

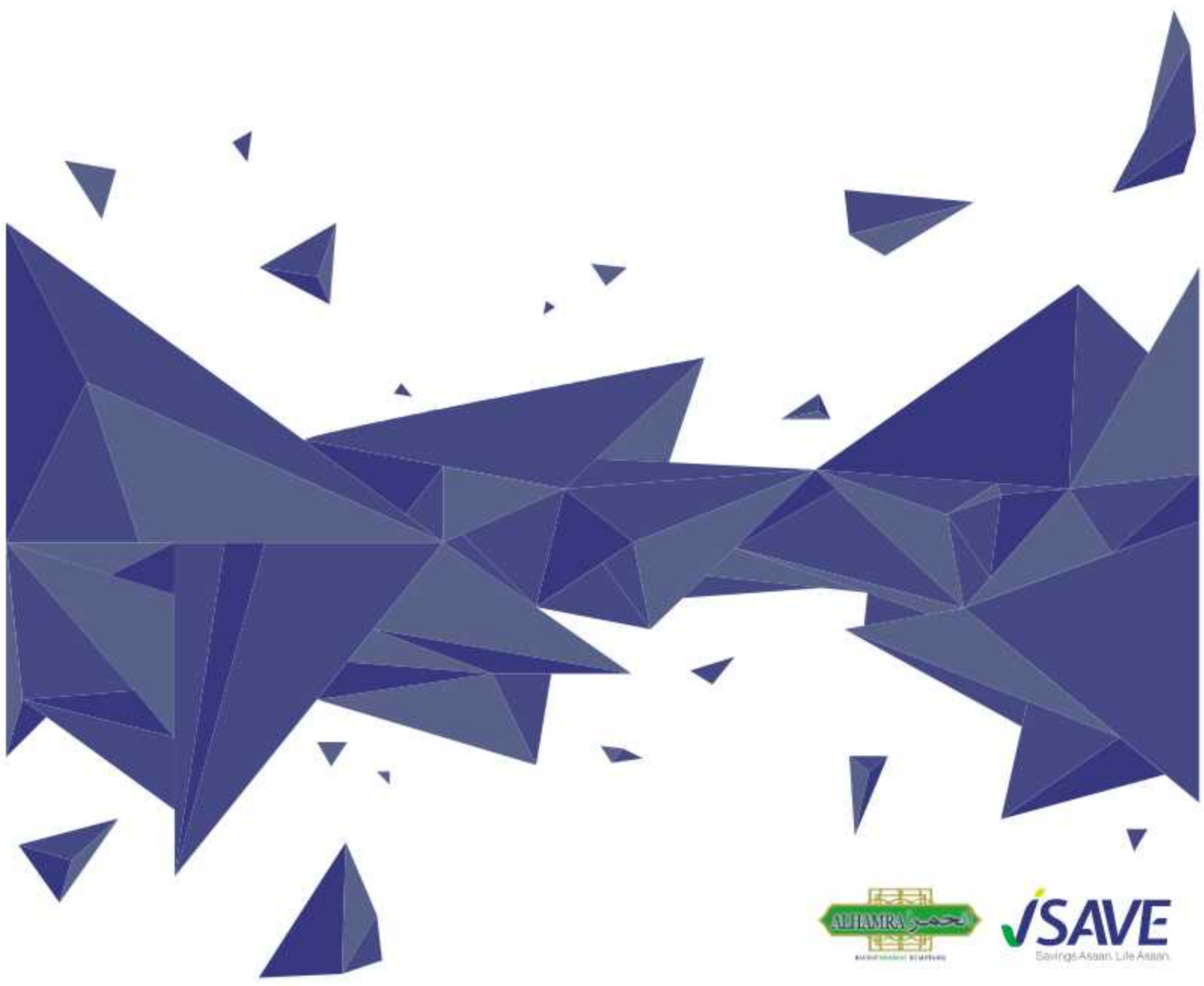


MCB FUNDS
Investments for Life

HALF YEARLY REPORT

DECEMBER
2023
(UNAUDITED)

Funds Under Management of
MCB Investment Management Limited



MCB PAKISTAN ASSET ALLOCATION 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	Mr. Khawaja Khalil Shah	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.odcpakistan.com	
Bankers	Bank Alfalah Limited Habib Metropolitan Bank Limited MCB Bank Limited United Bank Limited Zarai Taraqati Bank Limited JS Bank Limited NRSP Microfinance Bank Limited Mobilink Microfinance Bank Limited U Microfinance Bank Limited Khushali Microfinance Bank Limited Tameer Microfinance Bank Limited	Finca Microfinance Bank Limited HBL Microfinance Bank Limited National Bank of Pakistan Allied Bank Limited Faysal Bank Limited Bank Al Habib Limited Habib Bank Limited Silk Bank Limited Soneri Bank Limited 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 Asset Allocation** 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

The fund posted a return of 50.10% during the period under review against the benchmark return of 42.92%. The fund has gradually increased exposure in equities which reached to 84.5% by the end of December 31, 2023 and at the same time it decreased the exposure in cash to 13.5% at the end of December 31, 2023.

On the equity side, the fund was mainly invested in Commercial Banks and Cement.

The Net Assets of the Fund as at December 31, 2023 stood at Rs. 639 million as compared to Rs. 611 million as at June 30, 2023 registering a increase of 4.58%. The Net Asset Value (NAV) per unit as at December 31, 2023 was Rs. 114.9654 as compared to opening NAV of Rs. 76.5925 per unit as at June 30, 2023 registering an increase of 38.3729 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

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

affected agriculture output. The arrivals of crops have been encouraging with cotton arrival increasing to 8.2 million bales in 1H FY24 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.

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%.

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

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 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.

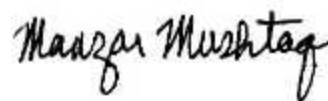
ACKNOWLEDGMENT

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

ڈائریکٹرز رپورٹ

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



خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

02 فروری 2024ء

Manoza Mushtaq

منظر مشتاق

ڈائریکٹر

02 فروری 2024ء

ڈائریکٹرز رپورٹ

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 براں، 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۔

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 سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

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 آمدن 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 روپیہ 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 رہیں 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 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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 50.10 فیصد منافع پوسٹ کیا، بالمقابل مقررہ معیار 42.92 فیصد کے۔ فنڈ نے ایکویٹیز میں سرمایہ کاری میں بتدریج اضافہ کیا جو 31 دسمبر 2023ء کے اختتام پر 84.5 فیصد تک پہنچ گئی تھی، اور بیک وقت نقد میں سرمایہ کاری کو کم کر کے 31 دسمبر 2023ء کے اختتام پر 13.5 فیصد کر دیا۔

ایکویٹیز کی مد میں فنڈ کی زیادہ تر سرمایہ کاری کمرشل بینکوں اور سیمنٹ کے شعبے میں تھی۔

31 دسمبر 2023ء کو فنڈ کے net اثاثہ جات 639 ملین روپے تھے، جو 30 جون 2023ء کو 611 ملین روپے کے مقابلے میں 4.58 فیصد اضافہ ہے۔

31 دسمبر 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 114.9654 روپے تھی، جو 30 جون 2023ء کو ابتدائی این اے وی 76.5925 روپے فی یونٹ کے مقابلے میں 38.3729 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 ششماہی میں بڑھ کر 8.2 ملین گانٹھیں ہو گئی، 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 تا حال 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

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 مماثل مدت 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 مماثل 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 شہیل نو کا 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 گروڈی قرض ختم ہو جانے کی خبر کی بدولت ترقی کی راہیں طے کیں جس سے اس شعبے میں نقد کی آمد و رفت میں بہتری آئے گی۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان ایسیٹ ایلوکیشن 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 بائے 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 گن اقدام اٹھائے جن کی بدولت زرمبادلہ کی شرح میں تیزی سے بہتری آئی اور اوپن مارکیٹ اور انٹرنیٹ بینک 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 کثیرالجہتی 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 ایشیائے 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 Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN ASSET ALLOCATION 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 Asset Allocation 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 Asset Allocation 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 17, 2023 and September 20, 2023 respectively.

A.F. Ferguson & Co.
Chartered Accountants
Engagement Partner: **Junaid Mesia**
Dated: February 26, 2024
Karachi
UDIN: RR202310611|3CxMRNQK

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**

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		----- (Rupees in '000) -----	
ASSETS			
Bank balances	4	91,650	97,614
Investments	5	572,514	555,303
Dividend and profit receivable		3,888	3,167
Receivable against sale of investments		4,252	4,465
Receivable from National Clearing Company of Pakistan Limited		1,134	1,134
Advances, deposits, prepayments and other receivables		4,209	4,209
Total assets		677,647	665,892
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	6	2,303	1,922
Payable to Central Depository Company of Pakistan Limited - Trustee	7	125	113
Payable to the Securities and Exchange Commission of Pakistan	8	52	144
Payable against redemption of units		31	31
Payable against purchase of investments		-	16,743
Accrued expenses and other liabilities	9	36,151	36,289
Total liabilities		38,662	55,242
NET ASSETS		638,985	610,650
Unit holders' fund (as per statement attached)		638,985	610,650
Contingencies and commitments	10		
		----- (Number of units) -----	
NUMBER OF UNITS IN ISSUE		5,558,065	7,972,712
		----- (Rupees) -----	
NET ASSET VALUE PER UNIT		114.9654	76.5925

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

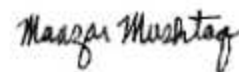
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

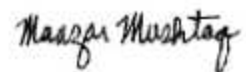
Note	Half year ended December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
(Rupees in '000)				
INCOME				
Income from government securities	(418)	4,705	(2,653)	3,426
Capital gain / (loss) on sale of investments - net	76,858	(14,533)	64,042	(18,345)
Dividend income	27,042	35,875	14,055	15,943
Profit on bank deposits	7,263	7,839	4,430	2,673
Net unrealised appreciation / (diminution) in fair value of investments classified as financial assets at 'fair value through profit or loss'	5.4 147,376	(41,782)	116,890	(27,832)
Other income	2,682	64	2,630	35
Total income / (loss)	260,803	(7,832)	199,394	(24,100)
EXPENSES				
Remuneration of MCB Investment Management Limited - Management Company	6.1 10,167	13,547	4,794	6,569
Sindh Sales Tax on remuneration of Management Company	6.2 1,322	1,761	624	854
Allocated expenses	6.3 265	411	102	199
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7 635	817	309	395
Sindh Sales Tax on remuneration of Trustee	82	106	40	50
Annual fee to the Securities and Exchange Commission of Pakistan	8 301	83	147	40
Selling and marketing expenses	6.4 404	-	404	-
Brokerage and settlement charges	1,492	1,688	674	1,173
Legal and professional charges	94	81	94	81
Auditors' remuneration	511	514	264	284
Other expenses	641	90	519	(51)
Total expenses	15,914	19,098	7,971	9,594
Net income / (loss) for the period before taxation	244,889	(26,930)	191,423	(33,694)
Taxation	11 -	-	-	-
Net income / (loss) for the period after taxation	244,889	(26,930)	191,423	(33,694)
Allocation of net income for the year				
Net income for the period after taxation	244,889	-	-	-
Income already paid on units redeemed	(35,296)	-	-	-
	209,593	-	-	-
Accounting income available for distribution				
Relating to capital gain	193,321	-	-	-
Excluding capital gains	16,272	-	-	-
	209,593	-	-	-
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 December 31,		Quarter ended December 31,	
	2023	2022	2023	2022
	(Rupees in '000)			
Net income / (loss) for the period after taxation	244,889	(26,930)	191,423	(33,694)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>244,889</u>	<u>(26,930)</u>	<u>191,423</u>	<u>(33,694)</u>

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

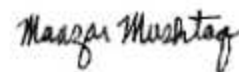
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' 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	Accumulated loss	Total	Capital Value	Accumulated loss	Total
	(Rupees in '000)					
Net assets at beginning of the period	1,799,783	(1,189,133)	610,650	2,024,393	(1,186,410)	837,983
Issuance of 244,563 units (2022: 189,566 units)						
- Capital value (at net asset value per unit at the beginning of the period)	18,732	-	18,732	14,426	-	14,426
- Element of income	7,686	-	7,686	177	-	177
	26,418	-	26,418	14,603	-	14,603
Redemption of 2,659,210 units (2022: 2,073,588 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(203,676)	-	(203,676)	(157,805)	-	(157,805)
- Element of (income) / loss	(4,000)	(35,296)	(39,296)	1,373	-	1,373
	(207,676)	(35,296)	(242,972)	(156,432)	-	(156,432)
Total comprehensive income / (loss) for the period	-	244,889	244,889	-	(26,930)	(26,930)
Net assets at end of the period	<u>1,618,525</u>	<u>(979,540)</u>	<u>638,985</u>	<u>1,882,564</u>	<u>(1,213,340)</u>	<u>669,224</u>
Accumulated loss brought forward						
- Realised		(1,170,235)			(1,111,834)	
- Unrealised		(18,898)			(74,576)	
		<u>(1,189,133)</u>			<u>(1,186,410)</u>	
Accounting income available for distribution						
- Relating to capital gains		193,321			-	
- Excluding capital gains		16,272			-	
		<u>209,593</u>			<u>-</u>	
Net loss for the period after taxation		-			(26,930)	
Accumulated loss carried forward		<u>(979,540)</u>			<u>(1,213,340)</u>	
Accumulated loss carried forward						
- Realised		(1,126,916)			(1,171,558)	
- Unrealised		147,376			(41,782)	
		<u>(979,540)</u>			<u>(1,213,340)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at beginning of the period	<u>76.5925</u>			<u>76.1026</u>		
Net asset value per unit at end of the period	<u>114.9654</u>			<u>73.3220</u>		

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

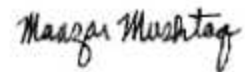
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (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		244,889	(26,930)
Adjustments for non cash and other items:			
Net unrealised (appreciation) / diminution in fair value of investments classified as financial assets at fair value through profit or loss	5.4	(147,376)	41,782
Dividend income		(27,042)	(35,875)
		70,471	(21,023)
Decrease in assets			
Investments		72,584	203,512
Profit receivable		236	-
Receivable against sale of investments		213	-
Advances, deposits, prepayments and other receivables		-	10
		73,033	203,522
Increase in liabilities			
Payable to MCB Investment Management Limited - Management Company		381	(357)
Payable to Central Depository Company of Pakistan Limited - Trustee		12	(18)
Payable to the Securities and Exchange Commission of Pakistan		(92)	(133)
Payable against purchase of investments		(16,743)	(20,217)
Accrued expenses and other liabilities		(138)	495
		(16,580)	(20,230)
Dividend received		26,085	35,972
		153,009	198,241
Net cash generated from operating activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from issuance of units		26,418	14,603
Payments against redemption of units		(242,972)	(156,432)
Net cash used in financing activities		(216,554)	(141,829)
Net (decrease) / increase in cash and cash equivalents during the period		(63,545)	56,412
Cash and cash equivalents at beginning of the period		155,195	141,348
Cash and cash equivalents at end of the period	14	91,650	197,760

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

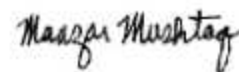
For MCB Investment Management Limited
(Management Company)



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 Asset Allocation Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (now: MCB Investment Management Limited), as the 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 January 17, 2008 consequent to which Trust Deed was executed on November 22, 2007 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 situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the fund is to provide a high absolute return by investing in equity and debt securities. The units of the Fund were initially offered for public subscription at a par value of Rs. 100 per unit. Thereafter, units are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering to the Fund. The Fund has been categorised as an "Asset Allocation scheme" by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by the SECP.
- 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 VIII A 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 do 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 of the Fund 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.

4	BANK BALANCES	Note	December 31, 2023 (Un-audited) — (Rupees in '000) —	June 30, 2023 (Audited)
	In savings accounts	4.1	86,502	92,356
	In current accounts	4.2	5,148	5,258
			<u>91,650</u>	<u>97,614</u>

4.1 These carry profit at the rate of 20.5% (June 30, 2023: 12.25% to 21.50%) per annum.

4.2 This include a balance of Rs. 5.16 million (June 30, 2023: Rs. 5.26 million) maintained with MCB Bank Limited, a related party which carries profit at the rate of 20.5% (June 30, 2023: 21.5%) 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 31,	June 30,
		2023 (Un-audited)	2023 (Audited)
		----- (Rupees in '000) -----	
At fair value through profit or loss			
Listed equity securities - Ordinary Shares	5.1	548,714	473,722
Listed equity securities - Preference Shares	5.2	23,800	24,000
Market Treasury Bills	5.3	-	57,581
		<u>572,514</u>	<u>555,303</u>

5.1 Listed equity securities - Ordinary shares

Ordinary shares have a face value of Rs. 10 each unless stated otherwise

Name of investee company	As at July 1, 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) -----			----- (%) -----			
Automobile Parts and Accessories											
Agriauto Industries Limited**	63,125	29,500	-	-	92,625	6,072	9,240	3,168	1.45	1.61	0.26
Indus Motor Company Limited	-	7,500	-	-	7,500	7,952	8,999	1,047	1.41	1.57	0.01
Pak Suzuki Motor Company Limited	-	26,000	-	14,300	11,700	2,963	6,533	3,570	1.02	1.14	0.01
Thal Limited**	-	11,011	-	-	11,011	3,183	3,248	65	0.51	0.57	0.01
						20,170	28,020	7,850	4.39	4.89	
Cement											
Attock Cement Pakistan Limited	4,000	-	-	4,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited*	433,000	164,500	-	597,500	-	-	-	-	-	-	-
Pioneer Cement Limited	43,000	45,000	-	43,000	45,000	5,153	5,172	19	0.81	0.90	0.02
Lucky Cement Limited	80,000	37,200	-	46,537	70,663	42,583	55,610	13,027	8.70	9.71	0.02
Fauji Cement Company Limited (note 5.1.1)	2,225,000	299,000	-	1,144,000	1,380,000	16,463	26,110	9,647	4.09	4.56	0.06
Kohat Cement Company Limited	52,050	-	-	52,050	-	-	-	-	-	-	-
Gharibwal Cement limited	148,500	-	-	148,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited (note 5.1.1)	1,220,000	478,000	-	679,000	1,019,000	30,164	39,659	9,495	6.21	6.93	0.09
						94,363	126,551	32,188	19.81	22.10	
Commercial Banks											
Meezan Bank Limited	220,515	291,485	-	240,000	272,000	31,003	43,890	12,887	6.87	7.67	0.02
Bank Alfalah Limited	296,500	626,500	-	923,000	-	-	-	-	-	-	-
Faysal Bank Limited	-	620,000	-	40,000	580,000	14,111	18,896	4,785	2.96	3.30	0.04
Habib Bank Limited	1,000	322,176	-	106,176	217,000	20,175	24,052	3,877	3.76	4.20	0.01
Habib Metropolitan Bank Limited	-	453,000	-	43,000	410,000	17,426	22,681	5,255	3.55	3.96	0.04
United Bank Limited (note 5.1.1)	111,000	192,000	-	193,000	110,000	13,810	19,562	5,752	3.06	3.42	0.01
						96,525	129,081	32,556	20.20	22.55	
Engineering											
International Steels Limited*	-	182,782	-	42,782	140,000	6,966	10,223	3,257	1.60	1.79	0.03
Mughal Iron & Steel Industries Limited	300,000	155,500	-	108,000	347,500	19,338	22,998	3,660	3.60	4.02	0.10
						26,304	33,221	6,917	5.20	5.81	
Fertilizer											
Engro Corporation Limited	73,000	-	-	73,000	-	-	-	-	-	-	-
Engro Fertilizer Limited	70,000	-	-	70,000	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	869,000	165,000	-	724,000	310,000	3,932	9,889	5,957	1.55	1.73	0.02
Fauji Fertilizer Company Limited	-	154,000	-	54,000	100,000	9,577	11,319	1,742	1.77	1.98	0.01
						13,509	21,208	7,699	3.32	3.71	
Food & Personal Care Products											
Murree Brewery Company Limited	10,650	-	-	10,650	-	-	-	-	-	-	-
National Foods Limited**	110,000	-	-	13,000	97,000	9,545	14,065	4,520	2.20	2.46	0.04
The Organic Meal Company Limited	308,722	-	-	308,722	-	-	-	-	-	-	-
						9,545	14,065	4,520	2.20	2.46	
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited**	-	442,000	-	-	442,000	6,054	6,299	245	0.99	1.10	0.18
						6,054	6,299	245	0.99	1.10	
Balance carried forward						300,467	429,612	110,583			

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

Name of investee company	As at July 1, 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						300,467	429,612	110,583									
Oil and Gas Exploration Companies																	
Mari Petroleum Company Limited	20,000	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	190,000	-	-	190,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Pakistan Petroleum Limited	-	245,000	-	245,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Oil and Gas Marketing Companies																	
Shell (Pakistan) Limited	40,000	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	150,000	-	-	7,500	142,500	5,610	10,477	4,867	1.64	1.83	0.02						
						5,610	10,477	4,867	1.64	1.83							
Paper And Board																	
Century Paper & Board Mills Limited	126,000	-	-	126,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Packages Limited	33,300	-	-	-	33,300	12,952	17,652	4,700	2.76	3.08	0.04						
						12,952	17,652	4,700	2.76	3.08							
Pharmaceuticals																	
Haleon Pakistan Limited	55,000	25,000	-	14,000	66,000	9,960	11,155	1,195	1.75	1.95	0.06						
Abbott Laboratories (Pakistan) Limited	-	7,000	-	-	7,000	3,150	3,221	71	0.50	0.56	0.01						
AGP Limited	55,000	-	-	55,000	-	-	-	-	-	-	-						
Citi Pharma limited	385,500	56,000	-	171,500	270,000	5,816	6,410	594	1.00	1.12	0.12						
Ferozsons Laboratories Limited	44,000	-	-	5,000	39,000	5,337	8,605	3,268	1.35	1.50	0.09						
Hightnoon Laboratories Limited	24,667	9,000	-	6,620	27,047	9,734	13,647	3,913	2.14	2.38	0.05						
						33,997	43,038	9,041	6.74	7.51							
Power Generation and Distribution																	
The Hub Power Company Limited	362,000	-	-	203,000	159,000	11,063	18,617	7,554	2.91	3.25	1.36						
Lajpur Power Limited*	-	60,000	-	-	60,000	914	1,355	441	0.21	0.24	0.02						
Nishal Chunian Power Limited*	-	250,000	-	-	250,000	6,770	6,993	223	1.09	1.22	0.07						
						18,747	26,965	8,218	4.21	4.71							
Refinery																	
Attock Refinery Limited	-	49,400	-	29,100	20,300	5,067	6,648	1,581	1.04	1.16	0.02						
						5,067	6,648	1,581	1.04	1.16							
Technology and Communication																	
Systems Limited	62,500	-	-	62,500	-	-	-	-	-	-	-						
Hum Network Limited***	250,000	-	-	250,000	-	-	-	-	-	-	-						
Textile Composite																	
Gul Ahmed Textile Mills Limited	372,424	415,000	-	162,000	625,424	11,702	13,509	1,807	2.11	2.36	0.08						
Inlcorp Limited	562,371	147,710	-	255,371	454,710	16,474	32,739	16,265	5.12	5.72	0.03						
Kohinoor Textile Mills Limited	294,000	-	-	294,000	-	-	-	-	-	-	-						
Nishal Mills Limited*	-	178,000	-	100,000	78,000	5,729	5,984	255	0.94	1.05	0.02						
						33,905	52,232	18,327	8.17	9.13							
Leather & Tanneries																	
Bata Pakistan Limited	1,920	-	-	1,920	-	-	-	-	-	-	-						
Chemicals																	
Archroma Pakistan Limited	13,700	-	-	-	13,700	6,439	6,575	136	1.03	1.15	0.04						
Ittehad Chemicals Limited	-	25,500	-	-	25,500	1,139	1,283	144	0.20	0.22	0.03						
Lucky Core Industries Limited	-	6,000	-	-	6,000	3,970	4,672	702	0.73	0.82	0.01						
						11,548	12,530	982	1.96	2.19							
Tobacco																	
Pakistan Tobacco Company Limited	9,400	6,500	-	100	15,800	10,278	17,863	7,585	2.80	3.12	0.01						
						10,278	17,863	7,585	2.80	3.12							
Miscellaneous																	
Pakistan Aluminium Beverage Cans Limited	-	25,000	-	-	25,000	1,646	1,889	243	0.30	0.33	0.01						
Synthetic Products Limited**	312,000	61,000	-	300,000	73,000	918	975	57	0.15	0.17	0.04						
						2,564	2,864	300	0.45	0.50							
Total as at December 31, 2023						401,138	548,714	147,576									
Total as at June 30, 2023						493,834	473,722	(20,112)									

*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

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

Name of security	December 31, 2023	June 30, 2023	December 31, 2023	June 30, 2023
	--- (Number of shares) ---		----- (Rupees in '000) -----	
Bank Alfalah Limited	-	250,000	-	7,610
Fauji Cement Company Limited	500,000	500,000	9,460	5,880
Maple Leaf Cement Factory Limited	300,000	200,000	11,676	5,666
United Bank Limited	110,000	110,000	19,562	12,929
	<u>910,000</u>	<u>1,060,000</u>	<u>40,698</u>	<u>32,085</u>

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, prepayments 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. 1.2089 million (June 30, 2023: Rs. 0.762 million).

5.2 Listed equity securities - Preference shares

Name of investee company	As at July 1, 2023	Reclassified from 'Available for sale'	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	Par value as percentage of issued capital of the investee company
							Carrying value	Market value	Unrealised (diminution) / appreciation			
							(Rupees in '000)			(%)		
Engro Polymer and Chemicals Limited	2,000,000	-	-	-	-	2,000,000	24,000	23,800	(200)	3.72	4.16	1.00
Total as at December 31, 2023							<u>24,000</u>	<u>23,800</u>	<u>(200)</u>			
Total as at June 30, 2023							<u>22,700</u>	<u>24,000</u>	<u>1,300</u>			

These shares carry dividend at the rate of 6 months KIBOR + 3.5% per annum on cumulative basis. The rate prevailing on June 30 and December 31 will be considered.

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

Tenor	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)									
Market Treasury Bills									
- 3 months	July 13, 2023	-	500,000	500,000	-	-	-	-	-
- 3 months	August 10, 2023	-	60,000	60,000	-	-	-	-	-
- 3 months	June 15, 2023	60,000	-	60,000	-	-	-	-	-
As at December 31, 2023									
As at June 30, 2023						57,665	57,581	(84)	

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

Market value of investments	5.1, 5.2 & 5.3	572,514	533,930
Less: Carrying value of investments	5.1, 5.2 & 5.3	(425,138)	(575,712)
		<u>147,376</u>	<u>(41,782)</u>

6 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management remuneration payable	6.1	1,632	1,655
Sindh Sales Tax payable on remuneration of the Management Company	6.2	212	215
Sales load payable		-	2
Payable against allocated expenses	6.3	55	50
Selling and marketing expenses	6.4	404	-
		<u>2,303</u>	<u>1,922</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 2.95% to 3.4% (December 31, 2022: 3.3%) 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.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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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:

Net Assets (Rs.)	Tariff applicable	
	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

- 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 "Asset Allocation 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 period.

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.

9 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31,	June 30,
		2023 (Un-audited)	2023 (Audited)
		----- (Rupees in '000) -----	
Provision for Federal Excise Duty and related tax payable on:	9.1		
- Remuneration of the Management Company		19,027	19,027
- Sales load		16,173	16,173
Withholding tax payable		35	-
Auditors' remuneration payable		538	674
Brokerage payable		137	233
Payable to legal advisor		48	-
Printing and related charges payable		91	-
Other payables		102	182
		<u>36,151</u>	<u>36,289</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 and sales load 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 35.2 million (June 30, 2023: Rs. 35.2 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. 6.33 per unit (June 30, 2023: Rs. 4.42 per unit).

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

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.

13 TOTAL EXPENSE RATIO

The annualised total expense ratio (TER) of the Fund based on the current period results is 5.01% (December 31, 2022: 4.65%) which includes 0.59% (December 31, 2022: 0.47%) representing government levies 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 "Asset Allocation scheme".

		December 31, 2023	December 31, 2022
		(Un-audited)	
		----- (Rupees in '000) -----	
14 CASH AND CASH EQUIVALENTS	Note		
Bank balances	4	91,650	197,760

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 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:

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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15.1 Details of transactions with the related parties / connected persons during the period are as follows:

	December 31, 2023	December 31, 2022
	(Un-audited)	
	----- (Rupees in '000) -----	
MCB Investment Management Limited - Management Company		
Remuneration of the Management Company (including indirect taxes)	11,489	15,308
Allocated expenses	265	411
Selling and marketing expenses	404	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee (including indirect taxes)	717	923
CDC settlement charges	67	18
Group / Associated Companies:		
MCB Bank Limited		
Profit on bank deposits	1	-
Bank charges	3	2
D. G. Khan Cement Company Limited		
Purchase of 164,500 (2022: 200,000) shares	9,258	12,495
Sale of 597,500 (2022: 340,000) shares	33,159	20,060
Dividend income	-	210
Aisha Steel Mills Limited		
Sale of Nil (2022: 700,000) shares	-	5,612
International Steel Limited		
Purchase of 182,782 (2022: Nil) shares	9,095	-
Sale of 42,782 (2022: Nil) shares	3,251	-
Dividend income	429	-
Lalpir Power Limited		
Sale of 60,000 (2022: Nil) shares	914	-
Nishat (Chunian) Limited		
Purchase of Nil (2022: 70,000) shares	-	2,599
Sale of Nil (2022: 844,345) shares	-	28,071
Dividend income	-	9,070
Nishat Chunian Power Limited		
Purchase of Nil (2022: 460,920) shares	-	7,402
Sale of Nil (2022: 700,000) shares	-	8,994
Dividend income	-	2,517
Nishat Mills Limited		
Purchase of 178,000 (2022: 210,000) shares	11,832	15,159
Sale of 100,000 (2022: 240,000) shares	6,411	15,676
Dividend income	-	620
	December 31,	June 30,
	2023	2023
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	

15.2 Amount outstanding as at period end / year end

MCB Investment Management Limited - Management Company		
Management remuneration payable	1,632	1,655
Sindh Sales Tax payable on remuneration of the Management Company	212	215
Sales load payable	-	2
Payable against allocated expenses	55	50
Marketing and selling payable	404	-

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	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	----- (Rupees in '000) -----	
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	110	100
Sindh Sales Tax on remuneration of Trustee	15	13
Security deposits	100	100
Group / associated companies:		
MCB Bank Limited		
Bank balance	5,155	5,264
International Steels Limited		
140,000 (June 30, 2023: Nil) shares held	10,223	-
D.G. Khan Cement Company Limited		
Nil (June 30, 2023: 433,000) shares held	-	22,213
Nishat Mills Limited		
78,000 (June 30, 2023: Nil) shares held	5,984	-
Lalpir Power Limited		
60,000 (June 30, 2023: Nil) shares held	1,355	-

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

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
Units				(Rupees in '000)			

Associated companies / undertakings								
Adamjee Life Assurance Company Limited - IMF	3,878,276	-	945,432	2,932,844	297,047	-	85,000	337,176
D.G. Khan Cement Company Limited Employees Provident Fund Trust	35,272	-	35,272	-	2,702	-	3,039	-
Mandate Under Discretionary Portfolio Services	287,748	-	10,738	277,010	22,039	-	1,120	31,847
Unitholders holding 10% or more								

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
Units				(Rupees in '000)			

Associated companies / undertakings								
Adamjee Life Assurance Company Limited - IMF	3,878,276	-	-	3,878,276	295,147	-	-	284,363
D.G. Khan Cement Company Limited Employees Provident Fund Trust	35,272	-	-	35,272	2,684	21	-	2,586
Mandate Under Discretionary Portfolio Services	157,085	190,941	60,278	287,748	11,955	14,000	4,498	21,098
Unitholders holding 10% or more	951,285	-	-	951,285	72,395	-	-	69,750

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.

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.

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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 - Ordinary Shares	548,714	-	-	548,714
Listed equity securities - Preference Shares	23,800	-	-	23,800
	<u>572,514</u>	<u>-</u>	<u>-</u>	<u>572,514</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 - Ordinary Shares	473,722	-	-	473,722
Listed equity securities - Preference Shares	24,000	-	-	24,000
Market Treasury Bills	-	57,581	-	57,581
	<u>497,722</u>	<u>57,581</u>	<u>-</u>	<u>555,303</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.

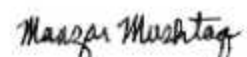
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

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

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