

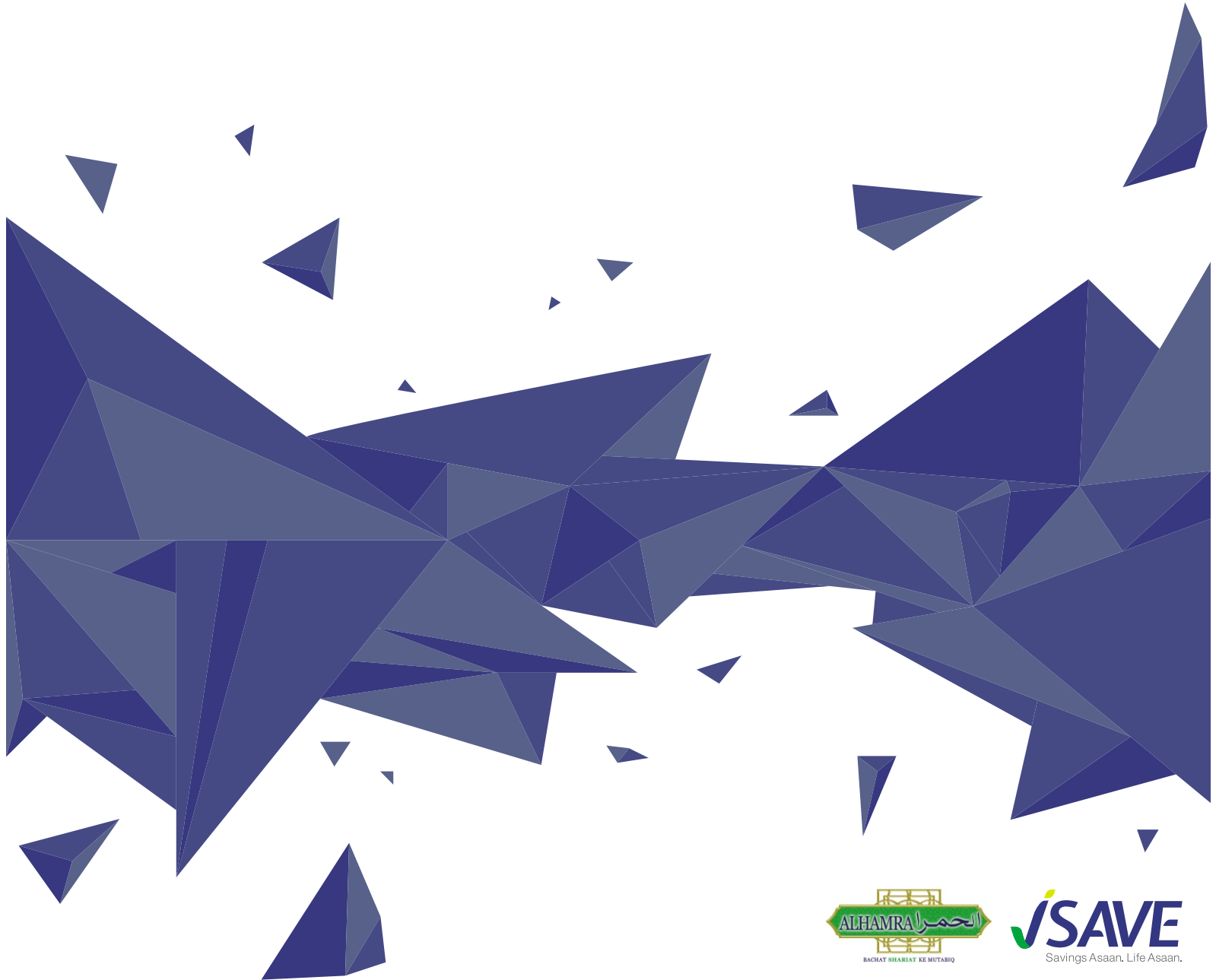


MCB FUNDS  
Investments for Life

# QUATERLY REPORT

MARCH  
**2024**  
(UNAUDITED)

Funds Under Management of  
MCB Investment Management Limited



# **MCB PAKISTAN SOVEREIGN FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB Investment Management Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	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
<b>Audit Committee</b>	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah	Chairman Member Member Member Member
<b>Credit Committee</b>	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah	Member Member Member Member
<b>Chief Executive Officer</b>	Mr. Khawaja Khalil Shah	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> CDC House, 99-B, Block 'B'S.M.C.H.S Main Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
<b>Bankers</b>	MCB Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited	Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqiati Bank Limited Js Bank Limited National Bank Of Pakistan
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	
<b>Transfer Agent</b>	<b>MCB Investment Management Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the nine months ended March 31, 2024.

### **Economy and Money Market Review**

Macroeconomic indicators have been on an improving path since 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, and managed to receive timely rollovers from friendly countries. It also showed unwavering commitment to remain compliant with the IMF targets and as a result government was able to successfully reach staff level agreement with IMF in the first and second reviews. After formation of new cabinet, the government has also publicly announced its intention to seek a new IMF program of at least USD 6.0 billion after the current program expires.

The 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. This led to the reduction of the difference between open market and interbank rates, which consequently improved remittances and export proceeds. The government has been running a subdued current account balance, which along with increased clarity on the external front has led the local currency to depict strength. The USD PKR close the period at 277.9 appreciating by 2.9% since the start of the year.

Country posted a current account deficit (CAD) of USD 1.0 billion in the first eight months of the fiscal year 2024 (8MFY24) declining by 74% YoY compared to a deficit of USD 3.8 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 10.2% increase in exports coupled with an 8.8% drop in imports led to a 27.6% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 8.0 billion as of March 2024 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 27.1% during first nine months of the fiscal year compared to 27.3% 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 March 18, 2024. The Committee assessed that the level of inflation remains high and its outlook is susceptible to risks amidst elevated inflation expectations which warranted a cautious approach in the near term.

The country's GDP grew by 1.0% in the second quarter of the financial year 2023-24 as compared to 2.2% in the same period last year. Agriculture grew by 5.0%, Services remained flattish at 0.01% while industrial sector witnessed a decline of -0.84%. Historic high interest rates coupled with political uncertainty were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 30.1% in 9MFY24 to PKR 6,709 billion, outpacing the target by a modest PKR 1bn.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

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### FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 20.96% as against its benchmark return of 23.85%. At period-end, the fund decreased its exposure in cash to 4.7% from 20.1%.

The Net Assets of the Fund as at March 31, 2024 stood at Rs. 9,148 million as compared to Rs. 674 million as at June 30, 2023 registering an increase of 1257.27%.

The Net Asset Value (NAV) per unit as at March 31, 2024 was Rs. 62.32 as compared to opening NAV of Rs. 53.82 per unit as at June 30, 2023 registering an increase of Rs. 8.50 per unit.

### Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 2.7% in FY24 after a dismal performance last year where the GDP contracted by 0.17%. The outlook for agricultural output is optimistic, with an expected increase of 6.1%. This growth is attributed to rebound in production compared to the previous year, which was marred by heavy floods affecting crops like rice and cotton. Particularly encouraging is the notable increase in cotton arrivals, rising by 71% year-on-year to reach 8.4 million bales in the fiscal year 2024. However Industrial and services sector growth is likely to remain lackluster and will clock at 1.1% and 1.8% respectively due to overall economic slowdown amid all time high interest rates.

We expect government to enter a new long-term IMF program worth atleast USD 6 billion, after the current program expires. Successful continuation of the IMF program will be a key positive as it will allow us to tap funding from bilateral and multilateral sources. 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 1.4 billion (0.4% of GDP) in FY24 and USD 3.2bn (0.8% of GDP) in FY25 as policy of consolidation is likely to continue under the IMF umbrella.

The USD PKR is expected to remain stable as the government is focusing on improving current account deficit on the back of recovery in export and remittances. Entry into the new IMF program will also increase visibility on the external funding. We expect USD/PKR to close the fiscal year around PKR 300.

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in March 2024 clocked of 20.7% which was the lowest since May 2022. The core inflation also registered a significant slowdown, clocking at 15.7% which is a low of 18 months. The inflation reading is expected to decline to 18-19% by June 2024 and 13-14% by December 2024. This will allow Monetary Policy Committee to cut interest by 2% till June 2024 and around 5-6% by December 2024.

From the capital market perspective particularly equities, the market is still trading at cheap valuations. Market cap to GDP ratio is at 9.4%, a discount of 51% from its historical average of 19.1%. Similarly, Earning Yield minus Risk Free Rate is close to 9.0%, 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 4.3x, while offering a dividend yield of 11.9%.

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

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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 have added government bonds in Income Funds 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 48.3% during 9MFY24 to PKR 2,319 billion. Total money market funds grew by about 30.0% since June 2023. Within the money market sphere, conventional funds showed a growth of 17.4% to PKR 556 billion while Islamic funds increased by 43.9% to PKR 618 billion. In addition, the total fixed Income funds increased by about 93.2% since June 2023 to PKR 714 billion while Equity and related funds increased by 35.3% to PKR 227 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 50.6%, followed by Income funds with 30.8% and Equity and Equity related funds having a share of 9.8% as at the end of March 2024.

### 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 is likely to see inflows post new IMF agreement. Relatively 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  
April 22, 2024



**Manzar Mushtaq**  
Director  
April 22, 2024

## ڈائریکٹرز رپورٹ

بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سہولت حاصل ہے اس کی بدولت ہم آئن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا اُن کے مسلسل تعاون اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کو اُن کی محنت کے لیے خراج تحسین پیش کرتے ہیں۔

منجانب ڈائریکٹرز

*Manzoor Mushtaq*

منظر مشتاق

ڈائریکٹر

کراچی، 22 اپریل 2024ء

*خواجہ خلیل شاہ*

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

کراچی، 22 اپریل 2024ء



## ڈائریکٹرز رپورٹ

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 9.4 فیصد ہے جو اس کے قدیم اوسط 19.1 فیصد سے 51 فیصد کمی ہے۔ اسی طرح Earning Yield سے محفوظ شرح کم کرنے پر تقریباً 9.0 فیصد کے قریب بنتا ہے، اور اس کے تاریخی اوسط 2.7 فیصد 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 4.3x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 11.9 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ درمیانی اور طویل مدت کے سرمایہ کار بانڈ اور انکم فنڈز سے مستفیدہ سکتے ہیں جہاں زیادہ مدت میں سود کی شرح کے مستقبل کے امکانات کی بنیاد پر سرمائے میں اضافے کے مواقع پیدا ہوں گے۔ ہم نے حکومتی بانڈز کو انکم فنڈز میں شامل کر دیا ہے تاکہ قریبی 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 کے پہلے نو ماہ کے دوران تقریباً 48.3 فیصد بڑھ کر 2,319 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2023ء سے اب تک تقریباً 30.0 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 17.4 فیصد بڑھ کر 556 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 43.9 فیصد بڑھ کر 618 بلین روپے ہو گئے۔ مزید براں، فکسڈ انکم کے مجموعی فنڈز جون 2023ء سے اب تک تقریباً 93.2 فیصد بڑھ کر 714 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 35.3 فیصد بڑھ کر 227 بلین روپے ہو گئے۔

شعبہ جاتی شراکت کے اعتبار سے مارچ 2024ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 50.6 فیصد کے ساتھ سب سے آگے تھے، جبکہ انکم فنڈز 30.8 فیصد اور ایکویٹی اور متعلقہ فنڈز 9.8 فیصد رہے

### میوچل فنڈ صنعت کا نقطہ نظر

سود کی شرحوں میں کمی کی بنیاد پر بانڈ فنڈز اور ایکویٹیز، دونوں کی کارکردگی اگلے سال اچھی ہونے کا امکان ہے۔ دوران سال انکم فنڈز میں سرمایہ کاروں کی قابل ذکر دلچسپی صاف ظاہر تھی جبکہ ایکویٹی فنڈز میں آئی ایم ایف کے نئے معاہدے کے بعد بہتری متوقع ہے۔ دوران مدت نسبتاً زیادہ شروع سود سے منی مارکیٹ فنڈز میں پائیدار آمدات 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

معیشت اور مارکیٹ - مستقبل کے امکانات

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) گزشتہ سال مایوس کن کارکردگی (0.17 فیصد کمی) کے بعد مالی سال 2024ء میں متوقع طور پر بحال ہو کر 2.7 فیصد ہو جائے گی۔ زرعی پیداوار کا مستقبل امید افزا ہے اور اس میں 6.1 فیصد کی ترقی متوقع ہے کیونکہ پیداوار گزشتہ سال کے مقابلے میں بحال ہوئی ہے جب شدید سیلابوں نے چاول اور کپاس جیسی فصلوں کو بھاری نقصان پہنچایا تھا۔ خاص طور پر حوصلہ بخش بات کپاس کی پیداوار میں قابل ذکر اضافہ ہے جو 71 فیصد سال در سال (YoY) بڑھ کر مالی سال 2024ء میں 8.4 ملین گانٹھیں ہو گئی۔ تاہم صنعت اور خدمات کے شعبوں کی ترقی کی ترقی کی ترقی کا امکان ہے جو بالترتیب 1.1 فیصد اور 1.8 فیصد ہوگی، اور اس کے عوامل مجموعی طور پر معاشی سست رفتاری اور سود کی شرحوں کی بلند ترین سطحیں ہیں۔

ہمیں امید ہے کہ حکومت آئی ایم ایف کے موجودہ پروگرام کی میعاد ختم ہونے کے بعد کم از کم 6 بلین ڈالر مالیت ایک نئے طویل المیعاد پروگرام میں داخل ہو جائے گی۔ آئی ایم ایف پروگرام کو کامیابی کے ساتھ جاری رکھنا بے حد اہمیت کا حامل ہوگا کیونکہ اس سے دو جہتی اور کثیر الجہتی ذرائع سے رقم حاصل کرنے میں مدد ملے گی۔ تاہم ہماری خارجی حالت تاحال غیر یقینی کا شکار ہے کیونکہ عالمی سطح پر مشکل حالات کے باعث ہم شاید بین الاقوامی یورو بانڈ اور سنکک کا اجراء نہیں کر سکیں گے۔ علاوہ ازیں، غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) اور RDA سے حاصل ہونے والی آمدنی موجودہ معاشی مسائل کے باعث متوقع طور پر رُک رہے گی۔ چنانچہ ہمیں اس سال ایک پائیدار قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی مسائل حل ہو سکیں۔ مالی سال 2024ء میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) متوقع طور پر 1.4 بلین ڈالر (جی ڈی پی کا 0.4 فیصد ہوگا)، جبکہ مالی سال 2025ء میں 3.2 بلین ڈالر (جی ڈی پی کا 0.8 فیصد) ہوگا، کیونکہ آئی ایم ایف کی چھتری تلے استحکام کی پالیسی جاری رہنے کا امکان ہے۔

ڈالر اور روپے کا تناسب مستحکم رہنے کا امکان ہے کیونکہ حکومت برآمدات اور ترسیلات میں بحالی کی بنیاد پر کرنٹ اکاؤنٹ خسارہ کم کرنے کی طرف توجہ دے رہی ہے۔ نئے آئی ایم ایف پروگرام میں داخل ہونے سے بھی خارجی محاذ پر حصولِ رقم کی صورت حال واضح ہوگی۔ ہمیں توقع ہے کہ مالی سال کے اختتام پر ڈالر اور روپے کا تناسب تقریباً 300 ہوگا۔

مہنگائی کی سطح base کے اثر اور نسبتاً مستحکم روپے کے باعث نیچے آنا شروع ہو گئی ہے۔ مارچ 2024ء میں ہیڈ لائن مہنگائی 20.7 فیصد تک پہنچ گئی تھی جو مئی 2022ء سے اب تک کم ترین عدد ہے۔ بنیادی مہنگائی بھی قابل ذکر حد تک کم ہو کر 15.7 فیصد ہو گئی جو گزشتہ 18 ماہ کی کم ترین سطح ہے۔ جون 2024ء تک مہنگائی مزید کم ہو کر 18 تا 19 فیصد اور دسمبر 2024ء تک 13 تا 14 فیصد ہو جانے کا امکان ہے۔ اس کی بدولت مانیٹری پالیسی کمیٹی جون 2024ء تک سود کو کم کر کے 2 فیصد اور دسمبر 2024ء تک تقریباً 5 تا 6 فیصد کر سکے گی۔

## ڈائریکٹرز رپورٹ

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط زیر جائزہ مالی سال کے پہلے نو ماہ کے دوران 27.1 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 27.3 فیصد تھا۔ مہنگائی بلند تر سطح پر رہی کیونکہ گزشتہ مدتوں میں روپے کی قدر میں خطیر کمی کے باعث اشیائے خورد و نوش اور توانائی کی قیمتوں میں اضافہ ہوا۔ علاوہ ازیں، حکومت نے آئی ایم ایف کی شرائط کی تعمیل میں بجلی اور گیس کی قیمتوں میں اضافہ کیا جس کے باعث مہنگائی کے دباؤ میں بھی مزید اضافہ ہوا۔ ایس بی پی نے مانیٹری پالیسی منعقدہ 18 مارچ 2024ء میں موجودہ صورتحال برقرار رکھی۔ کمیٹی نے جائزہ لیا کہ مہنگائی کی سطح بدستور بلند ہے اور مستقبل میں اس کو خطرات لاحق ہو سکتے ہیں جس کے باعث نئی مدت میں محتاط لائحہ عمل اختیار کرنا ہوگا۔

مجموعی ملکی پیداوار (GDP) میں مالی سال 2023-24ء کی دوسری سہ ماہی میں 1.0 فیصد ترقی ہوئی جو گزشتہ سال مماثل مدت میں 2.2 فیصد تھی۔ زراعت میں 5.0 فیصد ترقی ہوئی، خدمات کے شعبے میں معمولی 0.01 فیصد اضافہ ہوا، جبکہ صنعت میں 0.84 فیصد کمی ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ سیاسی غیر یقینی صورتحال صنعتی ماحاصل میں تنزلی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں ایف بی آر ٹیکس حصولی مالی سال 2024ء کے پہلے نو ماہ میں 30.1 فیصد بڑھ کر 6,709 بلین روپے ہو گئی، جو ہدف سے 1 بلین روپے زیادہ ہے۔

## فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 20.96 فیصد تھا جبکہ مقررہ معیار 23.85 فیصد تھا۔ اختتام مدت پر فنڈ نے نقد میں سرمایہ کاری کو 20.1 فیصد سے کم کر کے 4.7 فیصد کر دیا۔

31 مارچ 2024ء کو فنڈ کے net اثاثہ جات 9,148 ملین روپے تھے، جو 30 جون 2023ء کی سطح 674 ملین روپے کے مقابلے میں 1257.27 فیصد اضافہ ہے۔

31 مارچ 2024ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 62.32 روپے تھی، جو 30 جون 2023ء کو ابتدائی این اے وی فی یونٹ 53.82 روپے کے مقابلے میں 8.50 روپے فی یونٹ اضافہ ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان Sovereign فنڈ کے اکاؤنٹس نو ماہ مختتمہ 31 مارچ 2024ء کا جائزہ پیش خدمت ہے۔

### معیشت اور بازار کا جائزہ

مجموعی معاشی اشارے سال کے آغاز سے بہتری کی جانب گامزن رہے۔ حکومت نے جون 2023ء میں آئی ایم ایف کا بے حد مطلوب 3 بلین ڈالر کا اسٹینڈ بائے اگریمنٹ (ایس بی اے) حاصل کر لیا اور دوست ممالک سے بروقت rollovers بھی حاصل کر لیے۔ علاوہ ازیں، آئی ایم ایف کے اہداف کی تعمیل جاری رکھنے کے غیر متزلزل عزم کے نتیجے میں حکومت آئی ایم ایف کے ساتھ پہلے اور دوسرے جائزوں میں اسٹاف لیول معاہدے تک پہنچنے میں بھی کامیاب ہو گئی۔ مزید برآں، حکومت نے نئی کابینہ کی تشکیل کے بعد حکومت نے اعلان کر دیا ہے کہ آئی ایم ایف کے موجودہ پروگرام کی میعاد ختم ہونے کے بعد کم از کم 6.0 بلین ڈالر کا نیا پروگرام حاصل کرنے کا ارادہ ہے۔

نگراں حکومت نے روپے پر قیاسی دباؤ کا سامنا کرنے کے بعد ستمبر 2023ء میں ڈالر کی اسمگلنگ اور افغان ٹرانزٹ کے غیر قانونی استعمال کے خلاف فیصلہ کن اقدام اٹھائے جس کی بدولت زرمبادلہ کی شرح تیزی سے بحال ہوئی۔ اس کے نتیجے میں اوپن مارکیٹ اور انٹر بینک شرحوں کے درمیان فرق میں کمی ہوئی جس کی بدولت ترسیلات زر اور برآمدات میں بہتری آئی۔ حکومت کرنٹ اکاؤنٹ بیلنس کو کم کر رہی ہے، جس نے خارجی محاذ پر واضح صورت حال کے ساتھ ساتھ مقامی کرنسی کی مضبوطی ظاہر ہو رہی ہے۔ اختتام مدت پر ڈالر اور روپے کا فرق 277.9 تھا، جو آغاز سال کے مقابلے میں 2.9 فیصد زیادہ ہے۔


مالی سال 2024ء کے پہلے آٹھ ماہ میں ملک کا کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) 1.0 بلین ڈالر تھا، جو گزشتہ سال مماثل مدت میں 3.8 بلین ڈالر کے مقابلے میں 74 فیصد (سال در سال) کمی ہے۔ CAD میں کمی کی سب سے بڑی وجہ کاروباری خسارے میں کمی ہے۔ برآمدات میں 10.2 فیصد اضافہ اور درآمدات میں 8.8 فیصد کمی کی بدولت کاروباری خسارے میں 27.6 فیصد کمی ہوئی۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے زرمبادلہ کے ذخائر، جو گزشتہ مالی سال کے اختتام پر 4.4 بلین ڈالر تھے، آئی ایم ایف، دوست ممالک اور کثیر الجہتی ذرائع سے آمدات کی بدولت بڑھ کر مارچ 2024ء تک 8.0 بلین ڈالر ہو گئے جس کی بدولت ملک کی خارجی صورت حال میں بہتری آئی۔

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2024

		(Un-Audited) Mar 31, 2024	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Bank balances	4	570,315	192,195
Investments	5	11,360,721	511,943
Profit receivable		240,699	19,736
Advances, prepayments and other receivables		3,421	3,246
<b>Total assets</b>		<b>12,175,156</b>	<b>727,120</b>
<b>LIABILITIES</b>			
Payable to MCB Investment Management Limited – Management Company	6	24,657	1,291
Payable to the Central Depository Company of Pakistan Limited - Trustee		542	34
Payable to the Securities and Exchange Commission of Pakistan		654	132
Payable against purchase of investments		2,953,189	-
Dividend payable		2	2
Accrued expenses and other liabilities	8	48,612	52,041
<b>Total liabilities</b>		<b>3,027,656</b>	<b>53,500</b>
<b>NET ASSETS</b>		<b>9,147,500</b>	<b>673,620</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>9,147,500</b>	<b>673,620</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>146,776,284</b>	<b>12,515,525</b>
		----- (Rupees) -----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>62.32</b>	<b>53.82</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024**

	Nine months ended March 31,		Quarter ended March 31,	
	2024	2023	2024	2023
<b>INCOME</b>	Note ----- (Rupees in '000) -----			
Income from government securities	934,201	69,248	521,560	27,163
Capital (loss) /Gain on sale of investments - net	(62,385)	5,748	(63,756)	(1,216)
Profit on bank deposits	93,622	13,942	29,699	1,235
Unrealised appreciation /(diminution) in fair value of investments classified 'at fair value through profit or loss' - net	17,707	(12,743)	-	-
<b>Total income</b>	<b>983,146</b>	<b>76,195</b>	<b>504,811</b>	<b>18,677</b>
<b>EXPENSES</b>				
Remuneration of the Management Company	56,967	2,879	27,397	652
Sindh Sales Tax on remuneration of the Management Company	7,405	376	3,561	85
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	2,775	277	1,573	87
Sindh Sales Tax on remuneration of Trustee	361	36	205	11
Securities and Exchange Commission of Pakistan - annual fee	3,784	101	2,146	32
Allocated expenses	5,377	705	2,789	238
Marketing and selling expenses	24,616	1,859	14,014	793
Brokerage expenses	2,148	321	764	44
Legal and professional expenses	184	158	93	76
Auditors' remuneration	723	489	381	148
Other expenses	1,378	689	514	207
<b>Total expenses</b>	<b>105,716</b>	<b>7,890</b>	<b>53,435</b>	<b>2,374</b>
<b>Net income from operating activities</b>	<b>877,430</b>	<b>68,305</b>	<b>451,375</b>	<b>16,303</b>
Taxation	10	-	-	-
<b>Net income for the period</b>	<b>877,430</b>	<b>68,305</b>	<b>451,375</b>	<b>16,303</b>
<b>Allocation of net income for the period:</b>				
Net income for the period	877,430	68,305		
Income already paid on units redeemed	(30,029)	(13,340)		
	<b>847,400</b>	<b>54,966</b>		
<b>Accounting income available for distribution:</b>				
- Relating to capital gains	-	-		
- Excluding capital gains	847,400	54,966		
	<b>847,400</b>	<b>54,966</b>		
<b>Earnings per unit</b>	11			

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



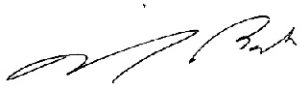
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024**

	Nine months ended March 31,		Quarter ended Mar 31,	
	2024	2023	2024	2023
	----- (Rupees in '000) -----			
Net income for the period after taxation	877,430	68,305	451,375	16,304
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>877,430</b>	<b>68,305</b>	<b>451,375</b>	<b>16,304</b>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Nine months ended Mar 31,					
	2024			2023		
	(Rupees in '000)					
Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	
Net assets at beginning of the period	1,375,200	(701,580)	673,620	1,316,281	(705,910)	610,371
Issue of units 425,706,597 (2023: 17,920,998 units):						
- Capital value (at net asset value per unit at the beginning of the year)	22,911,529	-	22,911,529	958,057	-	958,057
- Element of income	1,983,788	-	1,983,788	34,193	-	34,193
	<u>24,895,317</u>	<u>-</u>	<u>24,895,317</u>	<u>992,250</u>	<u>-</u>	<u>992,250</u>
Redemption of 291,445,838 units (2022: 19,004,730 units):						
- Capital value (at net asset value per unit at the beginning of the year)	(15,580,695)	-	(15,580,695)	(1,015,993)	-	(1,015,993)
- Amount paid out of element of Income relating to net income for the period after taxation	(1,748,201)	(30,029)	(1,718,172)	(45,429)	(13,340)	(58,769)
	<u>(17,328,896)</u>	<u>(30,029)</u>	<u>(17,298,867)</u>	<u>(1,061,422)</u>	<u>(13,340)</u>	<u>(1,061,421)</u>
Total comprehensive income for the period	-	877,430	877,430	-	68,305	68,305
<b>Net assets as at the end of the period</b>	<u>8,941,621</u>	<u>145,820</u>	<u>9,147,500</u>	<u>1,247,109</u>	<u>(650,944)</u>	<u>609,504</u>
Undistributed loss brought forward						
- Realised		(688,112)			(704,873)	
- Unrealised		(13,468)			(1,038)	
		<u>(701,580)</u>			<u>(705,911)</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		847,400			54,966	
		<u>847,400</u>			<u>54,966</u>	
<b>Undistributed loss carried forward</b>		<u>145,820</u>			<u>(650,944)</u>	
Undistributed loss carried forward						
- Realised		128,113			(638,201)	
- Unrealised		17,707			(12,743)	
		<u>145,820</u>			<u>(650,944)</u>	
		<u>---</u>	<u>(Rupees) ---</u>		<u>---</u>	<u>(Rupees) ---</u>
Net assets value per unit as at beginning of the period		<u>53.82</u>			<u>53.46</u>	
Net assets value per unit as at end of the period		<u>62.32</u>			<u>58.98</u>	

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Nine months ended March 31,	
	2024	2023
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	877,430	68,305
<b>Adjustments for:</b>		
Capital loss/ (gain) on sale on investments-net	62,385	(5,748)
Unrealised diminution / (appreciation) on fair value of investments classified 'at fair value through profit or loss' - net	(17,707)	12,743
	<u>922,108</u>	<u>75,300</u>
<b>(Increase) / decrease in assets</b>		
Investments	(10,598,951)	(81,699)
Profit receivable	(220,963)	(475)
Advances and prepayments	(175)	(189)
	<u>(10,820,089)</u>	<u>(82,363)</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	23,367	(75)
Payable to the Central Depository Company of Pakistan Limited - Trustee	508	1
Payable to the Securities and Exchange Commission of Pakistan	522	(38)
Payable against purchase of investments	2,953,189	(483,428)
Dividend payable	(0)	-
Accrued expenses and other liabilities	(3,429)	(879)
	<u>2,974,156</u>	<u>(484,419)</u>
<b>Net cash used in operating activities</b>	<u>(6,923,825)</u>	<u>(491,482)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	24,895,317	992,250
Payments on redemption of units	(17,298,867)	(1,061,421)
<b>Net cash (used in) financing activities</b>	<u>7,596,450</u>	<u>(69,171)</u>
<b>Net increase in cash and cash equivalents during the period</b>	<u>672,625</u>	<u>(560,654)</u>
Cash and cash equivalents at beginning of the period	192,195	637,844
<b>Cash and cash equivalents at end of the period</b>	<u>864,820</u>	<u>77,190</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

## 1. LEGAL STATUS AND NATURE OF BUSINESS

MCB Pakistan Sovereign 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 December 20, 2002 consequent to which Trust Deed was executed on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the 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 13, 2021 the above-mentioned Trust Deed had been registered under the Sindh Trust Act.

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.

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 certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.

The Fund is an open ended mutual Fund and is listed on the Pakistan Stock Exchange Limited. MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund. The units of the Funds 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 'Income scheme' by the Board of Directors of Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP.

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 and has maintained the stability rating of the Fund at AA-(f) on March 8, 2024 (June 30, 2023: AA-(f) dated September 9, 2022). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.

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

### 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 NBFC Rules), 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 NINE MONTHS ENDED MARCH 31, 2024

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed

- 2.1 This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2023. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2024 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2023, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2023.
- 2.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.3 In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.4 This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

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.

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 recognized 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 Funds for the year ended June 30, 2023.

#### 3.1. 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.

#### 3.2. 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	(Un-Audited) March 31, 2024	(Audited) June 30, 2023
----- (Rupees in '000) -----			
- In savings accounts	4.1	554,215	190,089
- In current accounts	4.2	16,101	2,106
		<b>570,315</b>	<b>192,195</b>

- 4.1. These carry mark-up at rates ranging between 20.50% to 21.80% (June 30, 2023: 12.25% to 21.50%) per annum and include bank balance of Rs. 0.924 million (June 30, 2023: Rs. 0.665 million) maintained with MCB Bank Limited (a related party) which carries profit rate 20.5% (June 30, 2023: 19.5%) per annum .

- 4.2. These include a balance of Rs. 16.09 million (June 30, 2023: Rs. 2.09 million) held with MCB Bank Limited (a related party).

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	<b>(Un-Audited)</b>	<b>(Audited)</b>
	<b>March 31,</b>	<b>June 30,</b>
	<b>2024</b>	<b>2023</b>
	-----	-----
	<b>(Rupees in '000)</b>	<b>(Rupees in '000)</b>
<b>Note</b>		
5.1	2,395,358	4,923
5.2	186,802	301,861
5.3	4,946,529	205,159
5.4	3,832,032	-
	<u>11,360,721</u>	<u>511,943</u>

**INVESTMENTS**

Government securities - Pakistan Investment Bonds  
Government securities - Pakistan Investment Bonds (FRB)  
Government securities - Treasury Bills  
Government securities - GoP Ijara Sukuks

**Government securities - Pakistan Investment Bonds**

Name of security	Date of issue	Face value			As at 31 Mar 2024			Market value		
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at Mar 31, 2024	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----										
Pakistan Investment Bonds - 3 years	4-Jul-23	-	5,250,000	4,000,000	1,250,000	1,140,938	1,133,601	(7,337)	12.39	9.98
Pakistan Investment Bonds - 5 years	15-Feb-24	-	2,500,000	1,250,000	1,250,000	1,172,822	1,171,995	(827)	12.81	10.32
Pakistan Investment Bonds - 20 years	13-Oct-22	-	100,000	-	100,000	85,818	84,383	(1,434)	0.92	0.74
	17-Jan-24	-	675,000	675,000	-	-	-	-	-	-
	10-Jun-04	5,500	-	-	5,500	5,383	5,379	(4)	0.00%	0.05%
<b>Total as at March 31, 2024</b>						<b>2,404,961</b>	<b>2,395,358</b>	<b>(9,603)</b>		
Total as at June 30, 2023						5,328	4,923	(405)		

**Government securities - Pakistan Investment Bonds (FRB)**

Name of security	Date of issue	Face value			As at 31 Mar 2024			Market value		
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at Mar 31, 2024	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
----- (Rupees in '000) ----- % -----										
Pakistan Investment Bonds FRB - 2 years	6-Apr-23	-	500,000	500,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds FRB - 3 years	21-Sep-23	-	850,000	850,000	-	-	-	-	0.00%	0.00%
Pakistan Investment Bonds FRB - 5 years	6-May-21	125,000	-	125,000	-	-	-	-	0.00%	0.00%
	6-Apr-23	-	500,000	500,000	-	-	-	-	0.00%	0.00%
	10-Aug-23	-	325,000	325,000	-	-	-	-	0.00%	0.00%
	21-Sep-23	-	2,860,000	2,860,000	-	-	-	-	0.00%	0.00%
	19-Oct-23	-	6,250,000	6,250,000	-	-	-	-	0.00%	0.00%
	14-Dec-23	100,000	600,000	600,000	100,000	95,804	98,350	2,546	1.08%	0.87%
	25-Jul-19	90,000	-	-	90,000	86,359	88,452	2,093	0.97%	0.78%
	22-Aug-19	-	4,050,000	4,050,000	-	-	-	-	0.00%	0.00%
	4-Nov-21	-	-	-	-	-	-	-	-	-
<b>Total as at March 31, 2024</b>						<b>182,164</b>	<b>186,802</b>	<b>4,638</b>		
Total as at June 30, 2023						3,13,070	301,861	(11,209)		

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**5.3 Government securities - Treasury Bills**

5.

Name of security	Date of issue	Face value			As at 31 Mar 2024			Market value		
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at Mar 31, 2024	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
<b>3 Months</b>										
Market treasury bills - 3 months	20-Apr-23	-	250,000	250,000	-	-	-	-	-	-
Market treasury bills - 3 months	18-May-23	-	600,000	600,000	-	-	-	-	-	-
Market treasury bills - 3 months	15-Jun-23	-	1,950,000	1,950,000	-	-	-	-	-	-
Market treasury bills - 3 months	22-Jun-23	-	5,300,000	5,300,000	-	-	-	-	-	-
Market treasury bills - 3 months	13-Jul-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	10-Aug-23	-	700,000	700,000	-	-	-	-	-	-
Market treasury bills - 3 months	24-Aug-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	7-Sep-23	-	2,000,000	2,000,000	-	-	-	-	-	-
Market treasury bills - 3 months	21-Sep-23	-	765,000	765,000	-	-	-	-	-	-
Market treasury bills - 3 months	5-Oct-23	-	1,075,000	1,075,000	-	-	-	-	-	-
Market treasury bills - 3 months	19-Oct-23	-	1,900,000	1,900,000	-	-	-	-	-	-
Market treasury bills - 3 months	2-Nov-23	-	5,500,000	5,500,000	-	-	-	-	-	-
Market treasury bills - 3 months	16-Nov-23	-	1,400,000	1,400,000	-	-	-	-	-	-
Market treasury bills - 3 months	30-Nov-23	-	1,810,000	1,810,000	-	-	-	-	-	-
Market treasury bills - 3 months	14-Dec-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	28-Dec-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	11-Jan-24	-	125,000	125,000	-	-	-	-	-	-
Market treasury bills - 3 months	25-Jan-24	-	375,000	375,000	-	-	-	-	-	-
Market treasury bills - 3 months	7-Feb-24	-	800,000	500,000	300,000	294,517	294,505	(12)	3	3
Market treasury bills - 3 months	22-Feb-24	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 3 months	7-Mar-24	-	375,000	375,000	-	-	-	-	-	-
Market treasury bills - 3 months	21-Mar-24	-	500,000	500,000	-	-	-	-	-	-
<b>6 Months</b>										
Market treasury bills - 6 months	27-Mar-23	-	1,000,000	1,000,000	-	-	-	-	-	-
Market treasury bills - 6 months	19-Oct-23	-	1,200,000	1,200,000	-	-	-	-	-	-
Market treasury bills - 6 months	2-Nov-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	16-Nov-23	-	6,000,000	6,000,000	-	-	-	-	-	-
Market treasury bills - 6 months	30-Nov-23	-	3,000,000	2,100,000	900,000	869,867	869,665	(203)	10	8
Market treasury bills - 6 months	14-Dec-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	28-Dec-23	-	500,000	500,000	-	-	-	-	-	-
Market treasury bills - 6 months	11-Jan-24	-	125,000	125,000	-	-	-	-	-	-
Market treasury bills - 6 months	7-Mar-24	-	750,000	375,000	375,000	344,157	343,078	(1,080)	4	3

5.1

5.2

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

Name of security	Date of issue	Face value			As at 31 Mar 2024			Market value		
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at Mar 31, 2024	Carrying value	Market value	Unrealised gain / (loss)	As a percentage of net assets	As a percentage of total investments
<b>12 Months</b>										
Market treasury bills - 12 months	15-Jun-23	250,000	-	250,000	-	-	-	-	-	-
Market treasury bills - 12 months	13-Jul-23	-	4,750,000	4,750,000	-	-	-	-	-	-
Market treasury bills - 12 months	19-Oct-23	-	21,543,900	21,350,000	193,900	174,182	173,520	(662)	2	2
Market treasury bills - 12 months	2-Nov-23	-	41,825,000	39,200,000	2,625,000	2,331,522	2,331,840	318	25	21
Market treasury bills - 12 months	16-Nov-23	-	2,900,000	2,832,000	68,000	60,148	59,965	(183)	1	1
Market treasury bills - 12 months	30-Nov-23	-	6,800,000	6,790,000	10,000	8,822	8,755	(68)	-	-
Market treasury bills - 12 months	14-Dec-23	-	2,000,000	2,000,000	-	-	-	-	-	-
Market treasury bills - 12 months	28-Dec-23	-	2,500,000	2,500,000	-	-	-	-	-	-
Market treasury bills - 12 months	11-Jan-24	-	1,010,000	740,000	270,000	231,419	231,518	99	3	2
Market treasury bills - 12 months	25-Jan-24	-	3,451,600	2,708,000	743,600	633,794	633,684	(110)	7	6
Market treasury bills - 12 months	21-Mar-24	-	1,500,000	1,500,000	-	-	-	-	-	-
<b>Total as at March 31, 2024</b>					<b>4,948,429</b>	<b>4,946,529</b>	<b>(1,900)</b>			
Total as at June 30, 2023					207,013	205,159	(1,854)			

**5.4 Government securities - GoP Ijara Sukuks**

Name of security	Issue date	Face value			Balance as at March 31, 2023			Market value as a percentage of Total investment		
		As at July 01, 2023	Purchased during the period	Sold / matured during the period	As at March 31, 2024	Carrying value	Market value	Unrealised Appreciation/ (Diminution)	Net assets	Total investment
<b>GoP Ijara Sukuk</b>										
- 01 year	March 8, 2023	-	375,000	375,000	-	-	-	-	-	-
- 01 year	April 17, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
- 01 year	August 7, 2023	-	1,034,000	969,000	65,000	65,295	65,013	(282)	1	1
- 01 year	September 20, 2023	-	225,000	-	225,000	224,988	225,000	12	2	2
- 01 year	October 9, 2023	-	435,000	435,000	-	-	-	-	-	-
- 01 year	December 4, 2023	-	150,000	-	150,000	150,130	150,000	(130)	2	1
- 01 year	March 15, 2024	-	25,000	-	25,000	21,021	20,978	(43)	-	-
<b>GoP Ijara Sukuk</b>										
- 03 years	June 26, 2023	-	600,000	-	600,000	594,840	618,180	23,340	7	5
- 03 years	December 4, 2023	-	425,000	-	425,000	425,355	424,710	(645)	5	4
- 03 years	January 24, 2024	-	325,000	-	325,000	325,000	326,438	1,438	4	3
<b>GoP Ijara Sukuk</b>										
- 05 years	December 4, 2023	-	725,000	75,000	650,000	651,289	652,175	886	7	6
- 05 years	January 24, 2024	-	1,350,000	-	1,350,000	1,349,543	1,349,539	(4)	15	12
<b>As at March 31, 2024</b>					<b>3,807,461</b>	<b>3,832,032</b>	<b>24,571</b>			
Total as at June 30, 2023					-	-	-			

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

<b>6 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED – MANAGEMENT COMPANY</b>	<b>Note</b>	<b>March 31, 2024</b>	<b>June 30, 2023</b>
Management remuneration payable	6.1	8,197	280
Sale load Payable		583	22
Sindh Sales Tax on management remuneration payable	6.2	1,066	37
Payable against allocated expenses	6.3	798	80
Payable against marketing and selling expenses	6.4	14,013	872
		<u>24,657</u>	<u>1,291</u>

**6.1** 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 up to 10% of the gross earnings of the scheme calculated on a daily basis during the period. The remuneration is payable to the Management Company monthly in arrears.

**6.2** Sales tax on management remuneration has been charged at the rate of 13% (2023: 13%).

**6.3** 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). Accordingly, the Management Company has charged allocated expenses to the Fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses

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

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

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis. Effective from July 1, 2023, the SECP vide SRO No. 592(I)/2023 dated May 17, 2023, revised the rate of annual fee to from 0.02% to 0.075% of net assets. 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.

<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>(Un-Audited) March 31, 2024</b>	<b>(Audited) June 30, 2023</b>
		<b>----- (Rupees in '000) -----</b>	
Provision for Federal Excise Duty and related tax on	8.1		
- Management fee		29,028	29,028
- Sales load		4,170	4,170
Withholding tax payable		12,781	509
Auditors' remuneration payable		505	494
Brokerage payable		835	15
Payable to legal advisor		198	205
Others		1,095	17,620
		<u>48,612</u>	<u>52,041</u>

**8.1 Federal Excise Duty (FED) and related tax payable**

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2023. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2024 would have been higher by Re. 0.226 per unit (June 30, 2023: Re. 2.66 per unit).

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

### 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at March 31, 2024. Moreover, the contingency in respect of taxation related matter disclosed in the annual financial statements of the Fund for the year ended June 30, 2023 has been detailed in the favor of the Fund. Hence, there is no outstanding contingency as at March 31, 2024.

### 10. 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 realized or unrealized, 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 to be earned during current year to the unit holders as reduced by capital gains (whether realized or unrealized) 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 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

### 11. EARNINGS PER UNIT

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

### 12. TOTAL EXPENSE RATIO

The total annualized expense ratio of the fund from July 01, 2023 to March 31, 2024 is 2.09% (March 31, 2023: 1.56%) and this includes 0.23% (March 31, 2023: 0.11%) representing Government Levy.

### 13. CASH AND CASH EQUIVALENTS

	<b>March 31, 2024</b>	<b>March 31, 2023</b>
	----- (Rupees in '000) -----	
Bank balance	570,315	77,190
Market Treasury Bills	294,505	-
	<b>864,820</b>	<b>77,190</b>

### 14. TRANSACTIONS WITH CONNECTED PERSONS

Related parties / connected persons of the Fund include MCB-Arif Habib Savings and Investments Limited (being the Management Company) and its related entities, the Central Depository Company of Pakistan Limited (being the Trustee of the Fund), other collective investment schemes and pension schemes managed by the Management Company, any person or trust beneficially owning (directly or indirectly) ten percent or more of the capital of the Management Company or the net assets of the Fund and directors, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

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



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

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

	For the Nine months ended March 2024							
	As at July 01, 2023	Issued for cash	Redeemed	As at Mar 31, 2024	As at July 01, 2023	Issued for cash	Redeemed	As at Mar 31, 2024
	Units				(Rupees in '000)			
DG Khan Cement Company Limited	8	-	-	8	-	-	-	1
ADAMJEE LIFE ASSURANCE CO. LTD. CONVENTIONAL BUSINESS	-	7,509,414	7,509,414	-	-	443,206	444,707	-
Mcb Investment Management Limited	-	30,400,389	30,400,388	1	-	1,773,721	1,788,672	-
Mcb Employees Provident Fund (Pak Staff)	-	13,366,750	-	13,366,750	-	800,000	-	833,052
Adamjee Life Assurance Company Limited - Dsf	-	117,568	-	117,568	-	7,000	-	7,327
Adamjee Life Assurance Co.Ltd. Employees Gratuity Fund	-	1,267,145	913,910	353,235	-	71,445	50,393	22,015
Adamjee Life Assurance Co. Ltd Managed Growth Fund	-	16,795	16,795	-	-	1,000	1,020	-
Key management personnel*		7,690,002	2,989,365	4,700,637	-	457,437	178,794	292,957
Mandate Under Discretionary Portfolio Services*	-	16,892,235	16,644,892	247,344	-	979,876	1,005,484	15,415

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

	For the Nine months ended March 2023							
	As at July 01, 2022	Issued for cash	Redeemed	As at Mar 31, 2023	As at July 01, 2022	Issued for cash	Redeemed	As at Mar 31, 2023
	Units				(Rupees in '000)			
DG Khan Cement Company Limited	8	-	-	8	-	-	-	-
ADAMJEE INSURANCE CO.LTD EMPLOYEES PROVIDENT FUND	-	627,690	627,690	-	-	35,000	35,176	-
MCB Investment Management Limited	-	9,307,194	9,307,194	-	-	510,359	514,770	-
ADAMJEE INSURANCE CO.LTD. EMPLOYEES GRATUITY FUND	-	313,845	313,845	-	-	17,500	17,588	-
Key management personnel*	3	896,237	896,237	3	-	50,296	50,370	-
Mandate Under Discretionary Portfolio Services*	-	1,777,806	1,777,806	-	-	99,130	99,628	-
Unitholders holding 10% or more*	3,423,890	-	-	3,423,890	183,035	-	-	201,943

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

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

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

	(Unaudited) Mar 31, 2024	(Unaudited) Mar 31, 2023
----- (Rupees in '000) -----		
<b>MCB Investment Management Limited - 'Management Company</b>		
Remuneration of the Management Company including indirect taxes	64,372	3,254
Expenses allocated by the Management Company	5,377	705
Marketing And Selling expenses	24,616	1,859
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration including indirect taxes	3,136	314
<b>MCB Bank Limited</b>		
Mark-up on bank deposits	13	1
Bank charges	15	8
Purchase of securities - face value 20 Mln (2023: Nil)	16,878	-
Sell of securities - face value 2.408 Bln (2023: Nil)	2,104,974	-

### 14.3 Balances outstanding at period / year end:

	(Unaudited) Mar 31, 2024	(Audited) Mar 31, 2023
----- (Rupees in '000) -----		
<b>MCB Investment Management Limited - 'Management Company</b>		
Remuneration payable to Management Company	8,197	280
Sales tax payable on remuneration to Management Company	1,066	37
Sale load payable	583	22
Selling and marketing payable	14,013	872
Expenses allocated by Management Company	798	80
<b>MCB Bank Limited</b>		
Bank balance	17,018	2,764
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to Trustee	480	30
Sales tax payable on remuneration to Trustee	62	4

\* The amount disclosed represents the amount of brokerage paid / payable to connected persons and not the purchase or sale value of securities transacted through them. The purchase or sale value has not been treated as transactions with connected persons as the ultimate counter-parties are not connected persons.

### 15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

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

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

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

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

**16. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue on April 22, 2024 by the Board of Directors of the Management Company.


For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**MCB INVESTMENT MANAGEMENT LIMITED**

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