلین ڈالر ہو جائیں گے۔ تاہم ہماری خارجی صورتحال تاحال بے یقینی کا شکار ہے کیونکہ مشکل عالمی حالات کے باعث ہم متوقع طور پر بین الاقوامی یورو بانڈ اور سٹاک جاری نہیں کر سکیں گے۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) اور آر ڈی اے سے ہونے والی آمدنی بھی موجودہ معاشی مسائل کے باعث ممکنہ طور پر تعطل کا شکار رہیں گی۔ چنانچہ ہمیں سال رواں میں ایک قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی مسائل کا خطرہ ٹل سکے۔ مالی سال 2024ء میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) متوقع طور پر 3.1 بلین ڈالر (جی ڈی پی کا 0.9 فیصد) ہوگا کیونکہ حصول استحکام کی پالیسی ممکنہ طور پر ایم ایف کی چھتری تلے جاری رہے گی۔

ڈالر کی غیر قانونی درآمد اور ذخیرہ اندوزی کی روک تھام کے حکومتی اقدامات کی بدولت روپے کی قدر اپنی حالیہ پستی سے بحال ہوئی ہے۔ ترسیلات زر اور برآمداتی آمدنیاں بھی بحال ہوئی ہیں جس کی بدولت روپے کی قدر کو پائیدار بنانے میں مدد ملے گی۔ مزید برآں، خارجی منظر نامے کے لیے باہمی اور کثیرالاجہتی ذرائع سے آمدات اور ذخائر میں اضافہ اہمیت کے حامل ہیں۔ ڈالر روپیہ مالی سال کے اختتام پر تقریباً 306 ہوگا اور اختتامی 95 REER ہوگی۔

مالی سال 2024ء کی اوسط مہنگائی متوقع طور پر مالی سال 2023ء کی سطح 29.0 فیصد سے کم ہو کر 24.8 فیصد ہو جائے گی کیونکہ base کا اثر اپنا کردار ادا کرے گا۔ مہنگائی کی سطحیں عروج پر پہنچ گئی ہیں اور اس میں بتدریج کمی متوقع ہے کیونکہ ہیڈ لائن عدد ماہ جون 2024ء تک تیزی سے گر کر 19.0 فیصد ہو جائے گا۔ اس کے ساتھ ساتھ دوران مدت زرمبادلہ کے ذخائر میں اضافے کی بدولت سال کے نصف آخر میں مالیاتی تسہیل کی گردش شروع ہو سکتی ہے۔ ماہ جون 2024ء تک مجموعی طور پر تقریباً 4.0 فیصد مجموعی کمی متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زرمبادلہ کے ذخائر کے رجحان پر ہوگا۔

وصولی کو لاحق خطرات بھی بدستور بلند رہیں کیونکہ غیر ملکی زرمبادلہ (فاریکس) کے ذخائر میں موجود cushion بدستور کم اور دو جہتی قرضوں اور کثیرالاجہتی اداروں سے معاونت پر منحصر ہے۔ ملک میں سیاسی استحکام کی اشد ضرورت ہے تاکہ طویل المیعاد پالیسیوں پر توجہ مرکوز کر کے معیشت کو ترقی کی راہ پر گامزن کیا جاسکے۔ انتخابات کے بعد آئی ایم ایف سے ایک اور پروگرام کی صورت میں معاونت کا حصول برسر اقتدار حکومت کے لیے سب سے بڑا چیلنج ہوگا کیونکہ طویل المیعاد خطرات پر توجہ دینے کے لیے سخت اقدامات کی ضرورت

ڈائریکٹرز رپورٹ

نظر ثانی شدہ مجموعی ملکی پیداوار (جی ڈی پی) کی ترقی مالی سال 2024ء میں 0.17- فیصد ریکارڈ ہوئی۔ اس ضمن میں زراعت اور خدمات کے شعبوں میں بالترتیب 2.3 فیصد اور 0.1 فیصد ترقی ہوئی جبکہ صنعت کے شعبے میں 3.8 فیصد گراؤٹ ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ درآمداتی پابندیاں صنعتی پیداوار میں کمی کے سب سے بڑے عوامل تھے۔ مالی سال 2023-24ء کی پہلی سہ ماہی میں جی ڈی پی میں 2.13 فیصد اضافہ ہوا، بالمقابل گزشتہ سال مماثل مدت میں 0.96 فیصد کے۔ زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 5.1 فیصد، 2.5 فیصد اور 0.8 فیصد ترقی ہوئی۔ مالیاتی جہت میں دیکھا جائے تو ایف بی آر ٹیکس وصولی مالی سال 2024ء کی پہلی سہ ماہی میں 30.3 فیصد بڑھ کر 4,468 بلین روپے ہو گئی، بالمقابل گزشتہ سال مماثل مدت میں 3,428 بلین روپے کے، چنانچہ ہدف سے 43 بلین روپے زیادہ ٹیکس وصولی ہوئی۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 20.11 فیصد تھا، بالمقابل مقررہ معیار 23.85 فیصد کے۔ فنڈ کی پالوزن اوسط میچورٹی بڑھ کر 2.7 سال ہو گئی۔ زیر جائزہ مدت کے اختتام پر فنڈ کی سرمایہ کاری زیادہ تر نقد اور ٹریڈری بلسز (ٹی۔ بلسز) میں تھی۔ اختتام مدت پر فنڈ کی سرکاری کاری ٹی۔ بلسز میں 26.9 فیصد، نقد میں 36.8 فیصد، اور حکومت پاکستان کے اجارہ سٹک میں 6.5 فیصد تھی۔

31 دسمبر 2023ء کو فنڈ کے net اثاثہ جات 12,669 ملین روپے تھے، جو 30 جون 2023ء کو 7,706 ملین روپے کے مقابلے میں 64.40 فیصد اضافہ ہے۔

31 دسمبر 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 118.9537 روپے تھی، جو 30 جون 2023ء کو ابتدائی این اے وی 108.0027 روپے فی یونٹ کے مقابلے میں 10.951 روپے فی یونٹ اضافہ ہے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) میں گزشتہ سال مایوس کن کارکردگی کے بعد مالی سال 2024ء میں 3.4 فیصد بہتری متوقع ہے۔ صنعت اور خدمات کے شعبے میں ترقی متوقع ہے کیونکہ درآمدات پر عائد پابندی ختم کر دی گئی ہے جس کی بدولت کاروباری سرگرمیاں بحال ہوں گی۔ زراعت کے شعبے کی ترقی متوقع طور پر base کے اثر کی بدولت بلند سطح پر ہوگی کیونکہ گزشتہ سال سیلابوں کے باعث بڑے پیمانے پر زرعی پیداوار متاثر ہوئی تھی۔ فصلوں کی پیداوار حوصلہ افزا رہی، مثلاً کپاس کی فصل مالی سال 2024ء کی پہلی سہ ماہی میں بڑھ کر 8.2 ملین گانٹھیں ہو گئی، بالمقابل مالی سال 2023ء میں 4.9 ملین گانٹھوں کے۔

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف انکم فنڈ کے اکاؤنٹس برائے ششماہی مُختتمہ 31 دسمبر 2023ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار زر کا جائزہ

مالی سال کی پہلی ششماہی کے اختتام پر پاکستان کے مجموعی معاشی عوامل کی صورتحال آغاز سال کے مقابلے میں کافی بہتر تھی۔ حکومت نے جون 2023ء میں آئی ایم ایف سے 3 بلین ڈالر کا اسٹینڈ بائی اریٹجمنٹ (ایس بی اے) حاصل کر لیا جس میں سے 1.2 بلین ڈالر فوری طور پر جاری کر دیئے گئے۔ اس پیش رفت کے بعد دوست ممالک سے اضافی آمدات اور بروقت rollovers عمل میں آئے جس کے نتیجے میں خارجی سطح پر بہتر امکانات کی بدولت Fitch کی جاری کردہ پاکستان کی خود مختار درجہ بندی -CCC سے CCC کر دی گئی۔

نئی نگران حکومت نے روپے پر قیاس آرائی کے دباؤ کا سامنا کرنے کے بعد ستمبر 2023ء میں ڈالر کی اسمگلنگ اور افغان ٹرانزٹ کے غلط استعمال کے خلاف فیصلہ گن اقدام اٹھائے جن کی بدولت زرمبادلہ کی شرح میں تیزی سے بہتری آئی اور اوپن مارکیٹ اور انٹرنیٹ شرح کے فرق میں کمی ہوئی۔ اس کے نتیجے میں ترسیلات زر اور برآمدات سے ہونے والی آمدنی میں بہتری آئی اور دسمبر کے اختتام پر روپے کی قدر ڈالر کے مقابلے میں 307 سے کم ہو کر 281.9 ہو گئی۔

مالی سال 2024ء کی پہلی ششماہی میں ملکہ کا کرنٹ اکاؤنٹ کا خسارہ (سے اے ڈی) 0.8 بلین ڈالر تھا، جو گزشتہ سال کی مماثل مدت میں 3.6 بلین ڈالر کے مقابلے میں 77 فیصد سال در سال (YoY) کمی ہے۔ سی اے ڈی میں کمی میں اہم ترین کردار تجارتی خسارے میں کمی کا تھا کیونکہ برآمدات میں 7.5 فیصد اضافے اور درآمدات میں 14.7 فیصد کمی کے نتیجے میں تجارتی خسارہ 35.2 فیصد سکڑ گیا۔ ایس بی پی کے زرمبادلہ کے ذخائر گزشتہ مالی سال کے اختتام پر 4.4 بلین ڈالر سے بڑھ کر دسمبر 2023ء تک 8.2 بلین ڈالر ہو گئے، جس کے نتیجے میں ملکہ کی خارجی صورتحال بہتر ہو گئی۔ یہ آئی ایم ایف، دوست ممالک اور کثیر الجہتی ذرائع سے آمدات کی بدولت ممکن ہوا۔

ہیڈ لائن مہنگائی، جس کی ترجمانی صارفی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط مالی سال 2024ء کی پہلی ششماہی کے دوران 28.8 فیصد تھا، جبکہ گزشتہ سال مماثل مدت میں 25 فیصد تھا۔ مہنگائی بلند سطح پر رہی کیونکہ گزشتہ مدتوں میں روپے کی قدر میں خطیر کمی کے نتیجے میں اشیائے خورد و نوش اور توانائی کی قیمتوں میں اضافہ ہوا۔ حکومت نے آئی ایم ایف کی شرائط پوری کرنے کے لیے بجلی کی بنیادی قیمت اور گیس کی قیمتوں میں اضافہ کیا جس کے نتیجے میں مہنگائی کا دباؤ مزید بڑھا۔ ایس بی پی نے 12 دسمبر 2023ء کو منعقدہ مانیٹرنگ پالیسی میں جمود کو بنیادی طور پر برقرار رکھا۔ کمیٹی نے اندازہ لگایا کہ سود کی حقیقی شرح اگلے 12 ماہ کے امکانات کی بنیاد پر مثبت رہے گی اور مہنگائی میں کمی کا رجحان برقرار رہے گا۔

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

MCB DCF INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB DCF Income Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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: February 21, 2024



AUDITOR'S REPORT TO THE UNIT HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Unit Holders of MCB DCF Income Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB DCF Income Fund** (the "Fund") as at December 31, 2023, and the related condensed interim income statement, the condensed interim statement of other comprehensive income, the condensed interim statement of movement in unit holders' fund, and the condensed interim statement of cash flows and notes to the condensed interim financial information (here-in-after referred to as the 'condensed interim financial information') for the half year then ended. The Board of MCB Investment Management Limited (the Management Company) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the half year ended December 31, 2023 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim income statement and the condensed interim statement of other comprehensive income for the quarters ended December 31, 2023 have not been reviewed, as we are only required to review the cumulative figures for the half year ended December 31, 2023.

The condensed interim financial information for the half year ended December 31, 2022 and the annual financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose review report dated February 22, 2023 and audit report dated September 22, 2023, expressed an unmodified opinion respectively.

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


Chartered Accountants

Place: Karachi

Date: February 21, 2024

UDIN: RR2023100579VhEfiSm5

Registration Commission Firm No.
Bakhtiya Tazkiya Talimiyat Limited

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2023**

	Note	(Un-audited) December 31, 2023 ----- (Rupees in '000) -----	(Audited) June 30, 2023 ----- (Rupees in '000) -----
ASSETS			
Balances with banks	5	7,486,762	3,929,019
Investments	6	12,373,187	7,022,044
Mark-up and other receivables		467,871	142,110
Receivable against sale of investments		-	1,114,288
Advances, deposits and prepayments and other receivable		39,696	86,104
Total assets		20,367,516	12,293,565
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	7	39,729	26,753
Payable to Central Depository Company of Pakistan Limited - Trustee		877	512
Payable to the Securities and Exchange Commission of Pakistan (SECP)		775	1,180
Payable against purchase of investments		6,602,909	4,228,664
Accrued and other liabilities	9	1,053,995	329,987
Total liabilities		7,698,285	4,587,096
NET ASSETS		12,669,231	7,706,469
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		12,669,231	7,706,469
CONTINGENCIES AND COMMITMENTS	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		106,505,543	71,354,399
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		118.9537	108.0027

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

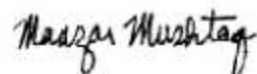
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Note	Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees in '000)					
INCOME					
Income from government securities		899,277	233,214	535,192	152,790
Income from term finance certificates		136,698	68,108	68,295	42,857
Net loss on sale of investments		(42,107)	(10,072)	(22,910)	(14,196)
Mark-up on bank deposits and term deposit receipts		157,659	120,694	79,726	38,202
Income on Placements		2,157	496	-	-
Unrealised (loss) / gain in fair value of investments classified as 'at fair value through profit or loss' - net	6.8	(2,422)	1,959	(2,315)	4,726
Other income		2,248	904	1,040	348
Total income		1,153,510	415,303	659,027	224,727
EXPENSES					
Remuneration of MCB Investment Management Limited - Management Company	7.1	74,086	38,972	43,160	20,767
Sindh sales tax on remuneration of the Management Company	7.2	9,631	5,066	5,611	2,699
Allocated expenses	7.3	4,048	2,598	1,986	1,384
Selling and marketing expenses	7.4	28,977	10,132	10,628	5,399
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,704	1,949	2,158	1,039
Sindh sales tax on remuneration of the Trustee		482	253	281	135
Annual fee to the Securities and Exchange Commission of Pakistan		3,704	520	2,158	277
Auditors' remuneration		547	428	321	237
Brokerage, settlement and bank charges		3,845	1,150	2,620	856
Legal and professional charges		94	81	15	14
Others		596	273	436	113
Total operating expenses		129,714	61,422	69,374	32,920
Net income for the period before taxation		1,023,796	353,881	589,653	191,807
Taxation	11	-	-	-	-
Net income for the period after taxation		1,023,796	353,881	589,653	191,807
Allocation of net income for the period:					
Net income for the period after taxation		1,023,796	353,881		
Income already paid on units redeemed		(111,513)	(29,929)		
		912,283	323,952		
Accounting income available for distribution:					
- Relating to capital gains		-	-		
- Excluding capital gains		912,283	323,952		
		912,283	323,952		
Earnings per unit	13				

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

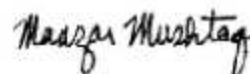
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023**

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
Net income for the period after taxation	1,023,796	353,881	589,653	191,807
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,023,796	353,881	589,653	191,807

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

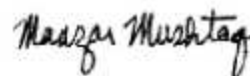
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half year ended December 31, 2023			Half year ended December 31, 2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at the beginning of the period	7,254,636	451,833	7,706,469	4,197,230	420,085	4,617,315
Issuance of 58,209,845 units (2022: 18,443,307 units)						
- Capital value (at net asset value per unit at the beginning of the period)	6,286,820	-	6,286,820	1,980,066	-	1,980,066
- Element of income	277,740	-	277,740	67,675	-	67,675
	6,564,560	-	6,564,560	2,047,741	-	2,047,741
Redemption of 23,058,701 units (2022: 9,709,250 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(2,490,402)	-	(2,490,402)	1,042,381	-	1,042,381
- Element of loss	(23,679)	(111,513)	(135,192)	9,631	29,929	39,560
	(2,514,081)	(111,513)	(2,625,594)	1,052,012	29,929	1,081,941
Total comprehensive income for the period	-	1,023,796	1,023,796	-	353,881	353,881
Net assets at the end of the period	11,305,115	1,364,116	12,669,231	5,192,960	744,037	5,936,997
Undistributed income brought forward comprising of:						
- Realised		487,707			413,270	
- Unrealised		(35,874)			6,815	
Undistributed income brought forward		451,833			420,085	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		912,283			323,952	
		912,283			323,952	
Undistributed income carried forward		1,364,116			744,037	
Undistributed income carried forward comprising of:						
- Realised income		1,366,538			742,078	
- Unrealised income		(2,422)			1,959	
		1,364,116			744,037	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the period		108.0027			107.3596	
Net asset value per unit at the end of the period		118.9537			114.7423	

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

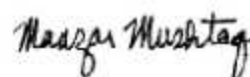
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Note	Half year ended	
		December 31, 2023	December 31, 2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		1,023,796	353,881
Adjustments for:			
Unrealised (loss) / gain in fair value of investments classified as 'at fair value through profit or loss' - net	6.8	2,422	(1,959)
		<u>1,026,218</u>	<u>351,922</u>
Increase in assets			
Investments - net		(6,945,691)	(936,442)
Mark-up, dividend and other receivables		(325,761)	1,654
Receivable against sale of investments		1,114,288	-
Advances, deposits and prepayments and other receivable		46,408	(322,307)
		<u>(6,110,756)</u>	<u>(1,257,095)</u>
Increase / (decrease) in liabilities			
Payable to MCB Investment Management Limited - Management Company		12,976	5,708
Payable to Central Depository Company of Pakistan Limited - Trustee		365	95
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(405)	(346)
Payable against purchase of investments		2,374,245	(821,364)
Accrued and other liabilities		724,008	72,059
		<u>3,111,189</u>	<u>(743,848)</u>
Net cash used in operating activities		<u>(1,973,349)</u>	<u>(1,649,021)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		6,564,560	2,047,741
Payments on redemption of units		(2,625,594)	(1,081,941)
Net cash generated from financing activities		<u>3,938,966</u>	<u>965,800</u>
Net increase / (decrease) in cash and cash equivalents during the period		<u>1,965,617</u>	<u>(683,221)</u>
Cash and cash equivalents at the beginning of the period		5,521,145	3,780,064
Cash and cash equivalents at the end of the period	12	<u>7,486,762</u>	<u>3,096,843</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

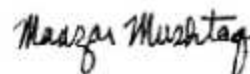
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB Investment Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the "Sindh Trusts Act, 2020". Accordingly, on August 13, 2021 the Trust Deed of the fund had been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 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. 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.
- 1.4 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2023 to the Management Company and "AA-(f)" as stability rating dated September 8, 2023 to the Fund.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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
- the 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 requirements of the Trust Deed differ from the IAS 34, 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

The disclosures made in this condensed interim financial information are limited, based on the requirements of the IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2023.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at December 31, 2023.

This condensed interim financial information is presented in Pakistan Rupees which is the Fund's functional and presentation currency and rounded to the nearest thousand rupees, unless otherwise specified.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT POLICIES

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are same as those applied in preparation of financial statements of the Fund as at and for the year ended June 30, 2023.

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, significant judgements made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited financial statements as at and for the year ended June 30, 2023.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.

4 FINANCIAL RISK MANAGEMENT

The Fund's risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2023.

	Note	(Un-audited) December 31, 2023 ----- (Rupees in '000)	(Audited) June 30, 2023 -----
5. BALANCES WITH BANKS			
Current accounts		363,840	55,020
Savings accounts	5.1	7,122,922	3,873,999
	5.2	<u>7,486,762</u>	<u>3,929,019</u>

5.1 These carry profit at rates ranging from 20.50% to 22% per annum (June 30, 2023: 12.25% to 21.50% per annum).

5.2 These includes balances with related parties of Rs. 364.66 million (June 30, 2023: Rs. 55.042 million) maintained with MCB Bank Limited and Rs. 0.004 million (June 30, 2023: Rs. 0.007 million) maintained with MCB Islamic Bank Limited.

	Note	(Un-audited) December 31, 2023 ----- (Rupees in '000)	(Audited) June 30, 2023 -----
6. INVESTMENTS			
At fair value through profit or loss			
Government securities - Market treasury bills	6.1	5,470,810	3,068,339
Pakistan investment bonds	6.2	626,900	-
Pakistan investment bonds - Floating Rate Bond	6.3	3,775,475	2,260,149
Term finance certificates - unlisted	6.5	1,171,284	1,150,781
GoP Ijara Sukuks certificates	6.7	1,328,718	542,775
		<u>12,373,187</u>	<u>7,022,044</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

6.1 Government securities - Market treasury bills

Particulars	Issue Date	Face value				At December 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
		At July 01, 2023		At December 31, 2023		Carrying Value	Market value	Unrealised (loss)		
		Purchased during the period	Sold / Matured during the period	Purchased during the period	Sold / Matured during the period					
(Rupees in '000)										
Treasury bills - 3 months	May 04, 2023	-	1,000,000	-	-	-	-	-	-	
Treasury bills - 3 months	May 18, 2023	-	2,200,000	-	-	-	-	-	-	
Treasury bills - 3 months	June 01, 2023	-	2,500,000	-	-	-	-	-	-	
Treasury bills - 3 months	June 15, 2023	-	7,104,500	-	-	-	-	-	-	
Treasury bills - 3 months	June 22, 2023	1,670,000	7,000,000	-	-	-	-	-	-	
Treasury bills - 3 months	July 13, 2023	-	2,000,000	-	-	-	-	-	-	
Treasury bills - 3 months	August 10, 2023	-	7,500,000	-	-	-	-	-	-	
Treasury bills - 3 months	August 24, 2023	-	2,000,000	-	-	-	-	-	-	
Treasury bills - 3 months	September 07, 2023	-	6,000,000	-	-	-	-	-	-	
Treasury bills - 3 months	September 21, 2023	-	8,307,000	-	-	-	-	-	-	
Treasury bills - 3 months	October 05, 2023	-	5,700,000	-	-	-	-	-	-	
Treasury bills - 3 months	October 19, 2023	-	500,000	-	-	-	-	-	-	
Treasury bills - 3 months	November 02, 2023	-	12,200,000	-	-	-	-	-	-	
Treasury bills - 3 months	November 16, 2023	-	500,000	-	-	-	-	-	-	
Treasury bills - 3 months	November 30, 2023	-	2,000,000	-	-	-	-	-	-	
Treasury bills - 3 months	December 14, 2023	-	500,000	-	-	-	-	-	-	
Treasury bills - 6 months	June 15, 2023	-	13,800,000	-	-	-	-	-	-	
Treasury bills - 6 months	October 19, 2023	-	2,000,000	-	-	-	-	-	-	
Treasury bills - 6 months	November 02, 2023	-	500,000	-	-	-	-	-	-	
Treasury bills - 6 months	November 16, 2023	-	500,000	-	-	-	-	-	-	
Treasury bills - 6 months	November 30, 2023	-	3,500,000	-	-	-	-	-	-	
Treasury bills - 6 months	December 14, 2023	-	500,000	-	-	-	-	-	-	
Treasury bills - 12 months	June 15, 2023	1,600,000	1,000,000	-	-	-	-	-	-	
Treasury bills - 12 months	June 22, 2023	200,000	150,000	175,000	175,000	158,823	158,485	(388)	0.01	
Treasury bills - 12 months	July 13, 2023	-	250,000	-	-	250,000	224,741	233	0.02	
Treasury bills - 12 months	October 19, 2023	-	4,800,000	3,250,000	1,550,000	1,326,484	1,325,994	(490)	0.11	
Treasury bills - 12 months	November 02, 2023	-	10,500,000	9,000,000	1,500,000	1,274,780	1,274,325	(455)	0.10	
Treasury bills - 12 months	November 16, 2023	-	500,000	-	-	500,000	421,645	(1,430)	0.03	
Treasury bills - 12 months	November 30, 2023	-	2,700,000	2,700,000	-	-	-	-	-	
Treasury bills - 12 months	December 14, 2023	-	1,000,000	1,000,000	-	-	-	-	-	
Treasury bills - 12 months	December 28, 2023	-	3,000,000	500,000	2,500,000	2,066,098	2,065,620	(478)	0.17	
Total as at December 31, 2023						5,473,768	5,470,810	(2,958)		
Total as at June 30, 2023						3,080,817	3,068,339	(12,478)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

6.2 Pakistan Investment Bonds

Particulars	Issue Date	Face value				As at December 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2023	Purchased during the period	Sold during the period	As at December 31, 2023	Carrying value	Market value	Unrealised (loss)		
Pakistan Investment Bonds-3 Years	July 04, 2023	-	9,700,000	9,000,000	700,000	634,061	626,900	(7,161)	0.05	
Pakistan Investment Bonds-5 Years	October 13, 2022	-	4,000,000	4,000,000	-	-	-	-	-	
Total as at December 31, 2023						634,061	626,900	(7,161)		
Total as at June 30, 2023						-	-	-	-	

6.3 Pakistan Investment bonds - Floating Rate Bond

Particulars	Issue Date	Face value				As at December 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2023	Purchased during the period	Sold during the period	As at December 31, 2023	Carrying value	Market value	Unrealised gain / (loss)		
Pakistan Investment Bond - 2 years	30-Dec-21	1,360,000	1,000,000	2,360,000	-	-	-	-	-	
Pakistan Investment Bond - 2 years	06-Sep-22	-	2,000,000	2,000,000	-	-	-	-	-	
Pakistan Investment Bond - 2 years	09-Feb-23	-	6,000,000	6,000,000	-	-	-	-	-	
Pakistan Investment Bond - 2 years	06-Apr-23	-	6,569,000	6,569,000	-	-	-	-	-	
Pakistan Investment Bond - 3 years	07-Apr-22	250,000	-	250,000	-	-	-	-	-	
Pakistan Investment Bond - 3 years	08-Sep-22	-	1,000,000	1,000,000	-	-	-	-	-	
Pakistan Investment Bond - 3 years	21-Sep-23	-	3,300,000	3,300,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	06-May-21	650,000	-	650,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	06-Apr-23	-	200,000	200,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	10-Aug-23	-	850,000	850,000	-	-	-	-	-	
Pakistan Investment Bond - 5 years	21-Sep-23	-	27,575,000	23,725,000	3,850,000	3,791,613	3,741,045	9,432	0.30	
Pakistan Investment Bond - 5 years	19-Oct-23	-	5,350,000	5,350,000	-	-	-	-	-	
Pakistan Investment Bond - 10 years	22-Aug-19	35,000	-	-	35,000	33,519	34,430	911	0.003	
As at December 31, 2023						3,765,132	3,775,475	10,343		
As at June 30, 2023						2,266,148	2,260,149	(5,999)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

(Un-audited) December 31, 2023
(Audited) June 30, 2023
----- (Rupees in '000) -----

Note

6.4 Debt securities - term finance certificates

Carrying value as at December 31 6.4.1 84,594 84,594

Less: Provision as at January 1

- Saudi Pak Leasing Company Limited
- New Allied Electronics Industries (Private) Limited - May 15, 2007
- New Allied Electronics Industries (Private) Limited - July 27, 2007 Sukuk

(27,548)	(27,548)
(21,983)	(21,983)
(35,063)	(35,063)
(84,594)	(84,594)

6.4.1 Debt securities - Term finance certificates

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

Name of investee company	Number of certificates			As at December 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023	Carrying value	Market value		
Financial Services								
Saudi Pak Leasing Company Limited	10,000	-	-	10,000	27,548	(27,548)	-	-
Household goods								
New Allied Electronics Industries (Private) Limited - May 15, 2007	10,400	-	-	10,400	21,983	(21,983)	-	-
New Allied Electronics Industries (Private) Limited - July 27, 2007 Sukuk	112,000	-	-	112,000	35,063	(35,063)	-	-
Total as at December 31, 2023					84,594	(84,594)		
Total as at June 30, 2023					-	-		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

6.5 Unlisted debt securities - Term finance certificates

Certificates have a face value of Rs 5,000 each

Name of investee company	Number of certificates				As at December 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
	As at July 1, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023	Carrying value	Market value	Unrealised (loss) / gain		
Commercial Banks							(Rupees in '000)..... (%)	
Askari Bank Limited	50	-	-	50	49,488	49,750	262	0.004	0.004
Samba bank limited	850	-	-	850	84,915	84,791	(124)	0.007	0.007
Meezan Bank Limited	145	-	-	145	143,548	142,718	(830)	0.011	0.012
Bank Al Habib Limited	70,000	40,000	40,000	70,000	344,124	341,851	(2,273)	0.027	0.028
The Bank of Punjab	-	500	-	500	49,990	49,980	(10)	0.004	0.004
Chemical									
Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk (February 02, 2017)**	500	-	-	500	1,917	2,044	127	0.000	0.000
Energy									
Pakistan Energy Sukuk (May 21, 2020)	100,000	120,000	120,000	100,000	500,041	500,150	109	0.039	0.040
Investment Banks / Investment Companies / Securities Companies									
Jahangir Siddiqui & Company Limited - TFC (July 18, 2017)**	10,000	-	10,000	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited - TFC (March 06, 2018)	18,000	-	18,000	-	-	-	-	-	-
Total as at December 31, 2023					1,174,023	1,171,284	(2,739)		
Total as at June 30, 2023					1,167,856	1,150,781	(17,075)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

6.5.1 Significant terms and conditions of term finance certificates outstanding as at December 31, 2023 are as follows:

Name of the issuer	Mark-up rate (per annum)	Issue date	Maturity date	Rating
Commercial Banks				
Meezan Bank Limited	6 months KIBOR + 0.35%	16-Dec-21	16-Dec-31	AAA
Bank AL Habib Limited	6 months KIBOR + 0.75%	30-Sep-21	30-Sep-31	AAA
Askari Bank Limited	3 months KIBOR + 1.20%	17-Mar-20	17-Mar-30	AA
Samba bank limited	6 months KIBOR + 1.35%	23-Apr-18	1-Mar-31	AA-
Energy				
Pakistan Energy Sukuk	6 months KIBOR - 0.10%	21-May-20	21-May-30	AAA+
Chemical				
Ghani Chemical Industries Limited	3 months KIBOR + 1%	2-Feb-17	2-Feb-24	A

6.6 Letter of placements

Name of Investee Company	Issue Date	Profit Rate	Face value			As at December 31, 2023		Market value as a percentage of total investments
			As at July 1, 2023	Purchases during the year	Matured during the year	As at December 31, 2023	Carrying value	
Pak Oman Investment Company Limited	05-Jul-23	21.90%	-	715,000	715,000	-	-	-
Pak Oman Investment Company Limited	06-Jul-23	21.90%	-	715,000	715,000	-	-	-
Zarai Tarkiat Bank Limited	08-Sep-23	21.50%	-	315,000	315,000	-	-	-
As at December 31, 2023								
						-	-	-
As at June 30, 2023								
						-	-	-

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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6.7 GoP Ijara Sukuk Bonds

Particulars	Issue Date	Face value			As at December 31, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 1, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023	Carrying value	Market value		
					(Rupees in '000)		 (%)	
GOP Ijara - 1 year	06-Mar-23	-	1,000,000	1,000,000	-	-	-	-	-
GOP Ijara - 1 year	17-Apr-23	50,000	7,000,000	6,550,000	500,000	505,106	502,950	(2,156)	0.04
GOP Ijara - 1 year	20-Sep-23	-	250,000	-	250,000	249,978	250,000	22	0.02
GOP Ijara - 1 year	09-Oct-23	-	100,000	100,000	-	-	-	-	-
GOP Ijara - 1 year	04-Dec-23	-	25,000	-	25,000	25,000	25,125	125	0.00
GOP Ijara - 3 years	26-Jun-23	-	100,000	100,000	-	-	-	-	-
GOP Ijara - 3 years	04-Dec-23	-	200,000	75,000	125,000	125,141	125,265	124	0.01
GOP Ijara - 5 years	29-May-20	110,000	-	-	110,000	109,482	109,615	133	0.01
GOP Ijara - 5 years	24-Jun-20	-	90,000	-	90,000	89,237	89,929	691	0.01
GOP Ijara - 5 years	29-Jul-20	-	50,000	-	50,000	49,679	50,500	821	0.00
GOP Ijara - 5 years	06-Oct-21	185,000	-	185,000	-	-	-	-	-
GOP Ijara - 5 years	26-Oct-22	200,000	-	200,000	-	-	-	-	-
GOP Ijara - 5 years	04-Dec-23	-	275,000	100,000	175,000	175,002	175,335	333	0.01
Total as at December 31, 2023						1,328,625	1,328,718	93	
Total as at June 30, 2023						543,097	542,775	(322)	

6.8 Unrealised (loss) / gain in fair value of investments classified as 'at fair value through profit or loss' - net

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
(Rupees in '000).....	
Market value of investments	12,373,187	7,022,044
Carrying value of investments	12,375,609	7,057,918
	<u>(2,422)</u>	<u>(35,874)</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
7. PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	7.1	15,509	9,068
Sindh sales tax payable on remuneration of the Management Company	7.2	2,016	1,179
Allocated expenses payable	7.3	1,034	605
Selling and marketing expenses payable	7.4	10,627	7,833
Sales load payable (including indirect taxes)		9,276	7,168
Backend load payable		1,267	900
		<u>39,729</u>	<u>26,753</u>

7.1 The Management Company has charged management fee at the rate upto, 1.5% (June 30, 2023: 1.5%) of the average net assets of scheme, calculated on a daily basis. The remuneration is paid to the Management Company on a monthly basis in arrears.

7.2 Sindh sales tax on remuneration of the Management Company has been charged at the rate of 13% (June 30, 2023: 13%).

7.3 The Management Company has charged allocated expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

7.4 The Management Company has charged selling and marketing expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

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

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
9. ACCRUED AND OTHER LIABILITIES			
Provision for Federal Excise Duty payable on:	9.1		
- Remuneration of the Management Company		99,060	99,060
- Sales load		27,933	27,933
Auditors' remuneration payable		536	671
Withholding tax on capital gain		3,711	7,252
Brokerage payable		572	787
Dividend payable		9	9
Advance against issuance of units		921,334	
Other payables		840	194,275
		<u>1,053,995</u>	<u>329,987</u>

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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9.1 Federal Excise Duty (FED) and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the audited financial statements of the Fund for the year ended June 30, 2023. Had the said provision for FED not been recorded in this condensed interim financial information of the Fund, the net asset value of the Fund as at December 31, 2023 would have been higher by Rs. 1.19 per unit (June 30, 2023: Rs. 1.78 per unit).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

On November 03, 2020, DCF Income Fund (DCFIF) received a notice of tax demand for the Tax Year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR raised objection on claiming of "income already paid on units redeemed" as part of distribution and thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR is of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not "Cash Dividend". The ACIR raised tax demand of Rs. 73.376 million on the Fund in respect of the Tax Year 2018. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA), Stay Order was duly granted by CIRA. On November 25, 2021, Assessment Order issued by ACIR was remanded back by CIRA. Since then, no notice / Order has yet been issued from FBR.

On December 01, 2021, DCF Income Fund (DCFIF) received a notice of tax demand for the Tax Year 2017 from the Additional Commissioner (Inland) Revenue (ACIR), whereby ACIR raised objections on claiming of "provision against debt securities" amounting to Rs. 7.943 million and adjustment of the "Element of loss and capital losses" amounting to Rs. 151.140 million while arriving at the declared accounting income of the Fund and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR raised a tax demand of Rs 138.821 million. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA).

On March 31, 2022, a favorable Appellate Order was passed by Commissioner Appeals whereby it was directed that the benefit of Element of Loss should be allowed to the Company.

On June 14, 2022, FBR being aggrieved with said Order filed Appeal with Appellate Tribunal Inland Revenue. Management Company, in consultation with its advisor, anticipates a favorable outcome of the case.

10.2 Commitments

There were no commitments outstanding as at December 31, 2023 and June 30, 2023.

11. 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 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income to be earned during current year to the unit holders, therefore, no provision for taxation has been made in this condensed interim financial information during the period. 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.

12. CASH AND CASH EQUIVALENTS

Balances with banks
Treasury bills maturing within 3 months

(Un-audited)	
December 31, 2023	December 31, 2022
----- (Rupees in '000) -----	
7,486,762	145,582
-	2,951,262
7,486,762	3,096,844

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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13. EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company, the determination of the same is not practicable.

14. TOTAL EXPENSE RATIO

The total annualised expense ratio (TER) of the Fund based on the current period results is 2.63% (December 31, 2022: 2.36%) which includes 0.28% (December 31, 2022: 0.22%) representing Government Levy and the SECP Fee. The prescribed limit for the ratio is 2.5% (December 31, 2022: 2.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an 'aggressive fixed income scheme'.

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

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

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

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

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

Details of transactions and balances with related parties / connected persons during the period are as follows:

	(Un-audited)	
	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	
15.1 Details of transactions with connected persons are as follows:		
MCB Investment Management Limited		
Remuneration of the Management Company and related taxes	83,717	44,038
Allocated expenses	4,048	2,598
Selling and marketing expenses	28,977	10,132
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee and related taxes	4,186	2,202
Settlement charges	96	9
Group / associated companies		
MCB Bank Limited		
Mark-up on deposit accounts	17	2
Sale of securities having face value of Rs.4,000,000,000 (2022: Rs.250,000,000)	4,740,999	233,668
Bank charges	41	15

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
15.2 Details of balances with related parties / connected persons as at period end		
MCB Investment Management Limited		
Management remuneration payable	15,509	9,068
Sindh sales tax payable on remuneration of the management company	2,016	1,179
Sales load payable (including indirect taxes)	9,276	7,168
Allocated expenses payable	1,034	605
Selling and marketing expenses payable	10,627	7,833
Back end load payable	-	900
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable (including indirect taxes)	877	512
Security deposit	200	200
Group / associated companies		
MCB Bank Limited		
Balances with bank	364,660	55,042
MCB Islamic Bank Limited		
Balances with bank	4	7

15.3 Transactions during the period with connected persons / related parties in units of the Fund:

	For the half year ended December 31, 2023 (Un-audited)							
	As at July 01, 2023	Issuance (including additional units)	Redeemed	As at December 31, 2023	As at July 01, 2023	Issuance	Redeemed	As at December 31, 2023
	Units				(Rupees in '000)			
Group / associated companies								
MCB Employees' Provident Fund	2,092,430	-	-	2,092,430	225,988	-	-	248,902
MCB Employees' Pension Fund	2,092,430	-	-	2,092,430	225,988	-	-	248,902
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	6,294	-	6,294	-	-	-	695	-
Lalpur Staff Gratuity Fund Trust								
Mandate under discretionary portfolio services*	-	-	-	-	-	-	-	-
Key management personnel*	5	-	3	2	-	-	-	-

* This reflects position of related party / connected persons status as at December 31, 2023.

	For the half year ended December 31, 2022 (Un-audited)							
	As at July 01, 2022	Issuance (including additional units)	Redeemed	As at December 31, 2022	As at July 01, 2022	Issuance	Redeemed	As at December 31, 2022
	Units				(Rupees in '000)			
Group / associated companies								
MCB Employees' Provident Fund	1,823,176	-	-	1,823,176	195,736	-	-	209,195
MCB Employees' Pension Fund	1,823,176	-	-	1,823,176	195,736	-	-	209,195
D.G. Khan Cement Company Limited - Employees' Provident Fund Trust	5,483	-	-	5,483	589	-	-	629
Mandate under discretionary portfolio services*	6	-	-	6	1	-	-	1
Key management personnel*	-	4,750	4,750	-	-	535	539	-

* This reflects position of related party / connected persons status as at December 31, 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

	December 31, 2023 (Un-audited)						
	Carrying amount			Fair Value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
Financial assets measured at fair value							
Government securities - Market treasury bills	5,470,810	-	5,470,810	-	5,470,810	-	5,470,810
Pakistan investment bonds	626,900	-	626,900	-	626,900	-	626,900
Pakistan investment bonds - Floating Rate Bond	3,775,475	-	3,775,475	3,775,475	-	-	3,775,475
Term finance certificates - unlisted	1,171,284	-	1,171,284	341,851	829,433	-	1,171,284
GoP Ijara Sukuks certificates	1,328,718	-	1,328,718	-	1,328,718	-	1,328,718
	12,373,187	-	12,373,187	4,117,326	8,255,861	-	12,373,187
Financial assets not measured at fair value							
Bank balances	-	7,486,762	7,486,762				
Profit receivable	-	467,871	467,871				
Advances, deposits and other receivable	-	36,837	36,837				
	-	7,991,470	7,991,470				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	37,713	37,713				
Payable to the Trustee	-	776	776				
Payable against purchase of investment	-	6,602,909	6,602,909				
Accrued expenses and other liabilities	-	923,291	923,291				
	-	7,564,689	7,564,689				

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	June 30, 2023 (Audited)						
	Carrying amount			Fair Value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
Financial assets measured at fair value							
Government securities - Market treasury bills	3,068,339	-	3,068,339	-	3,068,339	-	3,068,339
Pakistan investment bonds	-	-	-	-	-	-	-
Pakistan investment bonds - Floating Rate Bond	2,260,149	-	2,260,149	2,260,149	-	-	2,260,149
Term finance certificates - unlisted	1,150,781	-	1,150,781	366,961	783,820	-	1,150,781
GoP Ijara Sukuks certificates	542,775	-	542,775	-	542,775	-	542,775
	<u>7,022,044</u>	<u>-</u>	<u>7,022,044</u>	<u>2,627,110</u>	<u>4,394,934</u>	<u>-</u>	<u>7,022,044</u>
Financial assets not measured at fair value							
Bank balances	-	3,929,019	3,929,019				
Profit receivable	-	142,110	142,110				
Receivable against sale of investment	-	1,114,288	1,114,288				
Advances, deposits and other receivable	-	34,036	34,036				
	<u>-</u>	<u>5,219,453</u>	<u>5,219,453</u>				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	25,574	25,574				
Payable to the Trustee	-	453	453				
Payable against Purchase of Investment	-	4,228,664	4,228,664				
Accrued expenses and other liabilities	-	195,742	195,742				
	<u>-</u>	<u>4,450,433</u>	<u>4,450,433</u>				

17. GENERAL

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

18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue on February 02, 2024 by the Board of Directors of the Management Company.

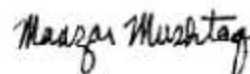
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

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

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