



MCB FUNDS
Investments for Life

ANNUAL REPORT 2024

Funds Under Management of
MCB Investment Management Limited



Vision

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

Mission

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

Core Values

HONESTY

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

INTEGRITY

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

ETHICS

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

PROFESSIONALISM

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

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MCB DCF INCOME FUND

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah	Member Member Member Member
Chief Executive Officer	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.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited NRSP Micro Finance Bank Limited U Micro Finance Bank Limited	Fisca Micro Finance Bank Limited JS Bank Limited Zarai Taraqiat Bank Limited Habib Bank Limited HBL Micro Finance Bank Limited National Bank of Pakistan Soneri Bank Limited
Auditors	Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-75350.	
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 YEAR ENDED JUNE 30, 2024

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Income Fund** accounts review for the year ended June 30, 2024.

Economy Review

Fiscal year 2024 marked a period of macroeconomic recovery for Pakistan, averting a looming default brought about by continued economic mismanagement. This turnaround was primarily attributed to Pakistan entering a new IMF program after several months of delay. The government secured a much-needed Stand-by Arrangement (SBA) facility of USD 3.0 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 complete the program.

The caretaker government took office in August 2023 and immediately faced speculative pressure on the currency, causing it to spike to a record high of 307 in the interbank market. Exchange rate in informal market reached a higher of near 330 PKR/USD reflecting an increase of speculative activity and rampant uncertainty. The government took decisive steps against smuggling of dollar, abuse of Afghan Transit and illegal money dealers in September 2023, which spurred a rapid recovery in the exchange rate. This helped in improving confidence and narrower spreads in open and interbank rates. The authorities also placed mechanisms to strictly monitor exchange rate payments to manage the overall external balance. Combination of both administration measures and steps to discipline external and fiscal accounts helped restore overall stability. The USD PKR close the year at 278.3 appreciating by 2.6% since the start of the year.

Country posted a current account deficit (CAD) of USD 464 million in the first eleven months of the fiscal year 2024 (11MFY24) declining by 88% 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 11.3% increase in exports coupled with an 2.3% drop in imports led to a 17.0% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 9.4 billion as of June 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 23.9% during the fiscal year 2024 compared to 29.0% 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 reduced the policy rate by 150bps to 20.5% in the last monetary policy of the year held on June 10, 2024. The monetary policy noted a significant decline in inflation, resulting in a substantially positive real interest rate, which justifies initiating a monetary easing cycle.

The country's GDP grew by 2.4% in the financial year 2023-24 as compared to -0.2% last year. Agriculture grew by 6.3%, Services and industrial sector witnessed a paltry increase of 1.2% each. Historic high interest rates coupled with political uncertainty were the major culprits behind the subdued industrial and services output. On the fiscal side,

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

FBR tax collection increased by 29.6% in FY24 to PKR 9,285 billion, missing the target by a modest PKR 130 billion.

FUND PERFORMANCE

During the period under review, the fund generated a return of 19.90% as against its benchmark return of 24.53%. The WAM of the fund increased to 2.6 years. The fund allocation remained notably in PIBs and T-Bills at the end of the period under review. At period-end, the fund was invested 42.3% in T-Bills, 20.7% in PIBs and 10.6% in GOP Ijara Sukuks. The Net Assets of the Fund as at June 30, 2024 stood at Rs. 16,312 million as compared to Rs. 7,706 million as at June 30, 2023 registering an increase of 111.68%.

The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 109.0852 as compared to opening NAV of Rs. 108.0027 per unit as at June 30, 2023 registering an increase of Rs. 1.0825 per unit.

Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 3.5% in FY25 after a disappointing performance last year where the GDP increased by only 2.4%. The outlook for industrial output is relatively optimistic with an expected growth of 4.0% compared to 1.2% last year. Macroeconomic stability, stable currency and decline in interest rates will help revive the industrial and service sector growth. Agriculture performance is likely to remain on the lower side due to high base effect.

A new staff-level loan agreement has been reached between Pakistan and the International Monetary Fund (IMF) under which the country will receive USD 7.0 billion over 37 months. The final approval of the loan will be given by the IMF Executive Board. Successful continuation of the IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. However, our external position still remains precarious due to debt outflows and our inability to raise funds through international Eurobond or Sukuk. Thus, we would continue to run a sustainable current account this year to stave off external concerns. We expect a CAD of USD 1.0 billion (0.2% 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 311.

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in June 2024 clocked of 12.6% compared to a high of 38.0% in May 2023. The core inflation also registered a significant slowdown, clocking at 14.1% which is a low of 23 months. The inflation reading is expected to decline to single digits in 1HFY25. Keeping in view the inflationary trends, external and fiscal position we expect interest rate to decline to 14-15% by June 25.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

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 64.6% during FY24 to PKR 2,574 billion. Total money market funds grew by about 45.0% since June 2023. Within the money market sphere, conventional funds showed a growth of 33.0% to PKR 629 billion while Islamic funds increased by 58.2% to PKR 679 billion. In addition, the total fixed Income funds increased by about 104.7% since June 2023 to PKR 756 billion while Equity and related funds increased by 52.3% to PKR 255 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 50.8%, followed by Income funds with 37.3% and Equity and Equity related funds having a share of 9.9% as at the end of June 30, 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.

MANAGEMENT COMPANY

On April 18, 2023, MCB Bank Limited (MCB), being the parent company of MCB-Arif Habib Savings and Investments Limited, has acquired 21,664,167 (30.09%) shares of MCB-Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH.

Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 07, 2023 have resolved via special resolution that the name of the Company be changed from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited and Securities and Exchange Commission of Pakistan (SECP) has approved the change in name on August 15, 2023.

CORPORATE GOVERNANCE

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Shoaib Mumtaz	Non-Executive Director	HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	HR&R* Committee Audit Committee
4.	Mr. Manzar Mushtaq	Non-Executive Director	Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	Audit Committee (Chairman)
6.	Mr. Fahd Kamal Chinoy	Independent Director	HR&R* Committee (Chairman)
7.	Ms. Mavra Adil Khan	Independent Director	HR&R* Committee
8.	Mr. Khawaja Khalil Shah	Executive Director	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003,

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2024**

Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.;

- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the fund's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements;
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2024, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2024 is annexed;
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2024:

1. Meeting of the Audit Committee.

During the year, four (4) meetings of the Audit Committee were held. The attendance of each participant is as follows:

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2024**

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Syed Savail Meekal Hussain	4	4	4	0
2. Mr. Ahmed Jahangir	4	4	4	0
3. Mr. Manzar Mushtaq	4	4	4	0

2. Meeting of the Human Resource and Remuneration Committee.

During the year, two (2) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Fahd Kamal Chinoy	2	2	2	-
2. Mr. Shoaib Mumtaz	2	2	2	-
3. Mr. Ahmed Jahangir	2	2	1	1
4. Ms. Mavra Adil Khan	2	2	1	1

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

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. Yousuf Adil Chartered Accountants** have retired after completion of audit for Financial Year ended June 30, 2024. The Audit Committee has recommended re-appointment of **M/s. Yousuf Adil Chartered Accountants** as external auditors of the Fund for financial year ending June 30, 2025 and the Board has also endorsed the recommendation of the Audit Committee. **M/s. Yousuf Adil Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2024**

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
September 25, 2024



Manzar Mushtaq
Director
September 25, 2024

بیرونی آڈیٹرز

فنڈ کے بیرونی آڈیٹر ایم ایس یوسف عادل چارٹرڈ اکاؤنٹنٹس 30 جون 2024 کو ختم ہونے والے مالی سال کے آڈٹ کی تکمیل کے بعد اپنا کام مکمل کر چکے ہیں۔ آڈٹ کمیٹی نے سفارش کی ہے کہ ایم ایس یوسف عادل چارٹرڈ اکاؤنٹنٹس کا 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے فنڈ کے بیرونی آڈیٹرز کے طور پر دوبارہ انتخاب کیا جائے اور بورڈ نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔ ایم ایس یوسف عادل چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے بیرونی آڈیٹرز کے طور پر کام کرنے پر آمادگی ظاہر کی ہے۔

اعتراف

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا مسلسل تعاون کا شکریہ ادا کرتا ہے۔ ڈائریکٹرز نے انتظامیہ کی ٹیم کی کوششوں کو بھی سراہا۔

ڈائریکٹرز کی جانب سے،

Munzir Mushtaq

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

Munzir Mushtaq

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

ڈائریکٹرز رپورٹ

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے۔ ہر شریک کی حاضری حسب ذیل ہے۔

ملاقاتوں کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت	منعقد ہونے والی ملاقاتوں کی تعداد	افراد کے نام
0	4	4	0	4	1 سید ساول میکل حسین
0	4	4	0	4	2 جناب احمد جہانگیر
0	4	4	0	4	3 جناب منظر مشتاق

2۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا اجلاس۔

سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو (2) اجلاس ہوئے۔ ہر شریک کی حاضری حسب ذیل ہے۔

ملاقاتوں کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ رخصت	منعقد ہونے والی ملاقاتوں کی تعداد	افراد کے نام
-	2	2	-	2	1 جناب فہد کمال چنائے
-	2	2	-	2	2 جناب شعیب ممتاز
1	1	2	1	2	3 جناب احمد جہانگیر
1	1	2	1	2	4 محترمہ ماورا عادل خان

n. ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، اور مینجمنٹ کمپنی کے چیف انٹرنل آڈیٹر اور ان کی شریک حیات اور تابالغ بچوں کے ذریعہ سال کے دوران فنڈ کے پنشن میں کوئی تجارت نہیں کی گئی۔

e. اندرونی کنٹرول کا نظام مستحکم خطوط پر اسٹوار ہے اور اسے مزید بہتر بنانے کے لیے جاری کوششوں کے ساتھ موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

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

g. لسٹنگ ریکولیشن میں واضح کردہ کارپوریٹ گورننس کی بہترین رہایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔

h. واجب الادائیکس، قانونی چارجز اور ڈیویڈنڈز، اگر کوئی ہیں، مکمل طور پر آڈٹ شدہ مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔

i. پراویڈنٹ/گریجویٹ اور پنشن فنڈ کی سرمایہ کاری کی قدر کا بیان فنڈ پر لاگو نہیں ہوتا لیکن مینجمنٹ کمپنی پر لاگو ہوتا ہے۔ اس لیے ڈائریکٹرز کی رپورٹ میں کوئی انکشاف نہیں کیا گیا ہے۔

j. 30 جون 2024 تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کود کے ریکولیشن نمبر 20 میں موجود ہے۔

k. 30 جون 2024 تک حصص یافتگی کا تفصیلی نمونہ منسلک ہے۔

l. بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باضابطہ اور موثر نظام نافذ کیا گیا ہے۔

m. بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ ذیل میں سال ختمہ 30 جون 2024 کے دوران منعقدہ کمیٹی کے اجلاسوں کی تفصیلات درج ہیں۔

1. آڈٹ کمیٹی کا اجلاس۔

ڈائریکٹرز رپورٹ

3	جناب احمد جہانگیر	ٹان ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی آڈٹ کمیٹی
4	جناب منظر مشتاق	ٹان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5	سید سادیل میکان حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
7	محترمہ ماورا عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی
8	جناب خواجہ خلیل شاہ	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی

* ایچ آر اینڈ آر کا مطلب ہیومن ریسورس اور معاوضہ ہے۔

انتظامیہ کارپوریٹ گورننس کے ضابطہ میں متعین بہترین طریقوں کی دفعات کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے لیے پرعزم ہے، جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی واضح وضاحت کی گئی ہے۔

بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ:

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

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

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

d. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، ٹان بینکنگ فنانس کمپنیز (اسٹیلشمنٹ اینڈ ریگولیشنز) رولز، 2003، ٹان بینکنگ فنانس کمپنیز اینڈ ٹائیٹلایڈ ریگولیشن 2008، متعلقہ فرسٹ ڈیڈز کے تقاضے اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

مینجمنٹ کمپنی

18 اپریل 2023 کو ایم سی بی-عارف حبیب سیونکس اینڈ انویسٹمنٹس لمیٹڈ (MCB-AH) کی کمپنی ایم سی بی بینک (MCB) نے عارف حبیب کارپوریشن لمیٹڈ (AHCL) سے ایم سی بی-عارف حبیب سیونکس اینڈ انویسٹمنٹس لمیٹڈ کے 21,664,167 (30.09 فیصد) حصص حاصل کر لیے ہیں۔ اس پیش رفت کے بعد MCB کی MCB-AH میں حصص یافتگی 36,956,935 (81.42 فیصد) ہو گئی ہے اور AHCL اب MCB-AH میں حصص کا حامل نہیں ہے۔

نتیجتاً، کمپنی کے اراکین نے 07 جولائی 2023 کو منعقدہ ایک غیر معمولی جنرل میٹنگ (EOGM) میں خصوصی قرارداد کے ذریعے فیصلہ کیا کہ کمپنی کا نام ایم سی بی-عارف حبیب سیونکس اینڈ انویسٹمنٹس لمیٹڈ سے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ میں تبدیل کر دیا جائے اور سکیورٹیز ایکچینج کمیشن آف پاکستان (SECP) نے 15 اگست 2023 کو نام میں تبدیلی کی منظوری دے دی ہے۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف ڈائریکٹرز (8) اراکین پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (CEO) شامل ہیں اور اس میں صنف اور علم کا متنوع امتزاج ہے۔ بورڈ (1) خاتون اور (7) حضرات ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

4. نان-ایگزیکٹو ڈائریکٹرز:

3. خود مختار ڈائریکٹرز: اور

1. ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

سیریل نمبر	نام	حیثیت	دیگر بورڈ کمیٹیوں میں رکنیت
1	ہارون رشید صاحب	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2	جناب شعیب ممتاز	نان ایگزیکٹو ڈائریکٹر	* ایچ آر اینڈ آر کمیٹی

قرض ہولڈرز کے لیے، ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈز سال بھر پالیسی کی شرحوں کی بغیر کسی رکاوٹ کے آئینہ دار ہوتے رہیں گے۔ وسط سے طویل مدتی نقطہ نظر کے حامل سرمایہ کار بانڈ اور انکم فنڈز سے فائدہ اٹھا سکتے ہیں جہاں زیادہ مدت سود کی شرح کے نقطہ نظر کے تناظر میں سرمائے میں اضافے کے مواقع پیدا کرے گی۔ ہم نے انکم فنڈز میں سرکاری بانڈز شامل کیے ہیں تاکہ قریب کی مدت میں متوقع مالیاتی نرمی سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ انڈسٹری کا جائزہ

اوپن اینڈ میوچل فنڈز انڈسٹری کے خالص اثاثے مالی سال 2024 کے دوران تقریباً 64.6 فیصد بڑھ کر 2,574 بلین روپے ہو گئے۔ جون 2023 کے بعد سے کل منی مارکیٹ فنڈز میں تقریباً 45.0 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرے میں، روایتی فنڈز نے 33.0 فیصد اضافے سے بڑھ کر 629 PKR بلین ہو گئے جبکہ اسلامک فنڈز 58.2 فیصد بڑھ کر 679 PKR بلین ہو گئے۔ اس کے علاوہ، کل فیکسڈ انکم فنڈز جون 2023 سے تقریباً 104.7 فیصد بڑھ کر 756 PKR بلین ہو گئے جبکہ ایکویٹی اور متعلقہ فنڈز 52.3 فیصد اضافے سے 255 PKR بلین ہو گئے۔

سیگمنٹ شیئر کے لحاظ سے، منی مارکیٹ فنڈز تقریباً 50.8 فیصد کے شیئر کے ساتھ سرفہرست تھے، اس کے بعد انکم فنڈز 37.3% کے ساتھ اور ایکویٹی اور ایکویٹی سے متعلق فنڈز کا حصہ 9.9 فیصد کے ساتھ 30 جون 2024 کا اختتام ہوا۔

میوچل فنڈ انڈسٹری آؤٹ لک

سود کی شرح میں کمی کی وجہ سے بانڈز اور ایکویٹیز دونوں اگلے سال میں اچھی کارکردگی کا مظاہرہ کریں گے۔ سال کے دوران، انکم فنڈز میں سرمایہ کاروں کی نمایاں دلچسپی پہلے ہی نظر آ رہی ہے جبکہ ایکویٹی فنڈز میں آئی ایم ایف کے نئے معاہدے کے بعد آمد کا امکان ہے۔ اس مدت کے دوران نسبتاً زیادہ شرح سود منی مارکیٹ کے فنڈز میں مسلسل بہاؤ کی حوصلہ افزائی کرے گی کیونکہ یہ مختصر مدت کے افق اور کم رسک پروفائل والے سرمایہ کاروں کے لیے مثالی ہیں۔

ہمارے کام بغیر کسی رکاوٹ کے رہے اور ڈیجیٹل رسائی اور آن لائن کسٹمرز کے تجربے میں مسابقتی برتری کے پیش نظر، ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد کے فوائد حاصل کرنے کے لیے تیار ہیں۔

30 جون 2023 اوپننگ میٹ اٹاش (NAV) کی قیمت فی یونٹ 108.0027 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 109.0852 روپے رہی جو 1.0825 روپے فی یونٹ کے اضافے کو ظاہر کرتی ہے۔

معیشت اور مارکیٹ - مستقبل کا آؤٹ لک

پاکستان کی جی ڈی پی گزشتہ سال کی مایوس کن کارکردگی جہاں جی ڈی پی میں صرف 2.4 فیصد اضافہ ہوا تھا اس سال FY24 میں 3.5 فیصد تک واپس آنے کی توقع ہے۔ گزشتہ سال 1.2 فیصد کے مقابلے میں 4.0 فیصد کی متوقع نمو کے ساتھ صنعتی پیداوار کے لیے آؤٹ لک نسبتاً پر امید ہے۔ معاشی استحکام، مستحکم کرنسی اور شرح سود میں کمی سے صنعتی اور سروس سیکٹر کی نمو کو بحال کرنے میں مدد ملے گی۔ اعلیٰ بنیاد کے اثر کی وجہ سے زراعت کی کارکردگی بخلی طرف رہنے کا امکان ہے۔

پاکستان اور انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے درمیان عملے کی سطح پر قرض کا نیا معاہدہ طے پا گیا ہے جس کے تحت ملک کو 37 ماہ کے دوران 7.0 بلین امریکی ڈالر ملیں گے۔ قرض کی حتمی منظوری آئی ایم ایف کا ایگزیکٹو بورڈ دے گا۔ آئی ایم ایف پروگرام کا کامیاب تسلسل ایک اہم مثبت ہے کیونکہ یہ ہمیں دو طرفہ اور کثیر جہتی ذرائع سے فنڈنگ حاصل کرنے کی اجازت دے گا۔ تاہم، قرضوں کے اخراج اور بین الاقوامی یورو بانڈ یا سکوک کے ذریعے فنڈز اکٹھا کرنے میں ہماری ناکامی کی وجہ سے ہماری بیرونی پوزیشن اب بھی غیر یقینی ہے۔ اس طرح، ہم بیرونی خدشات کو دور کرنے کے لیے اس سال ایک پائیدار کرٹ اکاؤنٹ چلاتے رہیں گے۔ ہمیں مالی سال 25 میں 1.0 USD بلین (GDP کا 0.2%) کی CAD کی توقع ہے کیونکہ IMF کی چھتری کے تحت استحکام کی پالیسی جاری رہنے کا امکان ہے۔

PKR USD کے مستحکم رہنے کی توقع ہے کیونکہ حکومت برآمدات اور ترسیلات زر میں بحالی کی پشت پر کرٹ اکاؤنٹ خسارے کو بہتر بنانے پر توجہ دے رہی ہے۔ آئی ایم ایف کے نئے پروگرام میں داخلے سے بیرونی فنڈنگ کی نمائش میں بھی اضافہ ہوگا۔ ہمیں توقع ہے کہ PKR/USD مالی سال کو 311 PKR پر بند کرے گا۔

بنیادی اثر اور نسبتاً مستحکم کرنسی کی وجہ سے افراط زر کی شرح میں کمی آنا شروع ہو گئی ہے۔ جون 2024 میں ہیڈ لائن افراط زر کی تعداد مئی 2023 میں 38.0 فیصد کی بلند ترین سطح کے مقابلے میں 12.6 فیصد تک پہنچ گئی۔ بنیادی افراط زر میں بھی نمایاں کمی درج کی گئی، جو 14.1 فیصد پر پہنچ گئی جو کہ 23 ماہ کی کم ترین سطح ہے۔ 1HFY25 میں افراط زر کی ریڈنگ سنگل ہندسوں تک گرنے کی توقع ہے۔ افراط زر کے رجحانات، بیرونی اور مالیاتی پوزیشن کو مد نظر رکھتے ہوئے ہم توقع کرتے ہیں کہ 25 جون تک شرح سود 14-15 فیصد تک گر جائے گی۔

مقابلے میں ملک کی بیرونی صورتحال میں بہتری کو ظاہر کرتے ہیں۔ یہ آئی ایم ایف، دوست ممالک اور کثیر جہتی ذرائع سے آنے والے بہاؤ کی وجہ سے تھا۔

مالی سال 2024 کے دوران CPI کی طرف سے پیش کردہ ہیڈ لائن افراط زر کی اوسط 23.9 فیصد رہی جو گزشتہ سال 29.0 فیصد تھی۔ افراط زر کی شرح بلندی پر رہی کیونکہ سابقہ ادوار میں کرنسی کی قدر میں زبردست کمی کی وجہ سے توانائی اور خوراک کی قیمتوں میں اضافہ ہوا۔ حکومت نے آئی ایم ایف کی شرائط پر عمل کرنے کے لیے بجلی کے بنیادی میٹریف اور گیس کی قیمتوں میں بھی اضافہ کیا، جس سے مہنگائی کا دباؤ مزید بڑھ گیا۔ اسٹیٹ بینک نے 10 جون 2024 کو منعقدہ سال کی آخری مانیٹری پالیسی میں پالیسی ریٹ کو 150bps سے کم کر کے 20.5 فیصد کر دیا۔ مانیٹری پالیسی نے افراط زر میں نمایاں کمی کو نوٹ کیا، جس کے نتیجے میں کافی حد تک مثبت حقیقی سود کی شرح ہوئی، جو مانیٹری سائیکل شروع کرنے کا جواز فراہم کرتی ہے۔

مالی سال 2023-24 میں ملک کی جی ڈی پی میں گزشتہ سال -0.2 فیصد کے مقابلے میں 2.4 فیصد اضافہ ہوا۔ زراعت میں 6.3 فیصد اضافہ ہوا، خدمات اور صنعتی شعبے میں ہر ایک میں 1.2 فیصد کا معمولی اضافہ ہوا۔ دبے ہوئے صنعتی اور خدمات کی پیداوار کے پیچھے سیاسی غیر یقینی صورتحال کے ساتھ تاریخی بلند شرح سود سب سے بڑے مجرم تھے۔ مالیاتی پہلو پر، FBR ٹیکس وصولی مالی سال 24 میں 29.6 فیصد بڑھ کر 9,285 بلین روپے تک پہنچ گئی، جس سے ہدف میں 130 بلین روپے کی معمولی کمی واقع ہوئی۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران، فنڈ نے 24.53 فیصد کے شیئ مارک ریٹرن کے مقابلے میں 19.90 فیصد کا ریٹرن دیا۔ فنڈ کا WAM بڑھ کر 2.6 سال ہو گیا۔ زیر نظر مدت کے اختتام پر فنڈ مختص خاص طور پر پی آئی بیس اور ٹی بلز میں رہا۔ مدت کے اختتام پر، فنڈ کی سرمایہ کاری ٹی بلز میں 42.3 فیصد، پی آئی بیس میں 20.7 فیصد اور GOP اجراء سکوکز میں 10.6 فیصد کی گئی۔

30 جون 2023 تک فنڈ کے خالص اثاثے 7,706 ملین روپے تھے جب کہ 30 جون 2024 کو یہ 16,312 ملین روپے رہے جو 111.68 فیصد کے اضافے کو ظاہر کرتے ہیں۔

پیارے سرمایہ کار،

بورڈ آف ڈائریکٹرز کی جانب سے مجھے ایم سی بی ڈی سی ایف انکم فنڈ کے 30 جون 2024 کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش کرنے پر خوشی ہے۔

معیشت کا جائزہ

مالی سال 2024 پاکستان کے لیے میکرو اکنامک بحالی کا ایک دور تھا، جس نے مسلسل معاشی بدانتظامی کی وجہ سے ہونے والے ڈیفالٹ کو روک دیا۔ یہ تبدیلی بنیادی طور پر پاکستان کے کئی ماہ کی تاخیر کے بعد آئی ایم ایف کے نئے پروگرام میں داخل ہونے کی وجہ سے تھی۔ حکومت نے 23 جون میں IMF سے 3.0 USD بلین کی انتہائی ضروری اسٹینڈ بائی آرینجمنٹ (SBA) کی سہولت حاصل کی، اور دوست ممالک سے بروقت رول اوور حاصل کرنے میں کامیاب ہوئی۔ اس نے آئی ایم ایف کے اہداف کی تعمیل کرنے کے لیے غیر متزلزل عزم کا بھی اظہار کیا اور اس کے نتیجے میں حکومت نے اس پروگرام کو کامیابی سے مکمل کر لیا۔

نگراں حکومت نے اگست 2023 میں اقتدار سنبھالا اور فوری طور پر کرنسی پر قیاس آرائی کے دباؤ کا سامنا کرنا پڑا، جس کی وجہ سے یہ انٹر بینک مارکیٹ میں 307 کی بلند ترین سطح پر پہنچ گئی۔ غیر رسمی مارکیٹ میں زر مبادلہ کی شرح 330 USD / PKR کے قریب پہنچ گئی جو قیاس آرائیوں کی سرگرمیوں میں اضافے اور غیر یقینی کی صورت حال کی عکاسی کرتی ہے۔ حکومت نے ستمبر 2023 میں ڈالر کی اسمگلنگ، افغان ٹرانزٹ کے غلط استعمال اور غیر قانونی کرنسی ڈیلرز کے خلاف فیصلہ کن اقدامات کیے، جس سے شرح مبادلہ میں تیزی سے بحالی ہوئی۔ اس سے اعتماد کو بہتر بنانے میں مدد ملی اور اوپن اور انٹر بینک ریٹ میں ایک یڈ کو کم کیا گیا۔ حکام نے مجموعی بیرونی توازن کو منظم کرنے کے لیے شرح مبادلہ کی ادائیگیوں کی سختی سے نگرانی کرنے کے لیے میکانزم بھی بنائے۔ انتظامیہ کے اقدامات اور بیرونی اور مالی کھاتوں کے نظم و ضبط کے اقدامات دونوں کے امتزاج نے مجموعی استحکام کو بحال کرنے میں مدد کی۔ PKR USD سال کے آغاز سے 2.6 فیصد اضافے کے ساتھ 278.3 پر سال کا اختتام ہوا۔

ملک نے مالی سال 2024 (11MFY24) کے پہلے گیارہ مہینوں میں 464 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو گزشتہ سال کی اسی مدت میں 3.8 USD بلین کے خسارے کے مقابلے میں 88 فیصد کم ہے۔ تجارتی خسارہ کم ہونا CAD کو بہتر بنانے میں اہم کردار ادا کرنے والا تھا کیونکہ برآمدات میں 11.3 فیصد اضافہ اور درآمدات میں 2.3 فیصد کمی سے تجارتی خسارے میں 17.0 فیصد کمی واقع ہوئی۔ جون 2024 تک اسٹیٹ بینک کے زرمبادلہ کے ذخائر بڑھ کر 9.4 بلین امریکی ڈالر ہو گئے جو کہ گزشتہ مالی سال کے اختتام پر 4.4 بلین امریکی ڈالر کے

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2024

Fund Type and Category

MCB DCF Income Fund (MCB DCFIF) is an open-end Income scheme, which falls under the category of Income Scheme.

Fund Benchmark

The benchmark for MCB DCFIF is Six (6) months KIBOR rates.

Investment Objective

To deliver superior fixed income returns by investing in an optimal mix of authorized debt instruments while taking into account capital security and liquidity consideration.

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in medium to long term assets. The fund may also invest a portion of the Fund in money market and short term instruments in order to provide liquidity to Unit Holders at the same time.

Manager's Review

During the period under review, the fund generated a return of 19.90% as against its benchmark return of 24.53%. The WAM of the fund decreased to 2.6 years. The fund allocation remained notably in PIBS and T-Bills at the end of the period under review. At period-end, the fund was 20.7% invested in PIBs, 8.1% in Cash, 42.3% in T-Bills and 2.9% in TFCs.

The Net Assets of the Fund as at June 30, 2024 stood at Rs. 16,312 million as compared to Rs. 7,706 million as at June 30, 2023 registering an increase of 111.7 %.

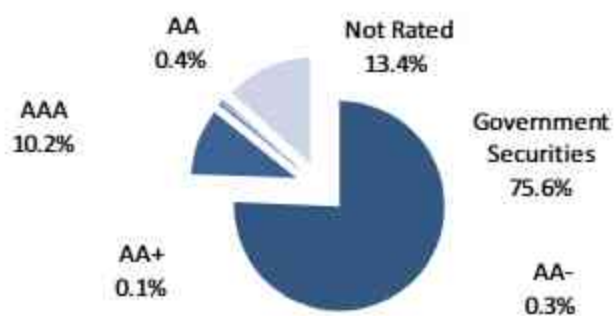
The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs.109.0852 as compared to opening NAV of Rs. 108.0027 per unit as at June 30, 2023 registering an increase of Rs. 1.0825 per unit.

Asset Allocation as on June 30, 2024 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-24
Cash	8.1%
TFCs/Sukuks	2.9%
Government Backed / Guaranteed Securities	2.0%
GOP Ijara Sukuk	10.6%
PIBS	20.7%
T-Bills	42.3%
Others including receivables	13.4%

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2024

Asset Quality as of June 30, 2024 (% of total assets)



Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB DCF INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB DCF Income Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 5, 2024



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSI, Shuhrah-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
www.yousufadil.com

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF MCB DCF INCOME FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB DCF Income Fund** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of other comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the year then ended and notes to the financial statements, including a material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and MCB Investment Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

S. No.	Key audit matter	How the matter was addressed in our audit
1	Valuation and existence of investments As disclosed in note 5 to the financial statements, investments held at fair value through profit or loss amounted to Rs. 20,130 million as at June 30, 2024, consisting of government securities and term finance certificate and sukuk certificate which represent a significant item on the statement of assets and liabilities of the Fund.	We performed the following procedures during our audit of investments: <ul style="list-style-type: none">independently tested valuations to ensure that the investments are valued as per the valuation methodology disclosed in the accounting policies;independently matched the number of term finance certificates, sukuk certificates and listed GOP ijara sukuku held by the Fund with the Central Depository Company's Account Statement and check reconciliations of the differences if any;



Independent Representative Firm to
Baitul Izzat Securities Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

S. No.	Key audit matter	How the matter was addressed in our audit
	We have identified the existence and valuation as the significant areas during our audit of investment.	<ul style="list-style-type: none">independently matched government securities held by the Fund with the securities appearing in the Investors' Portfolio Securities Account Statement;

Information Other than the Financial Statements and Auditor's Report Thereon

Management Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management Company and Board of Directors of the Management Company for the Financial Statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Management Company are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



(Independent Chartered Accountant) Firm is
Deloitte Touche Tohmatsu Limited

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Board of Directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Board of Directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter Paragraph

The annual financial statement of the Fund for the year ended June 30, 2023 were audited by another firm of chartered accountants, whose audit report dated September 22, 2023, expressed an unmodified opinion respectively.

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


Chartered Accountants

Place: Karachi

Date: October 02, 2024

UDIN: AR202410057LDrz0tE3l

Independent Chartered Accountant Firm for
Zohra Tawke Holdings Limited

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

		June 30, 2024	June 30, 2023
	Note	(Rupees in '000)	
ASSETS			
Bank balances	4	2,073,415	3,929,019
Investments	5	20,129,603	7,022,044
Profit receivable	6	467,325	141,418
Receivable against sale of investments		2,935,630	1,114,288
Advance against IPO		-	50,000
Advances, deposits, prepayments and other receivables	7	41,095	36,796
Total assets		25,647,068	12,293,565
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	8	47,877	26,753
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,069	512
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	946	1,180
Payable against purchase of investments		8,418,942	4,228,664
Dividend payable		9	9
Accrued expenses and other liabilities	11	866,597	329,978
Total liabilities		9,335,440	4,587,096
NET ASSETS		16,311,628	7,706,469
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		16,311,628	7,706,469
CONTINGENCIES AND COMMITMENTS			
	12	(Number of units)	
NUMBER OF UNITS IN ISSUE		149,530,987	71,354,399
		(Rupees)	
NET ASSET VALUE PER UNIT		109.0853	108.0027

The annexed notes from 1 to 26 form an integral part of these financial statements

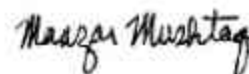
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024	June 30, 2023
	Note	(Rupees in '000)	
INCOME			
Profit on bank deposits and term deposit receipts		269,007	188,414
Income from government securities		2,105,498	754,669
Income from term finance certificates and sukuk certificates		271,149	150,273
Income from letter of placements		2,157	737
Capital loss on sale of investments - net		(92,246)	(27,557)
Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - net	5.5	16,516	(35,874)
Other income		6,372	2,374
Total income		2,578,453	1,033,036
EXPENSES			
Remuneration of MCB Investment Management Limited - Management Company	8.1	179,234	88,005
Sindh sales tax on remuneration of the Management Company	8.2	23,300	11,441
Allocated expenses	8.3	10,222	5,867
Selling and marketing expenses	8.4	56,990	23,937
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	8,962	4,400
Sindh sales tax on remuneration of the Trustee	9.2	1,165	575
Securities and Exchange Commission of Pakistan fee	10	8,962	1,180
Auditors' remuneration	13	1,078	974
Brokerage, settlement and bank charges		7,514	3,002
Legal and professional charges		254	174
Fees and subscription		843	537
Printing and related costs		33	39
Total expenses		(298,557)	(140,131)
Net income from operating activities before taxation		2,279,896	892,905
Taxation	14	-	-
Net income for the year after taxation		2,279,896	892,905
Allocation of net income for the year:			
Net income for the year after taxation		2,279,896	892,905
Income already paid on units redeemed		(571,605)	(201,942)
		1,708,291	690,963
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		1,708,291	690,963
		1,708,291	690,963
Earnings per unit	3.10		

The annexed notes from 1 to 26 form an integral part of these financial statements

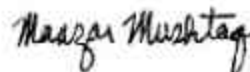
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
	—— (Rupees in '000) ——	
Net income for the year after taxation	2,279,896	892,905
Other comprehensive income	-	-
Total comprehensive income for the year	2,279,896	892,905

The annexed notes from 1 to 26 form an integral part of these financial statements

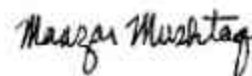
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024			June 30, 2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)						
Net assets at beginning of the year	7,254,636	451,833	7,706,469	4,197,230	420,085	4,617,315
Issue of 147,491,105 units (2023: 59,906,524 units)						
- Capital value (at net assets value per unit at the beginning of the year)	15,929,435	-	15,929,435	6,431,541	-	6,431,541
- Element of income	1,194,494	-	1,194,494	376,345	-	376,345
	17,123,929	-	17,123,929	6,807,886	-	6,807,886
Redemption of 69,314,517 units (2023: 31,560,060 units)						
- Capital value (at net assets value per unit at the beginning of the year)	(7,486,149)	-	(7,486,149)	(3,388,276)	-	(3,388,276)
- Amount paid out of element of income	(262,997)	(571,605)	(834,602)	(83,544)	(201,942)	(285,486)
- Relating to 'Net income for the year after taxation'	(7,749,146)	(571,605)	(8,320,751)	(3,471,820)	(201,942)	(3,673,762)
Total comprehensive income for the year	-	2,279,896	2,279,896	-	892,905	892,905
Final distributions for the year ended June 30, 2024 (including additional units) at the rate of Rs. 15.8624 per unit (declared on June 17, 2023)	-	-	-	(278,660)	(659,215)	(937,875)
Final distributions for the year ended June 30, 2024 (including additional units) at the rate of Rs. 20.2957 per unit (declared on June 24, 2024)	(857,989)	(1,619,926)	(2,477,915)	-	-	-
	(857,989)	659,970	(198,019)	(278,660)	233,690	(44,970)
Net assets at end of the year	15,771,430	540,198	16,311,628	7,254,636	451,833	7,706,469
Undistributed income brought forward:						
- Realised		487,707			413,270	
- Unrealised		(35,874)			6,815	
Undistributed income brought forward		451,833			420,085	
Accounting income available for distribution:						
- Relating to capital gains		-			-	
- Excluding capital gains		1,708,291			690,963	
		1,708,291			690,963	
Distributions during the year		(1,619,926)			(659,215)	
Undistributed income carried forward		540,198			451,833	
Undistributed income carried forward:						
- Realised		523,682			487,707	
- Unrealised		16,516			(35,874)	
		540,198			451,833	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		108.0027			107.3596	
Net asset value per unit at the end of the year		109.0853			108.0027	

The annexed notes from 1 to 26 form an integral part of these financial statements

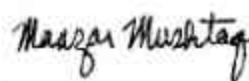
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024	June 30, 2023
Note	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	2,279,896	892,905
Adjustments for:		
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss - net	(16,516)	35,874
	2,263,380	928,779
Increase in assets		
Investments - net	(11,348,948)	(1,608,835)
Profit receivable	(325,907)	(62,426)
Advance against IPO	50,000	95,000
Advances, deposits, prepayments and other receivables	(4,299)	(14,582)
	(11,629,154)	(1,590,843)
Increase in liabilities		
Payable to Management Company	21,124	14,581
Payable to Trustee	557	196
Payable to the Securities and Exchange Commission of Pakistan	(234)	314
Dividend payable	-	4
Accrued expenses and other liabilities	536,619	191,801
	558,066	206,896
Net cash used in operating activities	(8,807,708)	(455,168)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received against issuance of units	16,265,940	6,529,226
Amount paid against redemption of units	(8,320,751)	(3,673,762)
Distributions made during the year	(1,619,926)	(659,215)
Net cash generated from financing activities	6,325,263	2,196,249
Net (decrease) / increase in cash and cash equivalents during the year	(2,482,445)	1,741,081
Cash and cash equivalents at beginning of the year	5,521,145	3,780,064
Cash and cash equivalents at end of the year	3,038,700	5,521,145

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The annexed notes from 1 to 26 form an integral part of these financial statements

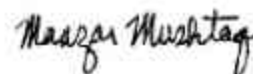
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB Investment Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 07, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Fund are required to be registered under the "Sindh Trusts Act, 2020". Accordingly, on August 12, 2021 the Trust Deed of the fund had been registered under the Sindh Trust Act.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 07, 2023 resolved via special resolution that the name of the Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited.
- 1.4 The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the fund in medium term assets in order to provide higher return to the unit holders.
- 1.6 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1 dated October 06, 2023 to the Management Company and a stability rating of 'AA-(f)' dated March 08, 2024 to the Fund.
- 1.7 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited (CDC) as Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulation and the requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

2.2 New amendments that are effective for the year ended June 30, 2024

The following amendments are effective for the year ended June 30, 2024. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 - Disclosure of accounting policies
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates
- Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.
- Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model Rules

2.3 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments and standards are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
- Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 – Presentation and Disclosures in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgement in the application of its accounting policies. The estimates, judgements and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

The areas involving a degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are as follows:

- Classification and measurement of financial assets (notes 3.1.1.1 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 14)
- Classification and measurements of financial liabilities (note 3.1.2.1)
- Contingencies and commitments (note 12)
- Provisions (note 3.3)

The revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for investments which are measured at fair value.

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistan Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

3.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (OCI), interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or the fair value through other comprehensive income criteria are classified as at fair value through profit or loss. In addition, debt instruments that meet either the amortised cost criteria or the fair value through other comprehensive income criteria may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government debt securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKFRV / PKISRV) which are based on the remaining tenor of the securities. Moreover, listed government securities traded on Pakistan Stock Exchange are valued at rates quoted on Pakistan Stock Exchange (PSX).

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk.

The allowable limits for rated securities for duration upto 2 years is +200/-100 bps and over 2 years is +150/-50 bps. For unrated securities the allowable limits +50 bps.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

3.1.1.3 Impairment of financial assets

Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

SECP through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9 until further instruction.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset.

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at fair value through profit or loss.

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Fund has opted to measure them at fair value through profit or loss.

3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less, which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions, if any, are regularly reviewed and adjusted to reflect the current best estimate.

3.4 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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.

3.5 Dividend distribution and appropriations

Dividend distribution and appropriations are recorded in the period in which these are approved by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the year end / reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

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

3.7 Net asset value per unit

The Net Asset Value (NAV) per unit, as disclosed in the statement of assets and liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / loss arising on remeasurement of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Income / profit from investments in sukuks, TFC and government securities are recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.9 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and SECP fee are recognised in the income statement on an accrual basis.

3.10 Earnings per unit

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

		June 30, 2024	June 30, 2023
	Note	— (Rupees in '000) —	
4. BANK BALANCES			
Current accounts	4.1	228,572	55,020
Savings accounts	4.2	1,844,843	3,873,999
		2,073,415	3,929,019

4.1 This includes balance of Rs. 228.559 million (2023: Rs. 55.016 million) maintained with MCB Bank Limited, a related party.

4.2 These carry profit at the rates ranging between 19% to 22% (2023 12.25% to 21.50%) per annum and include balances with related parties of Rs. 20.69 million (2023: Rs. 0.0253 million) maintained with MCB Bank Limited and Rs. 0.277 million (2023: Rs. 0.007 million) with MCB Islamic Bank Limited, which carries profit at the rate ranging between 21.10% to 21.30% per annum.

		June 30, 2024	June 30, 2023
	Note	— (Rupees in '000) —	
5. INVESTMENTS			
Investments at fair value through profit or loss			
Government securities	5.1	18,897,056	5,871,263
Letter of placement	5.2	-	-
Term finance certificates - unlisted debt securities	5.3	1,232,547	1,150,781
Term finance certificates - listed debt securities	5.4	-	-
		20,129,603	7,022,044

5.1 Government securities

Market treasury bills	5.1.1	10,849,656	3,068,339
Pakistan investment bonds	5.1.2	1,390,442	-
Pakistan investment bonds - floating rate bond (FRB)	5.1.3	3,921,166	2,260,149
Government of Pakistan ijara sukuk listed	5.1.4	468,890	-
Government of Pakistan ijara sukuk unlisted		2,266,902	542,775
		18,897,056	5,871,263

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

5.1.1 Market treasury bills

Name of security	Date of issue	Face Value			As at June 30, 2024				Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying Value	Market value	Unrealised gain / (loss)		
----- (Rupees in '000) ----- % -----										
Treasury bills - 3 months	May 04, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Treasury bills - 3 months	May 16, 2023	-	2,200,000	2,200,000	-	-	-	-	-	-
Treasury bills - 3 months	June 01, 2023	-	2,500,000	2,500,000	-	-	-	-	-	-
Treasury bills - 3 months	June 15, 2023	-	7,104,500	7,104,500	-	-	-	-	-	-
Treasury bills - 3 months	June 22, 2023	1,870,000	7,000,000	8,870,000	-	-	-	-	-	-
Treasury bills - 3 months	July 13, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Treasury bills - 3 months	August 10, 2023	-	7,500,000	7,500,000	-	-	-	-	-	-
Treasury bills - 3 months	August 24, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Treasury bills - 3 months	September 07, 2023	-	6,000,000	6,000,000	-	-	-	-	-	-
Treasury bills - 3 months	September 21, 2023	-	8,307,000	8,307,000	-	-	-	-	-	-
Treasury bills - 3 months	October 05, 2023	-	5,700,000	5,700,000	-	-	-	-	-	-
Treasury bills - 3 months	October 19, 2023	-	1,800,000	1,800,000	-	-	-	-	-	-
Treasury bills - 3 months	November 02, 2023	-	14,100,000	14,100,000	-	-	-	-	-	-
Treasury bills - 3 months	November 16, 2023	-	10,200,000	10,200,000	-	-	-	-	-	-
Treasury bills - 3 months	November 30, 2023	-	5,280,000	5,280,000	-	-	-	-	-	-
Treasury bills - 3 months	December 14, 2023	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	December 28, 2023	-	1,725,000	1,725,000	-	-	-	-	-	-
Treasury bills - 3 months	January 11, 2024	-	125,000	125,000	-	-	-	-	-	-
Treasury bills - 3 months	January 25, 2024	-	375,000	375,000	-	-	-	-	-	-
Treasury bills - 3 months	February 07, 2024	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	February 22, 2024	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	March 07, 2024	-	375,900	375,900	-	-	-	-	-	-
Treasury bills - 3 months	March 21, 2024	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	April 04, 2024	-	16,700,000	16,700,000	-	-	-	-	-	-
Treasury bills - 3 months	April 18, 2024	-	450,000	450,000	-	-	-	-	-	-
Treasury bills - 3 months	May 02, 2024	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	May 16, 2024	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months	May 30, 2024	-	500,000	500,000	-	-	-	-	-	-
Treasury bills - 3 months*	June 13, 2024	-	1,500,000	500,000	1,000,000	965,525	965,265	(240)	5.92	4.80

41 MCB DCF INCOME FUND

*These carry effective yield of ranging between 18% to 19% (2023; 21.65% to 21.90%) per annum.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

5.1.2 Pakistan Investment bonds

Name of security	Date of issue	Face Value				As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total Investments	
		As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying Value	Market value	Unrealised loss			
..... (Rupees in '000)											
Pakistan Investment bond - 3 years*	July 04, 2023	-	10,200,000	10,050,000	150,000	138,322	137,846	(476)	0.85	0.68	
Pakistan Investment bond - 3 years*	February 15, 2024	-	15,050,000	14,000,000	1,050,000	991,283	991,988	725	6.08	4.93	
Pakistan Investment bond - 5 years*	October 13, 2022	-	4,000,000	4,000,000	-	-	-	-	-	-	
Pakistan Investment bond - 5 years*	January 17, 2024	-	10,675,000	10,400,000	275,000	263,464	260,608	(2,856)	1.80	1.29	
Total as at June 30, 2024						1,393,049	1,390,442	(2,607)			
Total as at June 30, 2023						-	-	-			

* These carry effective yield of ranging between from 19% to 21.50% per annum (2023: 13.06% to 18.75%)

5.1.3 Pakistan investment bonds - floating rate bond (FRB)

Name of security	Date of issue	Face Value			As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying Value	Market value		
***** (Rupees in '000) ***** % *****									
Pakistan Investment bond - 2 years	December 30, 2021	1,360,000	1,000,000	2,360,000	-	-	-	-	-
Pakistan Investment bond - 2 years	September 08, 2022	-	2,000,000	2,000,000	-	-	-	-	-
Pakistan Investment bond - 2 years	February 09, 2023	-	6,000,000	6,000,000	-	-	-	-	-
Pakistan Investment bond - 2 years	April 06, 2023	-	6,569,000	6,569,000	-	-	-	-	-
Pakistan Investment bond - 3 years	April 07, 2022	250,000	-	250,000	-	-	-	-	-
Pakistan Investment bond - 3 years	September 06, 2022	-	1,000,000	1,000,000	-	-	-	-	-
Pakistan Investment bond - 3 years	September 21, 2023	-	3,300,000	3,300,000	-	-	-	-	-
Pakistan Investment bond - 5 years	May 06, 2021	650,000	-	650,000	-	-	-	-	-
Pakistan Investment bond - 5 years	April 06, 2023	-	2,700,000	2,700,000	-	-	-	-	-
Pakistan Investment bond - 5 years	August 10, 2023	-	850,000	850,000	-	-	-	-	-
Pakistan Investment bond - 5 years	September 21, 2023	-	40,575,000	40,575,000	-	-	-	-	-
Pakistan Investment bond - 5 years	October 19, 2023	-	5,850,000	5,850,000	-	-	-	-	-
Pakistan Investment bond - 5 years*	December 14, 2023	-	1,275,000	1,100,000	175,000	168,502	168,490	(12)	1.03
Pakistan Investment bond - 5 years*	April 16, 2024	-	22,350,000	18,500,000	3,850,000	3,708,314	3,718,330	12,016	22.80
Pakistan Investment bond - 5 years*	August 22, 2019	35,000	-	-	35,000	33,650	34,346	696	0.21
Pakistan Investment bond - 10 years	November 04, 2021	-	7,000,000	7,000,000	-	-	-	-	-
Total as at June 30, 2024					3,908,466	3,921,166	12,700		
Total as at June 30, 2023					2,266,148	2,260,149	(5,999)		

* These carry effective yield of ranging between from 2% 30% to 21.15% per annum (2023: 13.08% to 18.75%)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

5.1.4 Government of Pakistan Ijarah sukuk

Particulars	Issue date	Face Value				As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchased during the year	Sold / Matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
(Rupees in '000)										
Listed Ijarah Sukuk										
GOP Ijara - 1 year - (Fixed)*	March 15, 2024	-	540,935	9,945	530,990	468,628	468,664	238	2.97	2.33
GOP Ijara - 1 year - (Fixed)*	April 26, 2024	-	450	420	30	26	26	-	0.00	0.00
GOP Ijara - 1 year - (Fixed)	May 24, 2024	-	5	5	-	-	-	-	-	-
						468,652	468,690	238		
Unlisted Ijarah Sukuk										
GOP Ijara - 1 year - (Fixed)	October 09, 2023	-	100,000	100,000	-	-	-	-	-	-
GOP Ijara - 1 year - (Fixed)*	January 24, 2024	-	25	-	25	22	23	1	0.00	0.00
GOP Ijara - 1 year - (Fixed)	April 17, 2023	50,000	-	50,000	-	-	-	-	-	-
GOP Ijara - 1 year - (Variable)	March 08, 2023	-	1,375,000	1,375,000	-	-	-	-	-	-
GOP Ijara - 1 year - (Variable)	April 17, 2023	-	7,000,000	7,000,000	-	-	-	-	-	-
GOP Ijara - 1 year - (Variable)*	August 07, 2023	-	80,000	-	80,000	92,118	92,054	(64)	0.86	0.45
GOP Ijara - 1 year - (Variable)*	September 20, 2023	-	250,000	-	250,000	249,993	249,900	(93)	1.53	1.24
GOP Ijara - 1 year - (Variable)	October 09, 2023	-	500,000	500,000	-	-	-	-	-	-
GOP Ijara - 1 year - (Variable)*	December 04, 2023	-	25,000	-	25,000	25,000	25,085	85	0.16	0.12
GOP Ijara - 3 year - (Fixed)	June 26, 2023	-	100,000	100,000	-	-	-	-	-	-
GOP Ijara - 3 year - (Fixed)*	December 04, 2023	-	125,000	75,000	50,000	50,117	50,095	(62)	0.31	0.25
GOP Ijara - 3 year - (Fixed)*	January 24, 2024	-	37,500	-	37,500	37,500	37,500	-	0.23	0.19
GOP Ijara - 3 year - (Variable)*	December 04, 2023	-	75,000	-	75,000	75,000	74,695	(135)	0.46	0.37
GOP Ijara - 3 year - (Variable)*	January 24, 2024	-	287,500	-	287,500	287,500	288,938	1,438	1.77	1.44
GOP Ijara - 5 year - (Fixed)	December 04, 2023	-	175,000	175,000	-	-	-	-	-	-
GOP Ijara - 5 year - (Fixed)*	January 24, 2024	-	562,500	-	562,500	562,273	562,258	(15)	3.45	2.79
GOP Ijara - 5 year - (Variable)*	May 29, 2020	110,000	-	-	110,000	109,665	109,726	60	0.97	0.55
GOP Ijara - 5 year - (Variable)*	June 24, 2020	-	80,000	-	80,000	89,494	89,784	290	0.55	0.45
GOP Ijara - 5 year - (Variable)	July 29, 2020	-	50,000	-	50,000	49,781	49,980	199	0.31	0.25
GOP Ijara - 5 year - (Variable)	October 06, 2021	185,000	-	185,000	-	-	-	-	-	-
GOP Ijara - 5 year - (Variable)	October 26, 2022	200,000	-	200,000	-	-	-	-	-	-
GOP Ijara - 5 year - (Variable)*	December 04, 2023	-	100,000	-	100,000	100,000	100,160	160	0.81	0.50
GOP Ijara - 5 year - (Variable)*	January 24, 2024	-	537,500	537,500	-	537,500	538,575	1,075	3.30	2.68
						2,263,963	2,268,902	2,639		
Total as at June 30, 2024						2,732,615	2,735,792	3,177		
Total as at June 30, 2023						543,097	542,775	(322)		

These carry effective yield of ranging between 18% to 19% (2023: Nil) per annum.

5.2 Letter of placements

Particulars	Issue date	Profit rate	Face Value				As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments	
			As at July 01, 2023	Purchased during the year	Matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)			
= (%) --												
(Rupees in '000)												
Pak Oman Investment Company Limited	July 05, 2023	21.80	-	715,000	715,000	-	-	-	-	-	-	
Pak Oman Investment Company Limited	July 06, 2023	21.80	-	715,000	715,000	-	-	-	-	-	-	
Zara Tankiat Bank Limited	September 06, 2023	21.80	-	315,000	315,000	-	-	-	-	-	-	
Total as at June 30, 2024												
Total as at June 30, 2023												

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

5.3 Unlisted debt securities - term finance & sukuk certificates

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

Name of investee company	Issue date	Number of certificates			As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total Investments	
		As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value	Market value			Unrealised gain / (loss)
*****-(Rupees in '000)-*****										
Commercial banks										
Askani Bank Limited VII - TFC **	March 17, 2020	50	*	*	50	49,488	49,750	262	0.305	0.247
Samba Bank limited - TFC I *	March 01, 2021	850	*	*	850	84,998	84,862	(36)	0.520	0.422
Maezan Bank Limited Sukuk **	December 16, 2021	145	*	*	145	143,550	144,774	1,224	0.868	0.719
Bank Al Habib Limited - TFC II	September 30, 2021	70,000	52,000	40,000	82,000	402,087	403,446	1,359	2.473	2.004
The Bank of Punjab - TFC **	April 17, 2023	*	500	*	500	49,990	49,115	(875)	0.301	0.244
Chemical										
Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk	February 02, 2017	500	*	500	*	*	*	*	*	*
Energy										
Pakistan Energy Sukuk II	May 21, 2020	100,000	120,000	120,000	100,000	500,041	500,800	559	3.069	2.487
Investment Companies										
Jahangir Siddiqui & Company Limited - TFC	July 18, 2017	10,000	*	10,000	*	*	*	*	*	*
Jahangir Siddiqui & Company Limited - TFC	March 06, 2018	18,000	*	18,000	*	*	*	*	*	*
Total as at June 30, 2024							1,230,064	1,232,547	2,493	
Total as at June 30, 2023							1,167,856	1,150,781	(17,075)	

These carry effective yield of ranging between from 20.46% to 23.04% per annum (2023: 21.45% to 23.35%)

* Nominal value of these term finance certificates and sukuk certificate is Rs. 100,000 per certificate.

** Nominal value of these term finance certificates is Rs. 1,000,000 per certificate.

5.3.1 Significant terms and conditions of term finance certificates outstanding as at June 30, 2024 are as follows:

Name of the issuer	Issue date	Maturity date	Mark-up rate (per annum)	Face value	Secured / unsecured	Rating
Commercial Banks						
Askani Bank Limited VII - TFC	March 17, 2020	March 17, 2030	3 months KIBOR + 1.20%	1,000,000	Unsecured	AA
Samba Bank Limited - TFC I	March 01, 2021	March 01, 2031	6 months KIBOR + 1.35%	100,000	Unsecured	AA-
Maezan Bank Limited Sukuk	December 16, 2021	December 16, 2031	6 months KIBOR + 0.35%	1,000,000	Unsecured	AAA
Bank Al Habib Limited - TFC II	September 30, 2021	September 30, 2031	6 months KIBOR + 0.75%	5,000	Unsecured	AAA
The Bank of Punjab - TFC	April 17, 2023	April 17, 2033	6 months KIBOR + 1.25%	1,000,000	Unsecured	AA
Energy						
Pakistan Energy Sukuk II	May 21, 2020	May 21, 2030	6 months KIBOR - 0.10%	5,000	Unsecured	AA+

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The rating of the term finance certificates have been obtained from Pakistan Credit Rating Agency (PACRA).

5.4 Debt securities - term finance & sukuk certificates

Carrying value as at June 30

5.4.1 84,532 84,532

Less: Provision as at July 01

- Saudi Pak Leasing Company Limited - TFC - listed
- New Allied Electronics Industries (Private) Limited - TFC - unlisted
- New Allied Electronics Industries (Private) Limited - sukuk - unlisted

(27,548)	(27,548)
(21,983)	(21,983)
(35,001)	(35,001)
(84,532)	(84,532)

5.4.1 Status of non compliance as per Circular 16 of 2010 issued by the Securities and Exchange Commission of Pakistan

The Securities and Exchange Commission of Pakistan (SECP), vide its Circular no. 16 dated July 7, 2010 has prescribed certain disclosures for non-compliances, either with the minimum investment criteria specified for the category assigned to the collective investment schemes or with the investment requirements of their constitutive documents.

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

Name of investee company	Issue date	Number of certificates				As at June 30, 2024			Market value as a percentage of net assets	Market value as a percentage of total investments
		As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value	Market value	Unrealised gain / (loss)		
----- (Rupees in '000) ----- % -----										
Financial Services										
Saudi Pak Leasing Company Limited	March 13, 2010	10,000	-	-	10,000	27,548	(27,548)	-	-	-
Household goods										
New Allied Electronics Industries (Private) Limited	May 15, 2007	10,400	-	-	10,400	21,983	(21,983)	-	-	-
New Allied Electronics Industries (Private) Limited	July 27, 2007	112,000	-	-	112,000	35,001	(35,001)	-	-	-
Total as at June 30, 2024						84,532	(84,532)	-	-	-
Total as at June 30, 2023										

Owing to continuous default on repayment of coupon by the issuer, the Fund had classified the said investment as non performing. The Fund has recognised full provision against outstanding principal in accordance with applicable provisioning circular issued by the Securities and Exchange Commission of Pakistan and provisioning policy of the Fund duly approved by the Board of Directors of the Management Company. The Fund has suspended further accrual of profit there against.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024	June 30, 2023
		(Rupees in '000)	
5.5	Unrealised gain / (loss) on re-measurement of investments at fair value through profit or loss - net	Note	
	Market value of investments	5.1.1, 5.1.2, 5.1.3, 5.1.4 & 5.3	20,129,603
	Carrying value of investments	5.1.1, 5.1.2, 5.1.3, 5.1.4 & 5.3	7,022,044
			20,113,087
			16,516
			(35,874)
6.	PROFIT RECEIVABLE		
	Profit receivable on:		
	- Pakistan investment bonds		251,596
	- GOP Ijara Sukuk		40,100
	- Term finance certificates		147,675
	- Saving accounts		21,816
			47,215
			20,839
			46,047
			33,455
			467,325
			141,418
7.	ADVANCES, DEPOSITS AND PREPAYMENTS AND OTHER RECEIVABLES		
	Security deposits / margin with:		
	- National Clearing Company of Pakistan Limited (NCCPL)	7.1	17,750
	- Central Depository Company of Pakistan Limited (CDC)		17,750
	Exposure deposit with the National Clearing Company		200
	Pakistan Limited against spread transactions		18,470
	Prepayments		15,540
	Advance tax		296
	Other receivables		271
			3,662
			717
			692
			41,095
			36,796
7.1	This includes a deposit of Rs. 2.75 million (2023: Rs. 2.75 million) and a margin of Rs. 15 million (2023: Rs. 15 million) with NCCPL in respect of trading in Margin Trading System.		
8.	PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	
	Management remuneration payable	8.1	18,926
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	9,068
	Allocated expenses payable	8.3	2,460
	Selling and marketing expenses payable	8.4	1,179
	Sales and back end load payable		1,009
			605
			11,432
			7,833
			14,050
			8,069
			47,877
			26,753
8.1	Management Company has charged management fee at the rate upto 1.5% (2023: 1.5%) of the average net assets of scheme, calculated on a daily basis. The remuneration is paid to the Management Company on a monthly basis in arrears.		
8.2	Sindh Sales Tax on remuneration of the Management Company has been charged at the rate of 13% (2023: 13%).		
8.3	Management Company has charged allocated expenses to the Fund to the extent as it has thought expedient on its discretion subject to not being higher than actual expenses.		
8.4	Management Company has charged selling and marketing expenses to the Fund to the extent as it has thought expedient on its discretion subject to not being higher than actual expenses.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	946	453
Sindh Sales Tax on remuneration payable	9.2	123	59
		<u>1,069</u>	<u>512</u>

9.1 From July 01, 2019, the Trustee is entitled to a remuneration at the rate of 0.075% per annum of the net assets to be paid monthly in arrears.

9.2 Sindh Sales Tax at 13% (2023: 13%) is charged on trustee fee.

10. 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 0.075% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 01, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis.

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Federal Excise Duty payable on remuneration of the Management Company	11.1	99,060	99,060
Federal Excise Duty payable on sales load	11.1	27,933	27,933
Auditors' remuneration		721	671
Withholding tax on capital gains		17,580	7,252
Brokerage payable		461	787
Other		720,842	194,275
		<u>866,597</u>	<u>329,978</u>

11.1 Federal Excise Duty Payable

The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On September 4, 2013, a Constitutional Petition was filed in the Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

On July 16, 2016, 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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, the provision for FED made prior to this period has been maintained by the Fund which at June 30, 2024 aggregates to Rs. 126.99 million (2023: Rs. 126.99 million). Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2024 would have been higher by Rs. 0.85 (2023: Rs. 1.78) per unit.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

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

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

12.2 There were no other material contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

13. AUDITORS' REMUNERATION

	June 30, 2024	June 30, 2023
	(Rupees in '000)	
Annual audit fee	491	370
Half yearly review fee	269	201
Other certifications and services	74	194
Out of pocket expenses	164	137
	998	902
Sales Tax	80	72
	1,078	974

14. TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by accumulated losses and capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. 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.

15. CASH AND CASH EQUIVALENTS

	June 30, 2024	June 30, 2023
	(Rupees in '000)	
Bank balances	2,073,415	3,929,019
Markey treasury bills	965,285	1,592,126
	3,038,700	5,521,145

16. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 2.5% (2023: 2.39%) which includes 0.3% (2023: 0.23%) representing government levies on the Fund such as sales taxes, SECP fee, etc. The prescribed limit for the ratio is 3% (2023: 3%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as a Income scheme.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Related parties / connected persons of the Fund include MCB Investment Management 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 entity in which the Management Company, its CISs or their connected persons have material interest, 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 and their close family members, key management personnel and officers of the Management Company.

Transactions with related parties / connected persons are in the normal course of business, and are executed on an arm's length and fair basis.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the year end are as follows:

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
17.1 Details of transactions other than units of the Fund with with related parties / connected persons during the year		
MCB Investment Management Limited - Management Company		
Remuneration (including indirect taxes)	202,534	99,446
Selling and marketing expenses	56,990	23,937
Allocated expenses	10,222	5,867
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	10,127	4,975
Settlement charges	104	15
Group / associated companies		
MCB Bank Limited		
Profit on deposit accounts	9,079	3
Bank charges	86	32
Purchase of securities - Face value: Rs 4,957,200,000 (2023: Nil)	4,701,666	-
Sale of Securities - Face Value of Rs 5,500,000,000 (2023: 250,000,000)	4,753,947	233,668
17.2 Details of balances with related parties / connected persons persons as at year end		
MCB Investment Management Limited - Management Company		
Management remuneration payable	18,926	9,068
Sindh sales tax payable on remuneration of the management company	2,460	1,179
Allocated expenses payable	1,009	605
Selling and marketing expenses payable	11,432	7,833
Sales load payable	12,340	7,169
Back end Load payable	1,710	900
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable (including indirect taxes)	1,069	512
Security deposit	200	200
Group / associated companies		
MCB Bank Limited		
Bank balances	249,249	55,042
MCB Islamic Bank Limited		
Bank balances	277	7

17.3

For the year ended June 30, 2024

***This reflects the position of related party / connected person status as at June 30, 2024.

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

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).

MCB DCF INCOME FUND

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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).

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

	As at June 30, 2024					
	Carrying amount			Fair Value		
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss						
Market treasury bills	10,849,656	-	10,849,656	-	10,849,656	-
Pakistan investment bonds	1,390,442	-	1,390,442	-	1,390,442	-
Pakistan investment bonds - floating rate bond	3,921,166	-	3,921,166	3,921,166	-	-
Term finance certificates - unlisted	1,232,547	-	1,232,547	585,462	647,085	-
Term finance certificates - listed	-	-	-	-	-	-
Government of Pakistan ijara sukuk	2,735,792	-	2,735,792	2,735,792	-	-
	20,129,603	-	20,129,603	7,242,420	12,887,183	-
Financial assets not measured at fair value						
Bank balances	-	2,073,415	2,073,415			
Profit receivable	-	467,325	467,325			
Receivable against sale of investment	-	2,935,630	2,935,630			
Advance against IPO	-	-	-			
Deposits and other receivables	-	37,137	37,137			
	-	5,513,507	5,513,507			
Financial liabilities not measured at fair value						
Payable to the Management Company	-	45,417	45,417			
Payable to the Trustee	-	946	946			
Payable against purchase of investment	-	8,418,942	8,418,942			
Dividend payable	-	9	9			
Accrued expenses and other liabilities	-	721,971	721,971			
	-	9,187,285	9,187,285			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

As at June 30, 2023

	Carrying amount		Fair Value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3
(Rupees in '000)						
Financial assets measured at fair value through profit or loss						
Market treasury bills	3,068,339	-	3,068,339	-	3,068,339	-
Pakistan investment bonds	-	-	-	-	-	-
Pakistan investment bonds - floating rate bond	2,260,149	-	2,260,149	2,260,149	-	-
Term finance certificates - unlisted	1,150,781	-	1,150,781	366,961	783,820	-
Term finance certificates - listed	-	-	-	-	-	-
Government of Pakistan ijara sukuk	542,775	-	542,775	-	542,775	-
	7,022,044	-	7,022,044	2,627,110	4,394,934	-
Financial assets not measured at fair value						
Bank balances	-	3,929,019	3,929,019			
Profit receivable	-	141,418	141,418			
Receivable against sale of investment	-	1,114,288	1,114,288			
Advance against IPO	-	50,000	50,000			
Deposits and other receivables	-	34,182	34,182			
	-	5,268,907	5,268,907			
Financial liabilities not measured at fair value						
Payable to the Management Company	-	25,575	25,575			
Payable to the Trustee	-	453	453			
Payable against purchase of investments	-	4,228,664	4,228,664			
Dividend payable	-	9	9			
Accrued expenses and other liabilities	-	195,683	195,683			
	-	4,450,384	4,450,384			

19.

FINANCIAL RISK MANAGEMENT

The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate and other price risk), credit risk and liquidity risk. Risk of the Fund are being managed by the Management Company in accordance with the approved policies of the investment committee which provide broad guidelines for management of above mentioned risks. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

19.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices.

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board of Directors of Management Company and the regulations laid down by the SECP, the NBFC regulations and the NBFC rules.

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

19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistan Rupees.

19.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2024, the Fund is exposed to such risk on bank balances. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

As of June 30, 2024 details of Fund's interest bearing financial instruments were as follows:

	June 30, 2024	June 30, 2023
	(Rupees in '000)	
Variable rate instrument (financial asset)		
Bank balances	1,844,843	3,929,019
Pakistan investment bonds - floating rate bond (FRB)	3,921,166	2,260,149
Government of Pakistan Ijara Sukuk	1,617,066	542,775
Term finance certificates - unlisted	1,232,547	1,150,781
Term finance certificates - listed	-	-
	8,615,622	7,882,724
Fixed rate instrument (financial asset)		
Government of Pakistan Ijara sukuk	1,118,726	-
Pakistan investment bonds	1,390,442	-
	2,509,168	-

a) Sensitivity analysis for variable rate instruments

As at June 30, 2024, the Fund holds KIBOR based balances with banks, term finance and sukuk certificates and government securities which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs 86.156 million (2023: Rs 78.827 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2024, the Fund holds GoP Ijara Sukuk and Pakistan Investment Bonds which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates available at Pakistan Stock Exchange (PSX) and PKISRV, the net income for the year and net assets would be lower / higher by Rs. 25.092 million (2023: Nil).

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

As at June 30, 2024					
Yield / effective interest rate	Exposed to yield / interest risk				Total
	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	
— % —	(Rupees in '000)				
On-balance sheet financial instruments					
Financial Assets					
Bank balances	19.00	1,844,843	-	-	2,073,415
Investments:					
- Market treasury bills	20.69 to 21.25	965,285	9,884,371	-	10,849,656
- Pakistan investment bonds	19 to 21.50	-	-	1,390,442	1,390,442
- Pakistan investment bonds - floating rate bond (FRB)	21.30 to 21.15	-	-	3,921,166	3,921,166
- Government of Pakistan ijara sukuk	15.75 to 25.54	339,954	693,507	1,702,331	2,735,792
- Term finance and sukuk certificate	20.46 to 23.04	-	-	1,232,547	1,232,547
Profit receivable		467,325	-	-	467,325
Receivable against sale of investments		-	-	2,935,630	2,935,630
Deposits and other receivables		37,137	-	-	37,137
Sub total		3,654,544	10,577,878	8,246,486	25,643,110
Financial Liabilities					
Payable to Management Company		-	-	45,417	45,417
Payable to Trustee		-	-	946	946
Payable against purchase of investments		-	-	8,418,942	8,418,942
Dividend payable		-	-	9	9
Accrued expenses and other liabilities		-	-	721,971	721,971
Sub total		-	-	9,187,285	9,187,285
On-balance sheet gap		3,654,544	10,577,878	8,246,486	(6,023,083)
Total profit rate sensitivity gap		3,654,544	10,577,878	8,246,486	
Cumulative profit rate sensitivity gap		3,654,544	14,232,422	22,478,908	

	Yield / effective interest rate	As at June 30, 2023				Total
		Exposed to yield / interest risk				
		Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest risk	
	%	(Rupees in '000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	12.25 to 21.5	3,873,999	-	-	55,020	3,929,019
Investments						
- Market treasury bills	21.65 to 21.90	1,592,126	1,476,213	-	-	3,068,339
- Pakistan Investment Bonds	13.06 to 18.75	-	-	2,260,149	-	2,260,149
- Government of Pakistan ijara sukuk	21.82 to 22.68	-	-	542,775	-	542,775
- Term finance and sukuk certificate	21.45 to 23.35	-	-	1,150,781	-	1,150,781
Profit receivable		141,418	-	-	-	141,418
Receivable against sale of investments		-	-	-	1,114,288	1,114,288
Advance against IPO		-	-	-	50,000	50,000
Deposits and other receivables		34,182	-	-	-	34,182
Sub total		5,641,725	1,476,213	3,953,705	1,219,308	12,290,951
Financial liabilities						
Payable to Management Company		-	-	-	25,575	25,575
Payable to Trustee		-	-	-	453	453
Payable against purchase of investments		-	-	-	4,228,664	4,228,664
Dividend payable		-	-	-	9	9
Accrued expenses and other liabilities		-	-	-	195,683	195,683
Sub total		-	-	-	4,450,384	4,450,384
On-balance sheet gap		5,641,725	1,476,213	3,953,705	(3,231,076)	7,840,567
Total profit rate sensitivity gap		5,641,725	1,476,213	3,953,705		
Cumulative profit rate sensitivity gap		5,641,725	7,117,938	11,071,643		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

19.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

19.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counter party credit risks on investments in term finance certificates and sukuk certificates, bank balances and other financial assets at amortised cost. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk from balances with banks and investment in term finance certificates (Note 5.3.1) is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are approved by the Board of Directors. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2024		June 30, 2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
(Rupees in '000)				
Bank balances	2,073,415	2,073,415	3,929,019	3,929,019
Government securities	18,897,056	-	5,871,263	-
Term finance and sukuk certificate	1,232,547	1,232,547	1,150,781	1,150,781
Profit receivable	467,325	68,054	141,418	79,502
Deposits and other receivables	37,137	37,137	34,182	34,182
	22,707,480	3,411,153	11,126,663	5,193,484

The analysis below summaries the credit rating quality of the Fund's financial assets with banks as at June 30, 2024 and June 30, 2023:

Bank balances by rating category	June 30, 2024		June 30, 2023	
	Rupees in '000	%	Rupees in '000	%
AAA	2,058,881	99.30	88,995	2.27
AA+	13,277	0.64	3,838,652	97.70
AA	932	0.05	1,319	0.03
AA-	48	0.00	47	0.00
A+	277	0.01	7	0.00
	2,073,415	100	3,929,020	100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Investments in government securities do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and Management does not expect to incur any credit loss on such investment.

Deposits are placed with National Clearing Company of Pakistan Limited (NCCPL) and Central Depository Company of Pakistan Limited (CDC) for the purpose of effecting transaction and settlement of listed securities. It is expected that all deposits with NCCPL and CDC will be clearly identified as being assets of the Fund, hence management believes that the Fund is not materially exposed to a credit risk with respect to deposits.

Concentration of credit risk

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

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using the central clearing system.

19.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

The table below analyses the Fund's financial assets and financial liabilities into relevant maturity groupings based on the remaining period at the statement of assets and liabilities date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	June 30, 2024					
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
(Rupees in '000)						
Financial assets						
Bank balances	2,073,415	-	-	-	-	2,073,415
Investments	-	965,285	9,884,371	8,047,400	1,232,547	20,129,603
Profit receivable	68,054	-	-	-	-	68,054
Receivable against sale of investment	2,935,630	-	-	-	-	2,935,630
Deposits and other receivables	37,137	-	-	-	-	37,137
Sub total	5,114,236	965,285	9,884,371	8,047,400	1,232,547	25,243,839
Financial liabilities						
Payable to Management Company	45,417	-	-	-	-	45,417
Payable to Trustee	946	-	-	-	-	946
Payable against purchase of investment	8,418,942	-	-	-	-	8,418,942
Dividend payable	9	-	-	-	-	9
Accrued expenses and other liabilities	721,971	-	-	-	-	721,971
Sub total	9,187,285	-	-	-	-	9,187,285
On-balance sheet gap	(4,073,049)	965,285	9,884,371	8,047,400	1,232,547	16,056,554
Cumulative liquidity sensitivity gap	(4,073,049)	(3,107,764)	6,776,607			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

June 30, 2023					
Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	Total
(Rupees in '000)					
Financial assets					
Bank balances	3,929,019	-	-	-	3,929,019
Investments	-	1,592,126	1,476,213	2,802,924	7,022,044
Profit receivable	79,502	-	-	-	79,502
Receivable against sale of investment	1,114,288	-	-	-	1,114,288
Advance against IPO	50,000	-	-	-	50,000
Deposits and other receivables	34,182	-	-	-	34,182
Sub total	5,206,991	1,592,126	1,476,213	2,802,924	12,229,035
Financial liabilities					
Payable to Management Company	25,575	-	-	-	25,575
Payable to Trustee	453	-	-	-	453
Payable against purchase of investment	4,228,664	-	-	-	4,228,664
Dividend payable	9	-	-	-	9
Accrued expenses and other liabilities	195,683	-	-	-	195,683
Sub total	4,450,384	-	-	-	4,450,384
On-balance sheet gap	756,607	1,592,126	1,476,213	2,802,924	7,778,651
Cumulative liquidity sensitivity gap	756,607	2,348,733	3,824,946		

20. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

21. PATTERN OF UNITHOLDINGS

	As at June 30, 2024			
	Number of unit holders	Number of units held	Investment Amount	Percentage of total investments
			(Rupees in '000)	%
Individuals	4,401	130,000,546	14,181,144	86.93
Associated Companies	3	5,010,888	546,614	3.35
Bank / DFI	1	189,697	20,693	0.13
Retirement funds	15	1,833,708	200,031	1.23
Public Limited Companies	4	6,572,718	716,987	4.40
Others	39	5,923,430	646,159	3.96
	4,463	149,530,987	16,311,628	100.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

As at June 30, 2023				
	Number of unit holders	Number of units held	Investment Amount	Percentage of total investments
	(Rupees in '000)			
Individuals	2,961	62,651,880	6,766,573	83.09
Retirement funds	21	2,455,578	265,209	5.08
Others	36	2,055,788	222,031	8.49
Associated companies	3	4,191,153	452,656	3.34
	3,021	71,354,399	7,706,469	100.00

22. TOP BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Details of commission paid by the fund to top ten brokers by percentage during the year are as follows:

	June 30, 2024 (Percentage)
1 Continental Exchange (Private) Limited	29.26
2 Continental Capital Management (Private) Limited	13.33
3 Alfalah CLSA Securities Private Limited	11.48
4 Js Global Capital Limited	10.41
5 Invest One Market (Private) Limited	7.85
6 Paramount Capital (Private) Limited	6.97
7 Arif Habib Limited	5.63
8 AKD Securities Limited	5.32
9 Summit Capital Private Limited	3.45
10 Icon Management Private Limited	2.24
	June 30, 2023 (Percentage)
1 Continental Exchange (Private) Limited	31.57
2 JS Global Capital Limited	10.45
3 Optimus Market Private Limited	9.54
4 Icon Management Private Limited	7.21
5 Paramount Capital Private Limited	7.17
6 AKD Securities Limited	4.91
7 Vector Capital Private Limited	4.49
8 C & M Management (Private) Limited	3.96
9 Arif Habib Limited	3.73
10 Invest One Markets Private Limited	3.18

23. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 189th, 190th, 191th, 192th, 193th, 194th, 195th and 196th meeting of the Board of Directors were held on July 21, 2023, July 26, 2023, September 28, 2023, October 12, 2023, October 18, 2023, February 2, 2024, April 19, 2024 and April 22, 2024 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroon Rashid	Chairman	8	8	8	-	-
Mr. Shoaib Mumtaz	Director	8	8	5	3	192nd, 193rd, 195th
Mr. Muhammad Saqib Saleem (Resigned)	Chief Executive Officer	8	5	5	-	-
Mr. Khawaja Khalil Shah (Appointed)	Chief Executive Officer	8	3	3	-	-
Mr. Manzar Mushtaq	Director	8	8	8	-	-
Syed Savail Meekal Hussain	Director	8	8	7	1	195th
Mr. Ahmed Jahangir	Director	8	8	8	-	-
Ms. Mavra Adil Khan	Director	8	8	6	2	192nd, 195th
Mr. Fahd Kamal Chinoy	Director	8	8	5	3	190th, 192nd, 195th
Mr. Altaf Ahmed Faisal	Company Secretary	8	8	8	-	-
Mr. Muhammad Asif Mehdi Rizvi	Chief Operating and Financial Officer	8	8	8	-	-

24. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the Investment Committee of the Fund are as follows:

S. No.	Name	Designation	Qualification	Experience in years
1	Khawaja Khalil Shah	Chief Executive Officer	MBA	32
2	Muhammad Asim	Chief Investment Officer	MBA, CFA	21
3	Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	13
4	Saad Ahmed	Head of Fixed Income	MBA	18
5	Syed Abid Ali	Head of Equities	MBA	16
6	Usama Iqbal	Fund Manager - Fixed Income Fund	Graduate	20

24.1 Mr. Saad Ahmed is the Fund Manager. Details of the other funds being managed by him are as follows:

- MCB Cash Management Optimizer
- Pakistan Income Enhancement Fund
- Pakistan Cash Management Fund
- MCB Pakistan Sovereign Fund
- Alhamra Daily Dividend Fund
- Alhamra Cash Management Optimizer
- Alhamra Government Securities Plan I

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

25. GENERAL

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

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 25, 2024 by the Board of Directors of the Management Company.

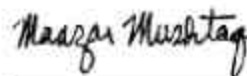
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**PATTERN OF UNITS HOLDING BY SIZE
FOR THE YEAR ENDED JUNE 30, 2024**

No. of Unit Holders	Unit holdings	Total units held
998	A. 001-10,000	18,743
415	B. 10,001 – 100,000	134,746
1,002	C. 100,001 – 1000,000	5,128,669
2,048	D. 1000,001 & Above	144,248,828
<u>4,463</u>		<u>149,530,987</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

Performance Information	2024	2023	2022	2021	2020
Total Net Assets Value – Rs. in million	16311.6284	7706.4694	4,617.3150	3,643.9500	4,032.7759
Net Assets value per unit – Rupees	109.0853	108.0027	107.3596	107.0518	106.9649
Closing Offer Price	110.9343	109.8333	109.1793	108.8663	108.7780
Closing Repurchase Price	109.0853	108.0027	104.9333	104.6324	103.3388
Highest offer price per unit	131.0007	125.3632	118.5362	115.9956	121.0894
Lowest offer price per unit	109.8894	109.2204	108.8858	110.9321	108.3913
Highest Redemption price per unit	128.8172	123.2737	116.5605	114.0622	119.0711
Lowest Redemption price per unit	108.0578	107.4000	107.0709	105.3852	106.5847
Distribution per unit – Rs. *	20.2957	15.8624	9.3394	7.0333	12.0476
Average Annual Return – %					
One year	19.9	15.46	9.02	6.66	11.69
Two year	17.68	12.24	7.84	9.18	9.75
Three year	14.79	10.38	9.12	8.72	8.04
Net Income for the year – Rs. in million	2279.8950	892.9053	382.3485	258.3900	485.9330
Distribution made during the year – Rs. in million	2191.5310	861.1570	373.6420	256.1370	471.0610
Accumulated Capital Growth – Rs. in million	88.3640	31.7483	8.7065	2.2530	14.8720
Weighted average Portfolio Duration (years)	2.6	2	3.7	1.5	2.8

* Date of Distribution

2024	
Date	Rate
June 21, 2024	20.2957

2023	
Date	Rate
June 17, 2023	15.8624

2022	
Date	Rate
June 24, 2022	9.3394

2021	
Date	Rate
June 25, 2021	7.0333

2020	
Date	Rate
June 26, 2020	12.0476

Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

MCB INVESTMENT MANAGEMENT LIMITED

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

UAN: (+92-21) 111 468 378 (111 INVEST)

URL: www.mcbfunds.com, Email: info@mcbfunds.com
