

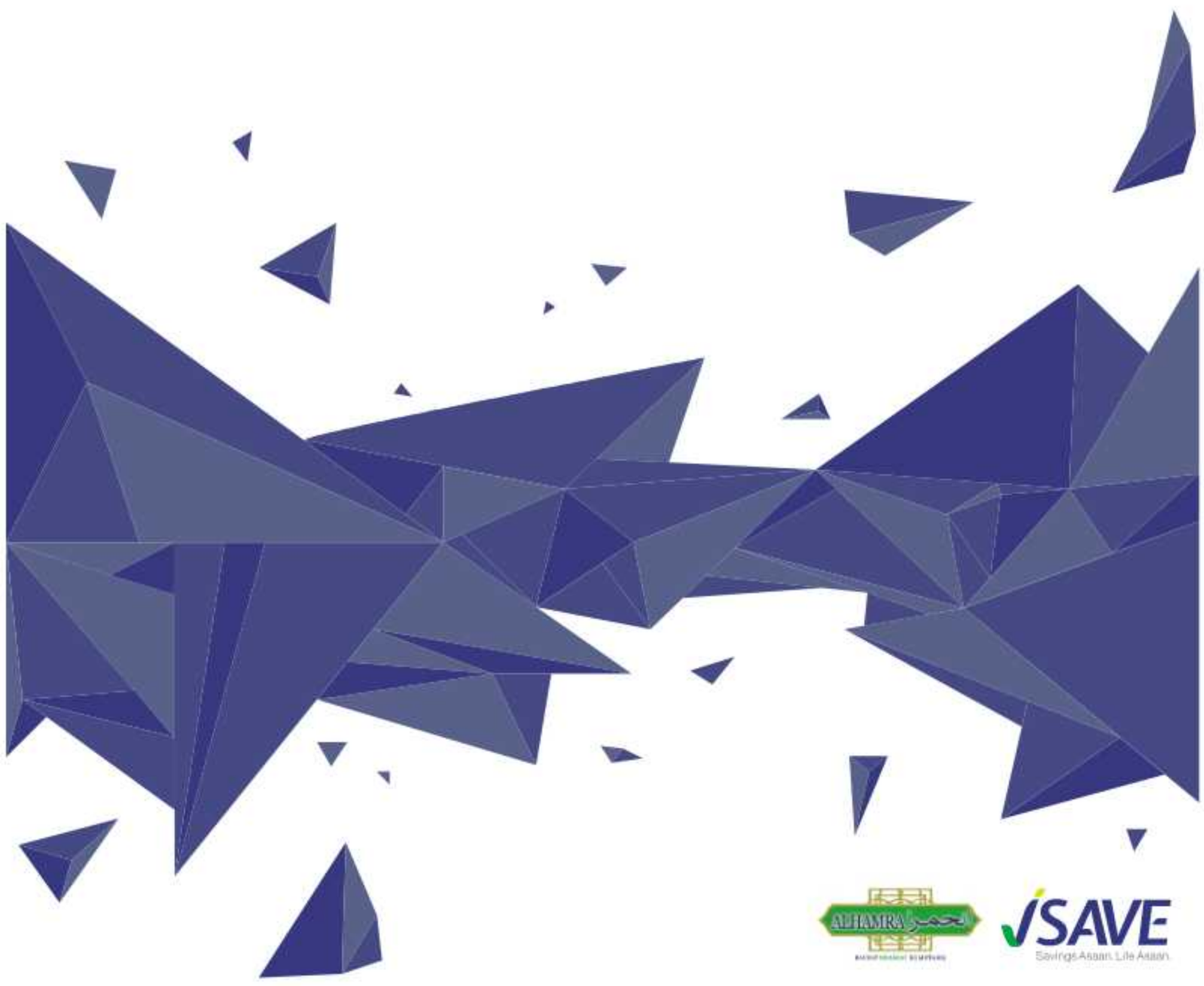


MCB FUNDS
Investments for Life

HALF YEARLY REPORT

DECEMBER
2023
(UNAUDITED)

Funds Under Management of
MCB Investment Management Limited



MCB PAKISTAN STOCK MARKET 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 Silk Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited	Habib Metropolitan Bank Limited Standard Chartered Bank Limited United Bank Limited JS Bank Limited National Bank Of Pakistan The Bank of Khyber
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 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 Pakistan Stock Market 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

Equity Market Review

Stock market witnessed exuberance in the first half of fiscal year 2024 as the benchmark KSE-100 increased by 50.7% or 20,998 points to close at 62,451 points. The bullish momentum was on account on improvement in macroeconomic indicators after Pakistan entered into the new IMF program. Market participants also cheered the government's firm commitment to achieve the IMF targets as the government successfully completed IMF first review in November 2023. The strength of the local currency post crackdown on currency smuggling and hoarding, strong corporate profitability and market expectation of monetary easing in the second half of fiscal year all contributed to the sustainability the rally.

During 1HFY24, Foreign investors, Insurance, and Corporates were net buyers with an inflow of USD 71 million, USD 60.3 million and USD 52.4 million, respectively. While major selling was witnessed from Banks and Mutual Funds with outflow of USD 92.4 million and USD 51.0 million, respectively. During the half, average trading volumes for KSE-100 Index saw an increase of 194% to 244 million shares compared to about 89 million shares during the preceding half. Similarly, the average trading value during the quarter saw a rise of 119% over the last half to near USD 39 million.

Banking, E&P and Power sector were the major contributors to the index gain adding 6,584/2,675/2,232 points, respectively. Banking sector witnessed broad based rally as entry into the IMF program diminished the probability of local debt restructuring, which was hampering the sector's performance. Power sector performed due to better than expected dividends while E&P rallied due to the news of clearance of gas circular debt, which would improve the sector cash flows.

FUND PERFORMANCE

During the period, PSM generated a return of 57.44% as compared to a return of 50.66% witnessed by the KSE-100 Index. Overall equity exposure stood at 93.7% on December 31, 2023. The fund remained vigilant of the external factors and the investment strategy was maneuvered considering the fundamental developments. The allocation was mainly held in Cement, Commercial Banks and Textile Composite Companies.

The Net Assets of the fund as at December 31, 2023 stood at Rs. 5,948 million as compared to Rs. 4,821 million as at June 30, 2023 registering a increase of 23.38%.

The Net Asset Value (NAV) per unit as at December 31, 2023 was Rs. 132.6683 as compared to opening NAV of Rs. 84.2678 per unit as at June 30, 2023 registering an increase of 48.4005 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.

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

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.

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

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

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.

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

ڈائریکٹرز رپورٹ

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۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج 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

Manzar Mushtaq

منظر مشتاق

ڈائریکٹر

02 فروری 2024ء



خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

02 فروری 2024ء

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 کثیرالجہتی ذرائع سے آمدات اور ذخائر میں اضافہ اہمیت کے حامل ہیں۔ ڈالر اروپہ مالی سال کے اختتام پر تقریباً 306 ہوگا اور اختتامی REER 95 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 ہیں کیونکہ غیر ملکی زرمبادلہ (فاریکس) کے ذخائر میں موجود cushion بدستور کم اور دو جہتی قرضوں اور کثیرالجہتی 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 ہوگی۔ مشرق وسطیٰ میں تنازعہ، فلسطین میں جنگ، اور وسیع تر اقتصاد کا خطرہ بدستور بلند ہے۔

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ کا cap 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 کی 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 کارآمد 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۔

فنڈ کی کارکردگی

دورانِ مدت فنڈ نے 57.44 فیصد منافع حاصل کیا، بالمقابل KSE-100 انڈیکس کے 50.66 فیصد منافع کے۔ 31 دسمبر 2023ء کو ایکویٹی میں مجموعی سرمایہ کاری 93.7 فیصد کی سطح پر تھی۔ فنڈ خارجی عوامل سے محتاط رہا اور بنیادی نوعیت کی ترقیاتی تبدیلیوں کے پیش نظر سرمایہ کاری کے لائحہ عمل میں ترمیم کی گئی۔ زیادہ تر سرمایہ کاری سیمنٹ، کمرشل بینکوں اور ٹیکسٹائل کمپوزٹ کمپنیوں میں تھی۔ 31 دسمبر 2023ء کو فنڈ کے net اثاثہ جات 5,948 ملین روپے تھے، جو 30 جون 2023ء کو 4,821 ملین روپے کے مقابلے میں 23.38 فیصد اضافہ ہے۔

31 دسمبر 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 132.6683 روپے تھی، جو 30 جون 2023ء کو ابتدائی این اے وی 84.2678 روپے فی یونٹ کے مقابلے میں 48.4005 روپے فی یونٹ اضافہ ہے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) میں گزشتہ سال مایوس ٹکن 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 ششماہی میں بڑھ کر 8.2 ملین گانٹھیں ہوگئی، بالمقابل مالی سال 2023ء میں 4.9 ملین گانٹھوں کے۔

آئی ایم ایف پروگرام کی کامیاب بحالی اہم ترین پیش رفت ہے کیونکہ اس سے پاکستان کو باہمی اور کثیرالجہتی ذرائع سے رقم کے حصول میں مدد ملے گی۔ دوست ممالک، آئی ایم ایف اور کثیرالجہتی 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 مسٹکک 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۔

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 پالترتیب 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 ممالک میں 0.96 فیصد کے زراعت، صنعت اور خدمات کے شعبوں میں پالترتیب 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 ششماہی میں 30.3 فیصد بڑھ کر 4,468 بلین روپے ہو گئی، بالمقابل گزشتہ سال ممالک مدت میں 3,428 بلین روپے کے، چنانچہ ہدف سے 43 بلین روپے زیادہ ٹیکس وصولی ہوئی۔

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2024ء کی پہلی ششماہی میں اسٹاک مارکیٹ میں جوش و خروش دیکھا گیا کیونکہ KSE-100 انڈیکس 50.7 فیصد یعنی 20,998 پوائنٹس بڑھ کر 62,451 پوائنٹس پر بند ہوا۔ ترقی کے اس رجحان کی وجہ مجموعی معاشی عوامل میں بہتری تھی جو پاکستان کے آئی ایم ایف کے نئے پروگرام میں داخل ہونے کے بعد ممکن ہوئی۔ مارکیٹ کے شرکاء نے بھی حکومت کے آئی ایم ایف اہداف پورے کرنے کے مضبوط عزم کا خیر مقدم کیا اور حکومت نے نومبر 2023ء میں آئی ایم ایف کا پہلا جائزہ مکمل کر لیا۔ مالی سال کے نصف آخر میں کرنسی کی غیر قانونی درآمد اور ذخیرہ اندوزی کے خلاف کارروائی، کارپوریٹ شعبے کی بھرپور قابلیت منافع، اور مارکیٹ کی مالیاتی تسہیل کی توقع کے نتیجے میں روپے کی قدر میں پائیداری آئی۔

مالی سال 2024ء کی پہلی ششماہی میں غیر ملکی سرمایہ کار، بیمہ کمپنیاں اور کارپوریٹ ادارے net خریدار تھے جن کی بدولت پالترتیب 71 ملین ڈالر، 60.3 ملین ڈالر اور 52.4 ملین ڈالر کی آمد ہوئی، جبکہ سب سے زیادہ فروخت بینکوں اور میوچل فنڈز کی طرف سے ہوئی جو پالترتیب 92.4 ملین ڈالر اور 51.0 ملین ڈالر تھی۔ دوران ششماہی KSE-100 کے لیے اوسط کاروباری حجم گزشتہ ششماہی میں تقریباً 89 ملین حصص کے مقابلے میں 194 فیصد بڑھ کر 244 ملین حصص ہو گئے۔ اسی طرح، اوسط کاروباری قدر گزشتہ سہ ماہی کے مقابلے میں 119 فیصد بڑھ کر 39 ملین ڈالر ہو گئی۔

انڈیکس کی بڑھوتری کے اہم ترین عوامل بینکاری، ای اینڈ پی (تیل اور گیس کی) دریافت اور پیداوار کے شعبے اور پاور سیکٹر (بجلی اور گیس کا شعبہ) تھے جنہوں نے پالترتیب 6,584، 2,675 اور 2,232 پوائنٹس کا اضافہ کیا۔ بینکاری کے شعبے میں وسیع پیمانے پر ترقی دیکھنے میں آئی کیونکہ آئی ایم ایف پروگرام میں داخل ہونے کی بدولت مقامی قرض کی تشیل نوکا امکان کم ہو گیا جو اس شعبے کی کارکردگی کو متاثر کر رہا تھا۔ پاور سیکٹر نے بہتر متوقع ڈیویڈنڈز کی بدولت کارکردگی کا مظاہر کیا، جبکہ ای اینڈ پی نے گیس کا گروڈشی قرض ختم ہو جانے کی خبر کی بدولت ترقی کی راہیں طے کیں جس سے اس شعبے میں نقد کی آمدورفت میں بہتری آئے گی۔

عزیز سرمایہ کار

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

معیشت اور بازار 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 ارینجمنٹ (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 کن اقدام اٹھائے جن کی بدولت زرمبادلہ کی شرح میں تیزی سے بہتری آئی اور اوپن مارکیٹ اور انٹربینک 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 کارنٹ 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 سُکڑ 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 مانیٹری 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 Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN STOCK MARKET 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 Pakistan Stock Market 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



A.F. FERGUSON & CO.

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **MCB Pakistan Stock Market Fund** (the Fund) as at December 31, 2023 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2023. The Management Company (MCB Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

Scope of Review

We conducted our review in accordance with the 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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial statements of the Fund for the half year ended December 31, 2022 and the financial statements for the year ended June 30, 2023 were reviewed and audited respectively by another firm of Chartered Accountants who had expressed an unmodified conclusion and opinion thereon vide their reports dated February 16, 2023 and September 22, 2023 respectively.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Junaid Mesia**
Dated: February 26, 2024
Karachi
UDIN: RR202310611oAdteU2E5

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

*KARACHI *LAHORE *ISLAMABAD

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

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Note	(Rupees in '000)	
ASSETS		
Bank balances	4 235,770	304,260
Investments	5 5,790,226	4,574,203
Receivable against sale of investments	128,590	90,141
Dividend and mark-up receivable	6,453	5,129
Advances, deposits and other receivables	21,294	18,294
Total assets	6,182,333	4,992,027
LIABILITIES		
Payable to MCB Investment Management Limited - Management Company	6 22,693	27,228
Payable to Central Depository Company of Pakistan Limited - Trustee	7 698	556
Payable to the Securities and Exchange Commission of Pakistan	8 506	1,396
Payable against purchase of investments	128,112	70,351
Accrued expenses and other liabilities	9 81,679	71,383
Payable against redemption of units	386	386
Total liabilities	234,074	171,300
NET ASSETS	5,948,259	4,820,727
Unit holders' fund (as per statement attached)	5,948,259	4,820,727
Contingencies and commitments	10	
	— (Number of units) —	
NUMBER OF UNITS IN ISSUE	44,835,584	57,207,222
	— (Rupees) —	
NET ASSET VALUE PER UNIT	132.6683	84.2678

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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 December 31,		Quarter ended December 31,	
		2023	2022	2023	2022
(Rupees in '000)					
INCOME					
Income from government securities		-	3,677	-	3,677
Profit on bank deposits		14,012	21,813	8,486	8,007
Dividend income		186,543	333,526	98,117	163,498
Capital gain / (loss) on sale of investments - net		1,189,023	(43,861)	962,610	(128,644)
Net unrealised appreciation / (diminution) in fair value of investments classified as financial assets at fair value through profit or loss	5.3	1,020,665	(720,313)	792,212	(544,499)
Other income		213	163	87	84
Total income / (loss)		2,410,456	(404,995)	1,861,512	(497,877)
EXPENSES					
Remuneration of MCB Investment Management Limited - Management Company	6.1	65,726	83,880	41,772	38,915
Sindh Sales Tax on remuneration of the Management Company	6.2	8,544	10,904	5,430	5,059
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7	3,028	4,698	1,605	2,198
Sindh Sales Tax on remuneration of the Trustee		394	611	209	286
Annual fee of the Securities and Exchange Commission of Pakistan	8	2,399	839	1,286	389
Allocated expenses	6.3	3,254	4,194	962	1,946
Selling and marketing expenses	6.4	17,303	54,522	3,789	25,295
Auditors' remuneration		702	701	398	426
Securities transaction cost		20,121	16,299	13,957	8,790
Settlement and bank charges		1,287	1,357	577	650
Legal and professional charges		91	81	14	14
Fees and subscriptions		-	14	-	7
Printing and related charges		50	-	25	-
Total expenses		122,899	178,100	70,024	83,975
Net income / (loss) for the period before taxation		2,287,557	(583,095)	1,791,488	(581,852)
Taxation	11	-	-	-	-
Net income / (loss) for the period		2,287,557	(583,095)	1,791,488	(581,852)
Allocation of net income for the period					
Net income for the period after taxation		2,287,557	-	-	-
Income already paid on units redeemed		(283,515)	-	-	-
		2,004,042	-	-	-
Accounting income available for distribution:					
Relating to capital gains		1,936,403	-	-	-
Excluding capital gains		67,639	-	-	-
		2,004,042	-	-	-
Earnings per unit	12				

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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,		December 31,	
	2023	2022	2023	2022
	(Rupees in '000)			
Net income / (loss) for the period	2,287,557	(583,095)	1,791,488	(581,852)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>2,287,557</u>	<u>(583,095)</u>	<u>1,791,488</u>	<u>(581,852)</u>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

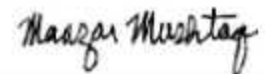
For MCB Investment Management Limited
(Management Company)



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	1,704,302	3,116,425	4,820,727	5,460,672	3,414,660	8,875,332
Issuance of 17,432,952 (2022: 9,784,687) units:						
- Capital value (at net asset value per unit at the beginning of the period)	1,469,037	-	1,469,037	846,413	-	846,413
- Element of income	533,001	-	533,001	7,802	-	7,802
	2,002,038	-	2,002,038	854,215	-	854,215
Redemption of 29,804,590 (2022: 38,068,053) units:						
- Capital value (at net asset value per unit at the beginning of the period)	(2,511,567)	-	(2,511,567)	(3,293,035)	-	(3,293,035)
- Element of (income) / loss	(366,981)	(283,515)	(650,496)	76,847	-	76,847
	(2,878,548)	(283,515)	(3,162,063)	(3,216,188)	-	(3,216,188)
Total comprehensive income / (loss) for the period	-	2,287,557	2,287,557	-	(583,095)	(583,095)
Net assets as at the end of the period	827,792	5,120,467	5,948,259	3,098,699	2,831,565	5,930,264
Undistributed income brought forward						
- Realised	3,539,084			4,798,062		
- Unrealised	(422,659)			(1,383,402)		
	3,116,425			3,414,660		
Accounting income available for distribution:						
- Relating to capital gains	1,936,403			-		
- Excluding capital gains	67,639			-		
	2,004,042			-		
Net loss for the period after taxation					(583,095)	
Undistributed income carried forward	5,120,467			2,831,565		
Undistributed income carried forward						
- Realised	4,099,802			3,551,878		
- Unrealised	1,020,665			(720,313)		
	5,120,467			2,831,565		
	(Rupees)			(Rupees)		
Net asset value per unit at beginning of the period	84.2678			86.5039		
Net asset value per unit at end of the period	132.6683			79.7968		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

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	2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the period before taxation		2,287,557	(583,095)
Adjustments for non cash and other items:			
Dividend income		(186,543)	(333,526)
Net unrealised (appreciation) / diminution in fair value of investments classified as financial assets at fair value through profit or loss	5.3	(1,020,665)	720,313
		1,080,349	(196,308)
Decrease / (increase) in assets			
Investments		(195,358)	1,995,571
Receivable against sale of investments		(38,449)	(42,262)
Dividend and mark-up receivable		803	2,284
Advances, deposits and other receivables		(3,000)	(1,421)
		(236,004)	1,954,172
Increase in liabilities			
Payable to MCB Investment Management Limited - Management Company		(4,535)	(9,136)
Payable to Central Depository Company of Pakistan Limited - Trustee		142	(154)
Payable to the Securities and Exchange Commission of Pakistan		(890)	(1,392)
Payable against purchase of investments		57,761	97,554
Accrued expenses and other liabilities		10,296	747
		62,774	87,619
Dividend received		184,416	334,909
Net cash generated from operating activities		1,091,535	2,180,392
CASH FLOWS FROM FINANCING ACTIVITIES			
Amount received on issuance of units		2,002,038	854,215
Amount paid on redemption of units		(3,162,063)	(3,216,188)
Net cash used in financing activities		(1,160,025)	(2,361,973)
Net decrease in cash and cash equivalents during the period		(68,490)	(181,581)
Cash and cash equivalents at the beginning of the period		304,260	329,797
Cash and cash equivalents at the end of the period	14	235,770	148,216

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


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 Pakistan Stock Market Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (now: MCB Investment Management Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed of the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated August 15, 2001 consequent to which Trust Deed was executed on October 23, 2001 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). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed had been registered under the Sindh Trust Act.
- 1.2 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 Management Company and AHCL no longer holds any shares in the Management Company. Consequently, members of the Management Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Management Company be changed from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited. Thereafter, the Management 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.
- 1.3 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 located at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The Fund is an open end mutual Fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to invest in listed equity securities and the Fund can also invest in cash instruments and treasury bills not exceeding 90 days in maturity. Units are offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund has been categorised as "equity scheme" by the Board of Directors of the Asset Management Company in accordance with the requirements of Circular 7 of 2009 dated March 06, 2009 issued by SECP.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' on October 06, 2023 (June 30, 2023: 'AM1' dated October 6, 2022) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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 Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IAS 34 'Interim Financial Reporting', the provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements are limited, based on the requirements of IAS 34 'Interim Financial Reporting'. These condensed interim financial statements 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.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2023.

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

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2023.

3.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2023. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2023.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2024. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
----- (Rupees in '000) -----			
4 BANK BALANCES			
In current accounts	4.1	26,736	27,596
In saving accounts		209,034	276,664
	4.2	235,770	304,260

4.1 These carry profit at the rate of 20.5% (June 30, 2023: 12.25% to 19.50%) per annum.

4.2 These include a balance of Rs.169.685 million (June 30, 2023: Rs.234.502 million) maintained with MCB Bank Limited, a related party which carries profit at the rate of 20.5% (June 30, 2023: 12.25% to 19.5%) per annum.

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

5	INVESTMENTS	Note	December	June
			31, 2023 (Un-audited)	30, 2023 (Audited)
			----- (Rupees in '000) -----	
At fair value through profit or loss				
	Listed equity securities	5.1	5,790,226	4,574,203
	Market Treasury Bills	5.2	-	-
			<u>5,790,226</u>	<u>4,574,203</u>

5.1 Listed equity securities - at fair value through profit or loss

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

Name of the investee company	As at July 01, 2023	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2023	As at December 31, 2023			Market value as percentage of net assets	Market value as percentage of total investments	Percentage in relation to paid-up capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
						(Number of shares)		(Rupees in '000)			
Automobile assembler											
Honda Atlas Cars Limited	-	147,008	-	147,008	-	-	-	-	-	-	-
Indus Motor Company Limited****	-	105,792	-	75,909	29,883	32,915	35,857	2,942	0.60	0.62	-
Pak Suzuki Motor Company Limited	-	341,500	-	341,500	-	-	-	-	-	-	-
						32,915	35,857	2,942	0.60	0.62	
Automobile parts and accessories											
Agriauto Industries Limited**	186,870	40,500	-	72,370	155,000	9,571	15,463	5,892	0.26	0.27	0.02
Atlas Battery Limited*	21,863	-	-	21,863	-	-	-	-	-	-	-
Ghandhara Tyre & Rubber Company Limited	856,605	-	-	856,605	-	-	-	-	-	-	-
Panther Tyres Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
Thal Limited**	148,900	53,000	-	201,900	-	-	-	-	-	-	-
						9,571	15,463	5,892	0.26	0.27	
Cable and electrical goods											
Pak Elektron Limited	1,300,000	450,000	-	1,750,000	-	-	-	-	-	-	-
Cement											
Attock Cement Limited	-	41,763	-	41,763	-	-	-	-	-	-	-
Bestway Cement Limited	-	23,500	-	23,500	-	-	-	-	-	-	-
Cherat Cement Company Limited	346,228	195,500	-	541,728	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	1,425,500	1,457,411	-	2,882,911	-	-	-	-	-	-	-
Fauji Cement Company Limited (note 5.1.1)****	38,753,160	3,294,000	-	30,097,660	11,349,500	138,154	214,733	76,579	3.61	3.71	-
Ghanibwal Cement Limited	97,665	-	-	97,665	-	-	-	-	-	-	-
Lucky Cement Limited****	455,000	596,070	-	371,520	679,550	455,799	534,792	78,993	8.99	9.24	-
Maple Leaf Cement Factory Limited	11,094,525	8,510,275	-	11,334,320	8,270,480	281,816	321,887	40,071	5.41	5.56	0.01
Pioneer Cement Limited****	-	510,345	-	35,000	475,345	55,418	54,636	(782)	0.92	0.94	-
						931,187	1,126,048	194,861	18.93	19.45	
Chemical											
Archroma Pakistan Limited****	82,487	81,800	-	3,600	160,687	77,583	77,130	(453)	1.30	1.33	-
Dynex Pakistan Limited**	37,600	78,400	-	26,000	90,000	12,079	16,668	4,589	0.28	0.29	0.02
Itehad Chemicals Limited****	-	86,000	-	-	86,000	4,218	4,326	108	0.07	0.07	-
Lucky Core Industries Limited	-	85,000	-	85,000	-	-	-	-	-	-	-
Nmir Industrial Chemicals Limited****	-	132,000	-	-	132,000	14,142	13,728	(414)	0.23	0.24	-
						108,022	111,852	3,830	1.88	1.93	
Commercial banks											
Bank Al Habib Limited	740,000	250,000	-	990,000	-	-	-	-	-	-	-
Bank Afjalah Limited	4,019,796	2,247,916	-	6,267,712	-	-	-	-	-	-	-
Faysal Bank Limited	-	2,758,793	-	2,758,793	-	-	-	-	-	-	-
Habib Bank Limited****	2,020,000	3,189,028	-	3,099,028	2,110,000	199,310	233,872	34,562	3.93	4.04	-
Habib Metropolitan Bank Limited	2,775,051	3,821,500	-	1,165,529	5,431,022	202,976	300,444	97,468	5.05	5.19	0.01
MCB Bank Limited****	-	678,636	-	378,636	300,000	52,290	51,765	(525)	0.87	0.89	-
Meezan Bank Limited****	2,009,832	3,050,021	-	2,901,463	2,158,390	290,168	348,278	58,110	5.86	6.01	-
United Bank Limited (note 5.1.1)****	1,946,167	817,054	-	1,705,987	1,057,234	135,118	188,018	52,900	3.16	3.25	-
						879,862	1,122,377	242,515	18.87	19.38	
Balance carried forward						1,961,557	2,411,597	450,040			

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

Name of the investee company	As at July 01, 2023	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2023	As at December 31, 2023			Market value as percentage of net assets	Market value as percentage of total investments	Percentage in relation to paid-up capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
	----- (Number of shares) -----					----- (Rupees in '000) -----			----- (%) -----		
Balance brought forward						1,961,557	2,411,597	450,040			
Engineering											
Aisha Steel Mills Limited	5,489,567	-	-	5,489,567	-	-	-	-	-	-	-
International Steels Limited**&****	300,000	2,565,545	-	2,742,425	123,120	5,815	8,990	3,175	0.15	0.16	-
Mughal Iron & Steel Industries Limited	1,686,109	3,491,739	-	1,493,856	3,683,992	218,201	243,807	25,606	4.10	4.21	0.01
						224,016	252,797	28,781	4.25	4.37	
Fertilizer											
Engro Corporation Limited	445,101	25,000	-	470,101	-	-	-	-	-	-	-
Engro Fertilizers Limited	825,918	-	-	825,918	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited****	-	1,689,000	-	139,000	1,550,000	161,840	175,445	13,605	2.95	3.03	-
Fauji Fertilizer Bin Qasim Limited****	14,029,024	2,032,000	-	15,124,674	936,350	12,082	29,870	17,788	0.50	0.52	-
						173,922	205,315	31,393	3.45	3.55	
Food and personal care products											
Al-Tahur Limited	2,486,914	25,000	-	2,511,914	-	-	-	-	-	-	-
Mumree Brewery Company Limited****	160,761	-	-	119,700	41,061	11,908	13,775	1,867	0.23	0.24	-
National Foods Limited**	1,178,000	613,500	-	662,000	1,129,500	124,175	163,778	39,603	2.75	2.83	0.02
The Organic Meat Company Limited	380,518	-	-	380,518	-	-	-	-	-	-	-
						136,083	177,553	41,470	2.99	3.07	
Glass and ceramics											
Shabbir Tiles & Ceramics Limited**	3,683,908	3,889,500	-	62,000	7,511,408	76,809	107,038	30,229	1.80	1.85	0.13
Tariq Glass Industries Limited	25,863	-	-	25,863	-	-	-	-	-	-	-
						76,809	107,038	30,229	1.80	1.85	
Insurance											
Adamjee Life Assurance Company Limited*	101,104	-	-	101,104	-	-	-	-	-	-	-
IGI Holdings Limited	26,100	-	-	26,100	-	-	-	-	-	-	-
Adamjee Insurance Company Limited*&****	-	1,000,000	-	-	1,000,000	35,240	34,170	(1,070)	0.57	0.59	-
						35,240	34,170	(1,070)	0.57	0.59	
Leather and tanneries											
Bata Pakistan Limited****	9,725	2,980	-	3,060	9,645	17,043	16,707	(336)	0.28	0.29	-
						17,043	16,707	(336)	0.28	0.29	
Miscellaneous											
Shifa International Hospitals Limited	1,438,092	166,900	-	239,500	1,365,492	169,281	191,538	22,257	3.22	3.31	0.02
Pakistan Aluminium Beverage Cans Limited****	-	625,980	-	61,917	564,063	38,640	42,626	3,986	0.72	0.74	-
Synthetic Products Enterprises Limited**	2,039,117	1,755,000	-	593,500	3,200,617	38,002	42,728	4,726	0.72	0.74	0.06
						245,923	276,892	30,969	4.66	4.79	
Oil and gas exploration companies											
Mari Petroleum Company Limited****	145,684	87,593	-	145,777	87,500	142,472	183,409	40,937	3.08	3.17	-
Oil & Gas Development Company Limited****	911,665	2,278,000	-	1,089,665	2,100,000	242,164	236,145	(6,019)	3.97	4.08	-
Pakistan Oilfields Limited	45,000	46,000	-	91,000	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	1,784,208	-	1,784,208	-	-	-	-	-	-	-
						384,636	419,554	34,918	7.05	7.25	
Oil and gas marketing companies											
Attock Petroleum Limited	-	55,000	-	55,000	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	1,316,623	-	-	1,316,623	-	-	-	-	-	-	-
Shell Pakistan Limited	-	110,000	-	110,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	5,895	-	-	5,895	-	-	-	-	-	-	-
						-	-	-	-	-	-
Paper and Board											
Century Paper & Board Mills Limited****	204,590	642,500	-	847,000	90	3	3	-	-	-	-
Cherat Packaging Limited	3	-	-	3	-	-	-	-	-	-	-
Packages Limited	267,016	169,001	-	163,803	272,214	113,410	144,298	30,888	2.43	2.49	-
Security Papers Limited	624,001	-	-	624,001	-	-	-	-	-	-	-
						113,413	144,301	30,888	2.43	2.49	
Balance carried forward						3,368,642	4,045,924	677,282			

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

Name of the investee company	As at July 01, 2023	Purchased during the period	Bonus / right issue during the period	Sold during the period	As at December 31, 2023	As at December 31, 2023			Market value as percentage of net assets	Market value as percentage of total investments	Percentage in relation to paid-up capital of the investee company
						Carrying value	Market value	Unrealised appreciation / (diminution)			
						(Rupees in '000)			-%		
Balance brought forward						3,368,642	4,045,924	677,282			
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited****	14,700	97,600	-	44,300	68,000	31,770	31,294	(476)	0.53	0.54	-
AGP Limited***	505,718	511,162	-	159,718	857,162	52,866	60,266	7,400	1.01	1.04	-
Citi Pharma limited	3,087,374	3,010,925	-	2,952,374	3,145,925	72,740	74,683	1,943	1.26	1.29	0.01
Ferozsons Laboratories Limited	294,229	62,900	-	84,400	272,729	38,406	60,175	21,769	1.01	1.04	0.01
Haleon Pakistan Limited	640,938	117,800	-	84,638	674,100	97,628	113,930	16,302	1.92	1.97	0.01
Highnoon Laboratories Limited****	243,607	119,700	-	201,407	161,900	63,338	81,688	18,350	1.37	1.41	-
The Searle Company Limited	30,302	-	-	30,302	-	-	-	-	-	-	-
						356,748	422,036	65,288	7.10	7.29	
Power generation and distribution											
The Hub Power Company Limited****	2,150,000	680,000	-	1,290,000	1,540,000	110,785	180,319	69,534	3.03	3.11	-
Nishat Chunian Power Limited	-	3,778,450	-	718,450	3,060,000	78,955	85,588	6,633	1.44	1.48	0.01
						189,740	265,907	76,167	4.47	4.59	
Refinery											
Attock Refinery Limited****	-	564,000	-	389,000	175,000	46,660	57,307	10,647	0.96	0.99	-
						46,660	57,307	10,647	0.96	0.99	
Technology and communication											
Hum Network Limited***	12,370,500	-	-	11,875,500	495,000	2,891	3,391	500	0.06	0.06	0.04
Systems Limited	306,695	156,700	-	54,695	408,700	173,866	173,107	(759)	2.91	2.99	-
						176,757	176,498	(259)	2.97	3.05	
Tobacco											
Pakistan Tobacco Company Limited****	48,579	53,000	-	4,700	96,879	62,062	109,529	47,467	1.84	1.89	-
						62,062	109,529	47,467	1.84	1.89	
Textile composite											
Gul Ahmed Textile Mills Limited	4,138,849	3,194,151	-	717,500	6,615,500	126,497	142,894	16,397	2.40	2.47	0.01
Interloop Limited****	6,570,385	1,274,927	-	3,945,912	3,899,400	161,498	280,757	119,259	4.72	4.85	-
Kohinoor Textile Mills Limited****	1,078,554	-	-	1,078,500	54	3	5	2	-	-	-
Nishat Chunian Limited	423,146	5,646,500	-	404,825	5,664,821	149,185	147,002	(2,183)	2.47	2.54	0.02
Nishat Mills Limited*	805,000	1,526,669	-	476,000	1,855,669	131,769	142,367	10,598	2.39	2.46	0.01
						588,952	713,025	144,073	11.99	12.32	
Transport											
Pakistan International Bulk Terminal Limited	-	7,061,000	-	7,061,000	-	-	-	-	-	-	-
						-	-	-	-	-	
Total as at December 31, 2023 (Un-audited)						4,769,561	5,790,226	1,020,685			
Total as at June 30, 2023 (Audited)						4,906,862	4,574,203	(422,659)			

*These represent transaction in shares of related parties.

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

***These have a face value of Rs. 1 per share

****Nil figures due to rounding off

5.1.1 Following shares have been pledged with National Clearing Company of Pakistan Limited (NCCPL) security against settlement of the Fund's trades in terms of Circular No. 11 dated October 23, 2007 issued by SECP:

	(Un-audited) December 31, 2023 ---- (Number of shares) ----	(Audited) June 30, 2023	(Un-audited) December 31, 2023 ---- (Rupees in '000) ----	(Audited) June 30, 2023
Bank Alfalah Limited	-	1,000,000	-	30,440
Fauji Cement Company Limited	10,000,000	10,000,000	189,200	117,600
United Bank Limited	500,000	-	88,920	-
	10,500,000	11,000,000	278,120	148,040

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

5.1.2 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to 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 judgment 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, 2019. During the year ended June 30, 2020, the CISs had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh had issued notices to the relevant parties and had 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 Fund has included these shares in its portfolio, as 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 the November 12, 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 period were not withheld by the investee companies.

As at December 31, 2023, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 4.535 million (June 30, 2023: Rs. 2.929 million).

5.2 Market Treasury Bills - at fair value through profit or loss

Name of security	Issue date	Face value			Balances as at December 31, 2023			Market value as percentage of net assets	Market value as percentage of total investments
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at December 31, 2023	Carrying Value	Market Value		
(Rupees in '000)									
Market Treasury Bills									
- 3 months	July 13, 2023	-	500,000	500,000	-	-	-	-	-
Total as at December 31, 2023 (Un-audited)						-	-	-	
Total as at June 30, 2023 (Audited)						-	-	-	

Note	December 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	-----	-----
	(Rupees in '000)	

5.3 Net unrealised appreciation / (diminution) on re-measurement of investments at fair value through profit or loss

Market value of investments	5.1 & 5.2	5,790,226	5,884,607
Less: Carrying value of investments	5.1 & 5.2	(4,769,561)	(6,604,920)
		1,020,665	(720,313)

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

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		—— (Rupees in '000) ——	
6 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	6.1	15,757	8,198
Sindh Sales Tax payable on remuneration of the Management Company	6.2	2,048	1,066
Sales load payable		566	3
Payable against allocated expenses	6.3	533	410
Selling and marketing expenses	6.4	3,789	17,551
		<u>22,693</u>	<u>27,228</u>

6.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rates ranging from 2% to 3.46% (December 31, 2022: 2%) per annum of the average annual net assets of the Fund calculated on a daily basis during the period ended December 31, 2023. The remuneration is payable to the Management Company monthly in arrears.

6.2 Sindh sales tax on remuneration of the management company has been charged at the rate of 13% (June 30, 2023: 13%).

6.3 In accordance with 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 expenses, which has also been approved by the Board of Directors of the Management Company.

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

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

7 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

7.1 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:

Tariff applicable	
Net Assets (Rs.)	Fee
- 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

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

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

Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, revised the rate of annual fee to 0.095% of net assets, applicable on 'equity scheme'. Previously, the rate of fee applicable on all categories of CISs was 0.02% per annum of the daily net assets of the Fund. Accordingly, the Fund has charged SECP Fee at the rate of 0.095% of net assets during the current year.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

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

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		----- (Rupees in '000) -----	
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty and related tax payable on:	9.1		
- Remuneration of the Management Company		54,774	54,774
- Sales load		3,933	3,933
Unclaimed dividends		9,722	9,722
Brokerage payable		6,884	2,051
Auditors' remuneration		743	805
Withholding tax payable		5,488	19
Printing and related charges payable		90	40
Payable to legal advisor		45	39
		<u>81,679</u>	<u>71,383</u>

9.1 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 and sales load were 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, sales load and related taxes 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 58.7 million (June 30, 2023: Rs. 58.7 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at December 31, 2023 would have been higher by Rs. 1.31 per unit (June 30, 2023: Rs. 1.03 per unit).

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and 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 capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2024 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these condensed interim financial statements during the period.

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

12 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 the determination of the same is not practicable.

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

13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 4.87% (December 31, 2022: 4.26%) which includes 0.54% (December 31, 2022: 0.30%) representing Government Levy and SECP Fee. The prescribed limit for the ratio is 4.5% (December 31, 2022: 4.5%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Equity scheme".

		December 31, 2023	December 31, 2022
		(Un-audited)	
		----- (Rupees in '000) -----	
14 CASH AND CASH EQUIVALENTS	Note		
Bank balances	4	<u>235,770</u>	<u>148,216</u>

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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, MCB Islamic Bank Limited (being the 100% subsidiary of the Holding 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 of the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration of 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:

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

	Half year ended	
	December 31,	
	2023	2022
	(Un-audited)	
	----- (Rupees in '000) -----	
MCB Investment Management Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	74,270	94,784
Selling and marketing expense	17,303	54,522
Allocated expenses	3,254	4,194
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	3,422	5,309
Central Depository Service charges	546	226
Group / associated companies		
MCB Bank Limited		
Bank charges	16	16
Profit on bank balances	8,001	11,860
Purchase of 678,636 (2022:136,429) shares	105,300	16,638
Sale of 378,636 (2022:178,929) shares	58,130	22,846
Adamjee Life Assurance Company Limited		
Sale of 101,104 (2022: Nil) shares	2,431	-
Dividend income	101	-

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

	Half year ended	
	December 31,	
	2023	2022
	(Un-audited)	
	----- (Rupees in '000) -----	
Adamjee Life Assurance Company Limited - IMF		
Sale of various shares through broker*	-	377,421
D.G. Khan Cement Company Limited		
Purchase of 1,457,411 (2022: 1,079,159) shares	67,485	58,939
Sale of 2,882,911 (2022: 5,127,437) shares	190,676	309,027
Dividend income	-	1,320
Nishat Mills Limited		
Purchase of 1,526,669 (2022: 457,375) shares	115,602	30,272
Sale of 476,000 (2022: 1,491,716) shares	32,740	106,051
Dividend income	3,645	5,859
International Steels Limited		
Purchase of 2,565,545 (2022: 1,369,399) shares	121,756	71,046
Sale of 2,742,425 (2022: 677,403) shares	179,095	35,371
Dividend income	3,682	-
Adamjee Insurance Company Limited		
Purchase of 1,000,000 (2022: Nil) shares	35,240	-
Sale of Nil (2022: 185,000) shares	-	3,603
Atlas Battery Limited		
Sale of 21,863 (2022: Nil) shares	5,151	-
Dividend income	219	-

* Sale of Various shares through Broker to the fund * Adamjee Life Assurance Company Limited - IMF*

Balances outstanding at period end:	December 31,		June 30,	
	2023		2023	
	(Un-audited)		(Audited)	
	----- (Rupees in '000) -----			
MCB Investment Management Limited - Management Company				
Management remuneration payable	15,757		8,198	
Sindh Sales Tax payable on remuneration	2,048		1,066	
Sales load payable including related taxes	566		3	
Payable against allocated expenses	533		410	
Payable against marketing and selling expenses	3,789		17,551	
Central Depository Company of Pakistan Limited - Trustee				
Trustee remuneration payable	618		492	
Sindh Sales Tax payable on remuneration	80		64	
Security deposit	500		500	
Group / associated companies				
MCB Bank Limited				
Bank balance	169,685		234,502	
Profit receivable on bank balances	1,947		2,830	
300,000 (June 30, 2023: Nil) shares held	51,765		-	
D.G. Khan Cement Company Limited				
Nil (June 30, 2023: 1,425,500) shares held	-		73,128	
Adamjee Life Insurance Company Limited				
Nil (June 30, 2023: 101,104) shares held	-		1,394	
Nishat Mills Limited				
1,855,669 (June 30, 2023: 805,000) shares held	142,367		45,699	

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

Balances outstanding at period end:	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	----- (Rupees in '000) -----	
Atlas Battery Limited		
Nil (June 30, 2023: 21,863) shares held	-	4,469
International Steels Limited		
123,120 (June 30, 2023: 300,000) shares held	8,990	12,159
Adamjee Insurance Company Limited		
1,000,000 (June 30, 2023: Nil) shares held	34,170	-

15.3 Unit holder's fund

	For the half year ended December 31, 2023 (Un-audited)							
	As at July 1, 2023	Issued for cash	Redeemed	As at December 31, 2023	As at July 1, 2023	Issued for cash	Redeemed	As at December 31, 2023
	(Number of units)				(Rupees in '000)			
MCB Investment Management Limited - Management Company	-	564,426	564,426	-	-	50,000	54,109	-
Group / associated companies / undertakings								
D.G. Khan Cement Company Limited Employees Provident Fund Trust	199,265	-	199,265	-	16,792	-	19,185	-
Adamjee Life Assurance Company Limited - IIMF	14,524,931	-	486,372	14,038,559	1,223,984	-	50,000	1,862,472
Directors And Key Management Personnel	105,854	397,028	244,053	258,829	8,920	49,257	31,525	34,338
Mandate under discretionary portfolio services	953,135	847,416	991,516	809,035	80,319	117,110	121,337	107,333
Unit holders holding 10% or more	10,420,530	-	5,400,175	5,020,355	878,115	-	-	666,042

	For the half year ended December 31, 2022 (Un-audited)							
	As at July 1, 2022	Issued for cash	Redeemed	As at December 31, 2022	As at July 1, 2022	Issued for cash	Redeemed	As at December 31, 2022
	(Number of units)				(Rupees in '000)			
MCB Investment Management Limited - Management Company	1,044,928	565,814	1,610,742	-	90,390	50,000	145,323	-
Group / associated companies / undertakings								
Asghari Beg Memorial Trust	33,038	-	8,522	24,516	2,858	-	735	1,956
D.G. Khan Cement Company Limited Employees Provident Fund Trust	199,265	-	-	199,265	17,237	-	-	15,901
Adamjee Life Assurance Company Limited - IIMF	39,875,771	-	16,753,736	23,122,035	3,449,409	-	1,357,105	1,845,064
Adamjee Life Assurance Company Limited - DGF	19,165	-	-	19,165	1,658	-	-	1,529
Directors And Key Management Personnel	120,859	371,372	376,335	115,896	10,455	32,676	33,572	9,248
Mandate under discretionary portfolio services	121	1,638,240	421,954	1,216,407	10	136,825	35,142	97,065
Unit holders holding 10% or more	12,564,079	-	-	12,564,079	1,086,842	-	-	1,002,573

16 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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Financial assets which are tradeable in an open market are revalued at 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.

16.1 Fair value hierarchy

International Financial Reporting Standard IFRS 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).

The Fund held the following financial instruments measured at fair values:

----- Unaudited -----				
----- December 31, 2023 -----				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets 'at fair value through profit or loss'				
Listed equity securities	5,790,226	-	-	5,790,226
	<u>5,790,226</u>	<u>-</u>	<u>-</u>	<u>5,790,226</u>
----- Audited -----				
----- June 30, 2023 -----				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
Financial assets 'at fair value through profit or loss'				
Listed equity securities	4,574,203	-	-	4,574,203
	<u>4,574,203</u>	<u>-</u>	<u>-</u>	<u>4,574,203</u>

During the period ended December 31, 2023 and year ended June 30, 2023, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

17 GENERAL

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

18 DATE OF AUTHORISATION FOR ISSUE

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

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

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