



MCB FUNDS
Investments for Life

ANNUAL REPORT 2024

Funds Under Management of
MCB Investment Management Limited



MCB PAKISTAN SOVEREIGN 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 Mushlaq 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 Mushlaq	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 Mushlaq 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.cdc-pakistan.com	
Bankers	MCB Bank Limited Bank Al Habib Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited	Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqiat Bank Limited Js Bank Limited National Bank Of Pakistan
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Rating	AM1 Asset Manager Rating assigned by PACRA	
Transfer Agent	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the June 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 20.98% as against its benchmark return of 24.26%. At period-end, the fund decreased its exposure in cash to 11.5% from 20.1%.

The Net Assets of the Fund as at June 30, 2024 stood at Rs. 11,082 million as compared to Rs. 674 million as at June 30, 2023 registering an increase of 1544.21%.

The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 54.06 as compared to opening NAV of Rs. 53.82 per unit as at June 30, 2023 registering an increase of Rs. 0.24 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 1H FY25. Keeping in view the inflationary trends, external and fiscal position we expect interest rate to decline to 14-15% by June 25.

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

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

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

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

- 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, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities

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

& 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:

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

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

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. The 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.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1.	Khawaja Khalil Shah	Chief Executive Officer	35,281.77	35,281.77	-
2	Haroun Rashid	Director/Chairman	740,416.14	486,097.85	81.50
3	Sara Mushtaq	W/o Manzar Mushtaq	5,013,834.48	4,989,193.62	1,973.56

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. A.F Ferguson & Co. 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. A.F Ferguson & Co. 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. A.F Ferguson & Co. 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**

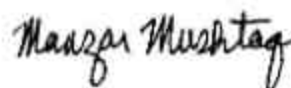
ACKNOWLEDGMENT

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 آڈیٹرز ایم اے ایف فرگوسن اینڈ کو 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 اے ایف فرگوسن اینڈ کو 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 اے ایف فرگوسن اینڈ کو 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،

Mansoor Mushtaq

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

خوبہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

ڈائریکٹرز رپورٹ

1	سید سادیل میکال حسین	4	4	4	0
2	جناب احمد جہانگیر	4	4	4	0
3	جناب منظر مشتاق	4	4	4	0

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۔

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

n. فنڈ کے پنٹس میں تجارت سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، اور مینجمنٹ کمپنی کے چیف انٹرل آڈیٹر اور ان کی شریک حیات اور نابالغ بچوں کے ذریعے کی گئی۔

سیریل نمبر	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
(پونٹوں کی تعداد)					
1.	خوبہہ خلیل شاہ	چیف ایگزیکٹو آفیسر	35,281.77	35,281.77	-
2.	ہارون رشید	ڈائریکٹر/چیرمین	740,416.14	486,097.85	81.50
3.	سارہ مشتاق	منظر مشتاق کی اہلیہ	5,013,834.48	4,989,193.62	1,973.56

ڈائریکٹرز رپورٹ

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۔

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

ملاقاتوں کی تعداد			منعقد ہونے والی ملاقاتوں کی تعداد	افراد کے نام
مطلوبہ حاضری	حاضری	منظور شدہ رخصت		

ڈائریکٹرز رپورٹ

6	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	آؤٹ کمیٹی (چیرمین)
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، نان بینکنگ فنانس کمپنیز (اسٹیلشمنٹ اینڈ ریگولیشنز) رولز، 2003، نان بینکنگ فنانس کمپنیز اینڈ ٹائیٹائیڈ ریگولیشن 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضے اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

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

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

ڈائریکٹرز رپورٹ

MCB-AH کی 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 سیورٹیز ایکسچینج 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 آفٹھ (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
3	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی آڈٹ کمیٹی
4	جناب منظر مشتاق	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5	سید ساویل میکال حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیرمین)

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۔

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

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 ٹھیک 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 کرنٹ 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 کرنٹ 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۔

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

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 ٹیرف 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 24.26 فیصد کے بینچ مارک ریٹرن کے مقابلے میں 20.98 فیصد کا ریٹرن دیا۔ مدت کے اختتام پر، فنڈ کی کیش میں سرمایہ کاری 20.1 فیصد سے کم کر کے 11.5 فیصد کر دی گئی۔

30 جون 2023 تک فنڈ کے خالص اثاثے 674 بلین روپے تھے جب کہ 30 جون 2024 کو یہ 11,082 بلین روپے رہے جو 1544.21 فیصد کے اضافے کو ظاہر کرتے ہیں۔

30 جون 2023 اور پبلک نیٹ اثاثہ (NAV) کی قیمت فی یونٹ 53.82 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 54.06 روپے رہی جو 0.24 روپے فی یونٹ کے اضافے کو ظاہر کرتی ہے۔

پیارے سرمایہ کار،

بورڈ آف ڈائریکٹرز کی جانب سے مجھے ایم سی بی پاکستان سوورین 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 انٹرینک 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 صورتحال 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 انٹرینک ریٹ میں اسپرڈ 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 ہوتا 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 MANAGER'S REPORT FOR MCB PAKISTAN SOVEREIGN FUND UNDER MANAGEMENT OF MCB- Investment Management Limited

Fund Type and Category

MCB Pakistan Sovereign Fund (MSF) is an open-end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Fund Benchmark

The benchmark for MSF is 6-month PKRV rates.

Investment Objective

The objective of the fund is to deliver income primarily from investment in Government securities.

Investment Strategy

The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

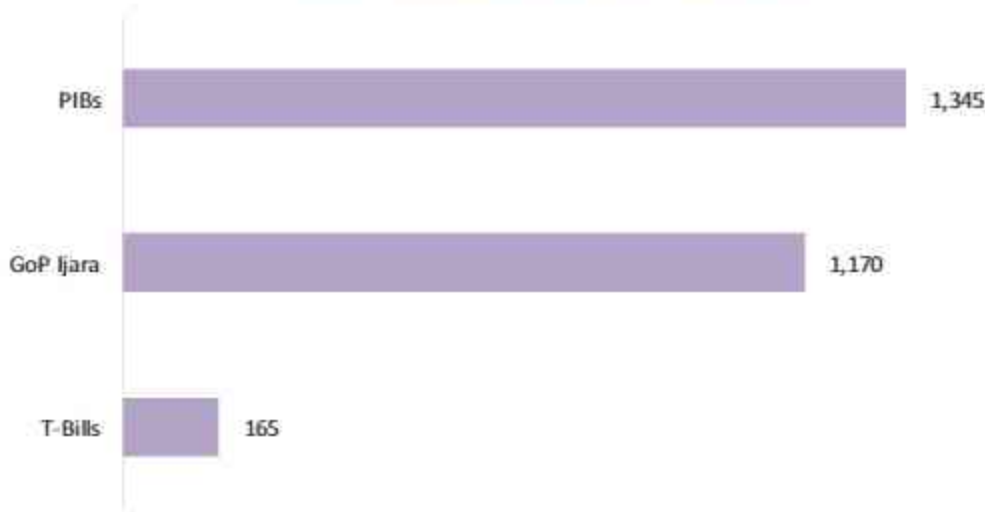
Manager's Review

During the period under review, the fund generated a return of 20.98% as against its benchmark return of 24.26%. At period-end, the fund was invested 30.8% in PIBs, 26.7% in GOP Ijara Sukuk, and 17.3% in T-Bills.

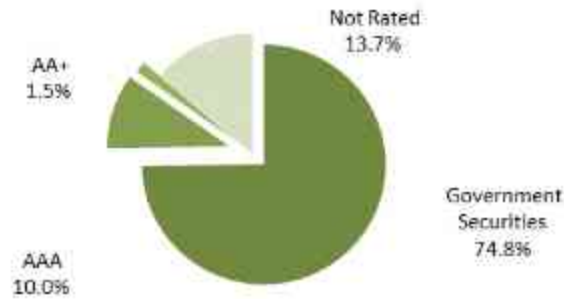
The Net Assets of the Fund as at June 30, 2024 stood at Rs. 11,082 million as compared to Rs. 674 million as at June 30, 2023 registering an increase of 1,544.21%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 54.06 as compared to opening NAV of Rs. 53.82 per unit as at June 30, 2023 registering an increase of Rs. 0.24 per unit.

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

Asset-wise Maturity (No. of Days)



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



Asset Allocation as of June 30, 2024 (%age of Total Assets)

Asset Allocation (%age of Total Assets)	Jun-24
Cash	11.5%
T-Bills	17.3%
PIBs	30.8%
Others including Receivables	13.7%
GOP Ijara Sukuk	26.7%

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 Shahra-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 PAKISTAN SOVEREIGN 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 Pakistan Sovereign 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.

For the attention of unit holders, during an onsite inspection of the Management Company, the Securities and Exchange Commission of Pakistan (SECP) identified certain matters related to the charging and allocation of selling and marketing expenses to the Fund. Accordingly, the Management Company, following the guidance and interpretation provided by the SECP, will compensate to the entitled unit holders.


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2024



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Pakistan Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Pakistan Sovereign Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy 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 the 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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 period. These matters were 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 these matters.

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 4 and 5 to the financial statements) Balances with banks and Investments constitute the most significant components of the net asset value. Balances with banks of the Fund as at June 30, 2024 aggregated to Rs. 1,653,319 million and Investments amounted to Rs. 10,765,089 million. The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and• Obtained bank reconciliation statements and tested reconciling items on a sample basis.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32413007/32427938/32424740; <www.pwc.com/pk>

• KARACHI • LAHORE • ISLAMABAD

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

2



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Other Matter

The financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 20, 2023.

Other Information

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

Management 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 management 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 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 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 is 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.



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- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Junaid Mesia**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 4, 2024
UDIN: AR2024106112fy60e43E

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
ASSETS			
Balances with banks	4	1,653,319	192,195
Investments	5	10,768,089	511,943
Profit receivables	6	430,506	19,736
Receivable against sale of investments		1,541,304	-
Advances, deposits, prepayments and other receivables	7	5,871	3,246
Total assets		14,399,089	727,120
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	8	18,924	1,291
Payable to Central Depository Company of Pakistan Limited - Trustee	9	516	34
Payable to the Securities and Exchange Commission of Pakistan	10	623	132
Payable against purchase of investments		3,225,183	-
Accrued expenses and other liabilities	11	72,114	52,043
Total liabilities		3,317,360	53,500
NET ASSETS		11,081,729	673,620
Unit holders' fund (as per statement attached)		11,081,729	673,620
Contingencies and Commitments	12		
(Number of units)			
NUMBER OF UNITS IN ISSUE		204,996,026	12,515,525
(Rupees)			
NET ASSET VALUE PER UNIT		54.0600	53.8200

The annexed notes from 1 to 29 form an integral part of these financial statements.

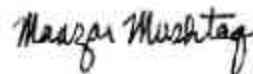
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

		For the year ended	
	Note	June 30, 2024	June 30, 2023
		—— (Rupees in '000) ——	
INCOME			
Income from government securities		1,328,583	98,700
Profit on savings accounts with banks		123,914	17,819
Net realised (loss) / gain on sale of investments		(52,253)	4,498
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5	33,164	(13,468)
Total income		1,433,408	107,549
EXPENSES			
Remuneration of MCB Investment Management Limited - Management Company	8.1	81,860	3,714
Sindh Sales Tax on remuneration of the Management Company	8.2	10,642	483
Allocated expenses	8.3	7,224	940
Selling and marketing expenses	8.4	31,832	2,731
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,045	363
Sindh Sales Tax on remuneration of the Trustee	9.2	526	47
Fee to the Securities and Exchange Commission of Pakistan	10.1	5,516	132
Auditors' remuneration	13	980	728
Fees and subscription		560	538
Legal and professional charges		191	175
Brokerage and settlement charges		3,226	393
Bank charges		2,065	347
Printing and related costs		32	37
Total expenses		148,699	10,628
Net income for the year before taxation		1,284,709	96,921
Taxation	14	-	-
Net income for the year after taxation		1,284,709	96,921
Earnings per unit			
	3.12		
Allocation of net income for the year			
Net income for the year after taxation		1,284,709	96,921
Income already paid on units redeemed		(915,392)	(20,987)
		369,317	75,934
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		369,317	75,934
		369,317	75,934

The annexed notes from 1 to 29 form an integral part of these financial statements.

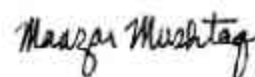
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	For the year ended	
	June 30, 2024	June 30, 2023
	---- (Rupees in '000) ----	
Net income for the year after taxation	1,284,709	96,921
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,284,709</u>	<u>96,921</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

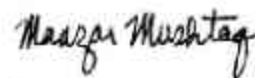
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Year ended June 30, 2024			Year ended June 30, 2023		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
(Rupees in '000)						
Net assets at the beginning of the year	1,375,200	(701,580)	673,620	1,316,281	(705,910)	610,371
Issuance of 656,568,210 units (2023: 23,209,089 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	35,336,501	-	35,336,501	1,240,758	-	1,240,758
- Element of income	3,554,635	-	3,554,635	57,022	-	57,022
Total proceeds on issuance of units	38,891,136	-	38,891,136	1,297,780	-	1,297,780
Redemption of 464,087,709 units (2023: 22,111,284 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	(24,977,200)	-	(24,977,200)	(1,182,071)	-	(1,182,071)
- Element of loss	(2,199,623)	(915,392)	(3,115,015)	(44,865)	(20,987)	(65,852)
Total payments on redemption of units	(27,176,823)	(915,392)	(28,092,215)	(1,226,936)	(20,987)	(1,247,923)
Total comprehensive income for the year	-	1,284,709	1,284,709	-	96,921	96,921
Distribution for the year ended June 30, 2024 @ Rs. 11 per unit on June 24, 2024	-	(332,440)	(332,440)	-	-	-
Refund of capital for the year ended June 30, 2024	(1,343,081)	-	(1,343,081)	-	-	-
Distribution for the year ended June 30, 2023 @ Rs. 7.88 per unit on June 16, 2023	-	-	-	-	(71,604)	(71,604)
Refund of capital for the year ended June 30, 2023	-	-	-	(11,925)	-	(11,925)
Net income for the year less distribution	(1,343,081)	952,269	(390,812)	(11,925)	25,317	13,392
Net assets at the end of the year	11,746,432	(664,703)	11,081,729	1,375,200	(701,580)	673,620
Accumulated loss brought forward						
- Realised loss		(688,112)			(704,872)	
- Unrealised loss		(13,468)			(1,038)	
		(701,580)			(705,910)	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		369,317			75,934	
		369,317			75,934	
Distributions made during the year		(332,440)			(71,604)	
Accumulated losses carried forward		(664,703)			(701,580)	
Accumulated losses carried forward						
- Realised loss		(697,867)			(688,112)	
- Unrealised income / (loss)		33,164			(13,468)	
		(664,703)			(701,580)	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		53.8200			52.4600	
Net asset value per unit at the end of the year		54.0600			53.8200	

The annexed notes from 1 to 29 form an integral part of these financial statements.

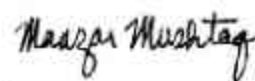
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

Note	For the year ended	
	June 30, 2024	June 30, 2023
	— (Rupees in '000) —	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	1,284,709	96,921
Adjustments for:		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5 (33,164)	13,468
	1,251,545	110,389
Increase in assets		
Investments - net	(9,028,370)	(51,757)
Profit receivables	(410,770)	(3,588)
Receivable against sale of investments	(1,541,304)	-
Advances, deposits, prepayments and other receivables	(2,625)	(157)
	(10,983,069)	(55,502)
Increase / (decrease) in liabilities		
Payable to MCB Investment Management Limited - Management Company	17,633	83
Payable to Central Depository Company of Pakistan Limited - Trustee	482	2
Payable to the Securities and Exchange Commission of Pakistan	491	(7)
Payable against purchase of investments	3,225,183	(483,428)
Accrued expenses and other liabilities	20,071	16,485
	3,263,860	(466,865)
Net cash used in operating activities	(6,467,664)	(411,978)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units - net of refund of capital	37,548,055	1,285,856
Payments against redemption and conversion of units	(28,092,215)	(1,247,923)
Dividend paid	(332,440)	(71,604)
Net cash generated from / (used in) financing activities	9,123,400	(33,671)
Net increase / (decrease) in cash and cash equivalents during the year	2,655,736	(445,649)
Cash and cash equivalents at the beginning of the year	192,195	637,844
Cash and cash equivalents at the end of the year	#REF! 2,847,931	192,195

The annexed notes from 1 to 29 form an integral part of these financial statements.

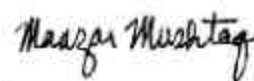
For MCB Investment Management Limited
(Management Company)



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 Pakistan Sovereign Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (now: MCB Investment Management Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed of the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated December 20, 2002 consequent to which Trust Deed was executed on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was registered under the Sindh Trust Act on August 12, 2021.

In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited.

- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual Fund and is listed on the Pakistan Stock Exchange Limited. MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund. The units of the Funds are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering to the Fund. The Fund has been categorised as 'Income scheme' by the Board of Directors of Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP.
- 1.4 The Fund has a policy of investing in debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of "AM1" dated October 06, 2023 (2023: "AM1" dated October 6, 2022) to the Management Company and "AA-(f)" as stability rating dated March 08, 2024 (2023: "AA-(f)" as stability rating dated September 8, 2023) to the Fund. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as 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. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- 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), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. 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 the current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and are measured at fair values.

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 Pakistani Rupees which is the Fund's functional and presentation currency.

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

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

3.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

3.2 Financial assets

3.2.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

3.2.2 Classification and subsequent measurement

Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:-

- amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

3.2.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

3.2.4 Impairment

The fund assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

3.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

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

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss arising on derecognition of financial assets is taken to the Income Statement.

3.3 Financial liabilities

3.3.1 Classification and subsequent measurement

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value and subsequently stated at amortised cost.

3.3.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 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 circulation at the year end.

3.7 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as at the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV 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 NAV 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.

3.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;

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

- Income on government securities is recognised on a time proportionate basis using the effective yield method; and
- Profit on balances with banks is recognised on an accrual basis.

3.10 Expenses

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

3.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

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 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

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.

3.12 Earnings per unit

Earnings per unit is calculated by dividing the net income of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

3.13 Distribution to units holders fund

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the 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

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

3.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	June 30, 2024	June 30, 2023
		— (Rupees in '000) —	
4 BALANCES WITH BANKS			
- In savings accounts	4.1	1,653,304	190,089
- In current accounts	4.2	15	2,106
		1,653,319	192,195

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

4.1 These carry profit at the rates ranging from 19.00% to 21.85% (2023: 12.25% to 21.50%) per annum and include Rs. 5.32 million (2023: Rs. 0.66 million) maintained with MCB Bank Limited, a related party, which carries profit at the rate of 20.50% (2023: 19.50%) per annum.

4.2 This includes balance held with MCB Bank Limited (a related party) of Rs. 0.01 million (2023: Rs. 2.09 million).

5 INVESTMENTS	Note	June 30, 2024	June 30, 2023
— (Rupees in '000) —			
Investments at 'fair value through profit or loss'			
Government securities			
Market Treasury Bills	5.1	2,498,037	205,159
Pakistan Investment Bonds	5.2	2,503,802	4,923
Pakistan Investment Bonds - Floating Rate Bond (FRB)	5.3	1,924,997	301,861
GoP Ijarah Sukuk certificates	5.4	3,841,253	-
		<u>10,768,089</u>	<u>511,943</u>

5.1 Market Treasury Bills

Name of security	Tenor	Issue date	Maturity date	At July 01, 2023	Purchased during the year	Sold / matured during the year	At June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Market value as a percentage of	
											Net assets of the Fund	Total market value of investments
				Face value ('000)			(Rupees '000)			%		
Market Treasury Bills	3 months	April 20, 2023	July 13, 2023	-	250,000	250,000	-	-	-	-	-	-
Market Treasury Bills	3 months	May 18, 2023	August 18, 2023	-	600,000	600,000	-	-	-	-	-	-
Market Treasury Bills	3 months	June 15, 2023	June 13, 2024	-	1,950,000	1,950,000	-	-	-	-	-	-
Market Treasury Bills	3 months	June 22, 2023	September 21, 2023	-	5,300,000	5,300,000	-	-	-	-	-	-
Market Treasury Bills	3 months	July 13, 2023	October 5, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	August 10, 2023	November 2, 2023	-	700,000	700,000	-	-	-	-	-	-
Market Treasury Bills	3 months	August 24, 2023	November 16, 2023	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	September 7, 2023	November 30, 2023	-	2,000,000	2,000,000	-	-	-	-	-	-
Market Treasury Bills	3 months	September 21, 2023	December 14, 2023	-	765,000	765,000	-	-	-	-	-	-
Market Treasury Bills	3 months	October 5, 2023	December 28, 2023	-	1,075,000	1,075,000	-	-	-	-	-	-
Market Treasury Bills	3 months	October 19, 2023	January 11, 2024	-	1,900,000	1,900,000	-	-	-	-	-	-
Market Treasury Bills	3 months	November 2, 2023	January 25, 2024	-	11,000,000	11,000,000	-	-	-	-	-	-
Market Treasury Bills	3 months	November 16, 2023	February 7, 2024	-	1,400,000	1,400,000	-	-	-	-	-	-
Market Treasury Bills	3 months	November 30, 2023	November 28, 2024	-	1,810,000	1,810,000	-	-	-	-	-	-
Market Treasury Bills	3 months	December 14, 2023	March 7, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	December 28, 2023	December 26, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	January 11, 2024	April 4, 2024	-	125,000	125,000	-	-	-	-	-	-
Market Treasury Bills	3 months	January 25, 2024	April 18, 2024	-	375,000	375,000	-	-	-	-	-	-
Market Treasury Bills	3 months	February 7, 2024	May 2, 2024	-	800,000	800,000	-	-	-	-	-	-
Market Treasury Bills	3 months	February 22, 2024	May 16, 2024	-	2,000,000	2,000,000	-	-	-	-	-	-
Market Treasury Bills	3 months	March 7, 2024	September 5, 2024	-	375,000	375,000	-	-	-	-	-	-
Market Treasury Bills	3 months	March 21, 2024	June 13, 2024	-	1,500,000	1,500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	April 4, 2024	June 27, 2024	-	375,000	375,000	-	-	-	-	-	-
Market Treasury Bills	3 months	April 18, 2024	July 11, 2024	-	450,000	450,000	-	-	-	-	-	-
Market Treasury Bills	3 months	May 2, 2024	May 2, 2025	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	May 16, 2024	August 8, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	May 30, 2024	May 29, 2025	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	June 13, 2024	September 5, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	6 months	March 27, 2023	September 21, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
Market Treasury Bills	6 months	October 19, 2023	April 18, 2024	-	1,200,000	1,200,000	-	-	-	-	-	-
Market Treasury Bills	6 months	November 2, 2023	May 2, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	6 months	November 16, 2023	May 16, 2024	-	6,000,000	6,000,000	-	-	-	-	-	-
Market Treasury Bills	6 months	November 30, 2023	May 30, 2024	-	3,000,000	3,000,000	-	-	-	-	-	-
Market Treasury Bills	6 months	December 14, 2023	June 13, 2024	-	500,000	500,000	-	-	-	-	-	-

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

Name of security	Tenor	Issue date	Maturity date	At July 01, 2023	Purchased during the year	Sold / matured during the year	At June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Market value as a percentage of	
											Net assets of the Fund	Total market value of investments
				Face value (000)			Rupees '000			%		
Market Treasury Bills	6 months	January 11, 2024	July 11, 2024	-	125,000	125,000	-	-	-	-	-	-
Market Treasury Bills	6 months	March 7, 2024	September 5, 2024	-	1,125,000	1,125,000	-	-	-	-	-	-
Market Treasury Bills	6 months	May 2, 2024	October 31, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	6 months	May 30, 2024	November 28, 2024	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	6 months	June 13, 2024	December 11, 2024	-	2,180,000	2,180,000	-	-	-	-	-	-
Market Treasury Bills	12 months	June 15, 2023	June 13, 2024	250,000	-	250,000	-	-	-	-	-	-
Market Treasury Bills*	12 months	July 13, 2023	July 11, 2024	-	6,950,000	5,750,000	1,200,000	1,194,672	1,194,612	(60)	10.78	11.09
Market Treasury Bills****	12 months	October 19, 2023	October 17, 2024	-	21,543,900	21,540,000	3,900	3,692	3,681	(11)	0.03	0.03
Market Treasury Bills	12 months	November 2, 2023	October 31, 2024	-	58,025,000	58,025,000	-	-	-	-	-	-
Market Treasury Bills	12 months	November 16, 2023	November 14, 2024	-	2,900,000	2,900,000	-	-	-	-	-	-
Market Treasury Bills*****	12 months	November 30, 2023	November 28, 2024	-	6,800,000	6,790,000	10,000	9,267	9,238	(29)	0.08	0.09
Market Treasury Bills	12 months	December 14, 2023	December 12, 2024	-	2,000,000	2,000,000	-	-	-	-	-	-
Market Treasury Bills	12 months	December 28, 2023	December 26, 2024	-	2,500,000	2,500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	December 28, 2023	December 26, 2024	-	2,500,000	2,500,000	-	-	-	-	-	-
Market Treasury Bills*****	12 months	January 25, 2024	January 23, 2025	-	7,323	6,723	600	541	540	(1)	0.00	0.01
Market Treasury Bills	12 months	March 21, 2024	March 20, 2025	-	1,500,000	1,500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	April 4, 2024	April 3, 2025	-	4,000,000	4,000,000	-	-	-	-	-	-
Market Treasury Bills**	12 months	May 2, 2024	May 2, 2025	-	8,175,000	7,175,000	1,000,000	861,615	861,379	(236)	7.77	8.00
Market Treasury Bills***	12 months	May 16, 2024	May 15, 2025	-	3,900,000	3,400,000	500,000	428,819	428,587	(232)	3.87	3.98
Market Treasury Bills	12 months	May 30, 2024	May 29, 2025	-	7,500,000	7,500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	June 13, 2024	June 12, 2025	-	500,000	500,000	-	-	-	-	-	-
As at June 30, 2024								2,498,606	2,498,037	(569)		
As at June 30, 2023								207,013	205,159	(1,854)		

* These will mature latest by July 11, 2024 carrying effective yield rates ranging from 20.35% till 23.00%.

** These will mature latest by May 2, 2025 carrying effective yield rates ranging from 19.28% till 20.84%.

*** These will mature latest by May 15, 2025 carrying effective yield rates ranging from 19.11% till 20.36%.

**** These will mature latest by October 17, 2024 carrying effective yield rates ranging from 20.75% till 22.0707%.

***** These will mature latest by January 23, 2025 carrying effective yield rates ranging from 20.14% till 21.43%.

***** These will mature latest by November 28, 2024 carrying effective yield rates ranging from 20.79% till 21.50%.

5.2 Pakistan Investment Bonds

Name of security	Tenor	Issue date	Maturity date	Profit rate (%)	At July 01, 2023	Purchased during the year	Sold / matured during the year	At June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised diminution as at June 30, 2024	Market value as a percentage of	
												Net assets of the Fund	Total market value of investments
								Face value (000)	Rupees 000		%		
Pakistan Investment Bonds													
Pakistan Investment Bonds*	3 years	July 4, 2023	July 4, 2026	12.00%	-	13,750,000	12,500,000	1,250,000	1,149,967	1,148,720	(1,247)	10.37	10.67
Pakistan Investment Bonds**	3 years	February 15, 2024	February 15, 2027	14.00%	-	12,682,000	11,940,000	742,000	700,694	700,971	277	6.33	6.51
Pakistan Investment Bonds***	5 years	January 17, 2024	January 17, 2029	14.00%	-	1,875,000	1,275,000	600,000	574,972	568,600	(6,372)	5.13	5.20
Pakistan Investment Bonds	20 years	June 10, 2004	June 9, 2024	10.00%	5,500	-	5,500	-	-	-	-	-	-
Pakistan Investment Bonds****	5 years	October 13, 2022	October 13, 2027	10.50%	-	200,000	100,000	100,000	85,445	85,511	66	0.77	0.79
As at June 30, 2024								2,511,678		2,503,882		(7,796)	
As at June 30, 2023								5,328		4,932		(405)	

* This will mature latest by July 4, 2026 carrying effective yield rate of 16.86%.

** This will mature latest by February 15, 2027 carrying effective yield rate of 16.67%.

*** This will mature latest by January 17, 2029 carrying effective yield rate of 15.30%.

**** This will mature latest by October 13, 2027 carrying effective yield rate of 16.06%.

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

5.3 Pakistan Investment Bonds - Floating Rate Bond (FRB)

Name of security	Tenor	Issue date	Maturity date	Profit rate (%)	At July 01, 2023	Purchased during the year	Sold / matured during the year	At June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market value as a percentage of	
					Face value ('000)			(Rupees '000)			Net assets of the Fund		Total market value of investments
											%		
Pakistan Investment Bonds													
Pakistan Investment Bonds - FRB	2 years	April 6, 2023	April 6, 2025	22.84%	-	500,000	500,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	3 years	September 21, 2023	September 21, 2026	23.39%	-	850,000	850,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	5 years	August 10, 2023	August 10, 2028	22.87%	-	325,000	325,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	5 years	May 6, 2021	May 6, 2026	21.96%	125,000	-	125,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	5 years	September 21, 2023	September 21, 2028	24.79%	-	2,860,000	2,860,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	5 years	October 19, 2023	October 19, 2028	21.32%	-	6,650,000	6,650,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	5 years	December 14, 2023	December 14, 2028	21.33%	-	600,000	600,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB*	5 years	April 18, 2024	April 18, 2029	21.30%	-	8,400,000	6,600,000	1,800,000	1,733,962	1,738,440	4,478	15.65	16.10
Pakistan Investment Bonds - FRB	5 years	April 6, 2023	April 6, 2028	21.30%	-	3,350,000	3,350,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB**	10 years	July 25, 2019	July 25, 2029	21.71%	100,000	-	-	100,000	96,001	98,240	2,239	0.87	0.89
Pakistan Investment Bonds - FRB***	10 years	August 22, 2019	August 22, 2029	21.15%	90,000	-	-	90,000	86,528	88,317	1,789	0.78	0.80
Pakistan Investment Bonds - FRB	10 years	November 4, 2021	November 4, 2031	21.84%	-	4,050,000	4,050,000	-	-	-	-	-	-
As at June 30, 2024									1,916,491	1,924,997	8,506		
As at June 30, 2023									313,070	301,861	(11,209)		

* This will mature latest by April 18, 2029 carrying effective yield rate of 21.30%.

** This will mature latest by July 25, 2029 carrying effective yield rate of 21.71%.

*** This will mature latest by Aug 22, 2029 carrying effective yield rate of 21.14%.

5.4 GoP Ijarah Sukuk certificates

Name of security	Tenor	Issue date	Maturity date	Profit rate (%)	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market Value as a percentage of	
												net assets of the Fund	Total market value of investments
					Number of certificates				(Rupees '000)			%	
Government of Pakistan- Ijarah Sukuk													
GoP Ijarah Sukuk Certificates - XXVII - VRR	1 year	August 07, 2023	August 7, 2024	Weighted average 6 months T-Bills	-	150,000	-	150,000	65,085	65,039	(46)	0.59	0.60
GoP Ijarah Sukuk Certificates - XXVIII - VRR	1 year	September 20, 2023	September 20, 2024	Weighted average 6 months T-Bills	-	225,000	-	225,000	224,995	224,910	(85)	2.03	2.09
GoP Ijarah Sukuk Certificates - XXXIX - VRR	1 year	October 09, 2023	October 9, 2024	Weighted average 6 months T-Bills	-	500,000	500,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXI - FRR	1 year	October 09, 2023	October 9, 2024	22.49%	-	435,000	435,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XL VRR	1 year	December 04, 2023	December 4, 2024	Weighted average 6 months T-Bills	-	150,000	-	150,000	150,082	150,510	428	1.36	1.40
GoP Ijarah Sukuk Certificates - XXX - VRR	1 year	April 17, 2023	April 16, 2024	Weighted average 6 months T-Bills	-	1,000,000	1,000,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXX - VRR	1 year	March 08, 2023	March 7, 2024	Weighted average 6 months T-Bills	-	375,000	375,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - PSX - FRR	1 year	March 15, 2023	March 14, 2024	20.10%	-	25,000	-	25,000	22,064	22,075	11	0.20	0.21
GoP Ijarah Sukuk Certificates - XXIV - FRR	1 year	June 26, 2023	June 26, 2026	18.49%	-	600,000	-	600,000	595,416	621,060	25,644	5.60	5.77
GoP Ijarah Sukuk Certificates - XLI - VRR	3 years	December 04, 2023	December 04, 2026	Weighted average 6 months T-Bills	-	200,000	-	200,000	200,204	199,640	(564)	1.80	1.85
GoP Ijarah Sukuk Certificates - XXXIII - FRR	3 years	December 04, 2023	December 04, 2026	16.19%	-	225,000	-	225,000	225,118	225,248	130	2.03	2.09
GoP Ijarah Sukuk Certificates - PSX - VRR	3 years	January 24, 2024	January 24, 2027	Weighted average 6 months T-Bills	-	287,500	-	287,500	287,500	288,938	1,438	2.61	2.68
GoP Ijarah Sukuk Certificates - PSX - FRR	3 years	January 24, 2024	January 24, 2027	16.05%	-	37,500	-	37,500	37,500	37,500	-	0.34	0.35

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

Name of security	Tenor	Issue date	Maturity date	Profit rate (%)	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market Value as a percentage of net assets of the Fund	Total market value of investments
					Number of certificates				(Rupees '000)		%		
GoP Ijarah Sukuk	5 years	December 04, 2023	December 04, 2028	Weighted average 6 months T-Bills	-	250,000		250,000	250,334	250,400	66	2.26	2.33
Certificates - XLII - VRR													
GoP Ijarah Sukuk	5 years	December 04, 2023	December 04, 2028	15.75%	-	475,000	75,000	400,000	400,886	405,320	4,434	3.66	3.76
Certificates - XXXIV - FRR													
GoP Ijarah Sukuk	5 years	January 24, 2024	January 24, 2029	Weighted average 6 months T-Bills	-	537,500		537,500	537,500	538,575	1,075	4.86	5.00
Certificates - PSX - VRR													
GoP Ijarah Sukuk	5 years	January 24, 2024	January 24, 2029	15.49%	-	812,500		812,500	812,066	812,039	(27)	7.33	7.54
Certificates - PSX - FRR													
Total as at June 30, 2024									3,808,750	3,841,254	32,504	-	-
Total as at June 30, 2023									-	-	-	-	-

5.5 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net

Note	June 30, 2024	June 30, 2023
	— (Rupees in '000) —	
2, 5.3 & 5.4	10,768,089	511,943
2, 5.3 & 5.4	10,734,925	525,411
	33,164	(13,468)

6 PROFIT RECEIVABLES

Profit receivable on:

-Pakistan Investment Bonds	153,721	32
-Pakistan Investment Bonds - Floating Rate Bond (FRB)	93,749	17,758
-GoP Ijarah Sukuk certificates	168,753	-
-Savings accounts	14,283	1,946
	430,506	19,736

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	7.1	4,431	2,974
Security deposits with:			
- Central Depository Company of Pakistan Limited(CDC)		100	-
Prepayments		296	270
Other receivables		1,044	2
		5,871	3,246

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on profit on savings accounts with banks paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on saving accounts with banks amounts to Rs. 4.43 million (2023: Rs. 2.97 million). Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on savings accounts with banks has been shown as advance tax under 'Advances, deposits, prepayments and other receivables' as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC.

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

	Note	June 30, 2024	June 30, 2023
		—— (Rupees in '000) ——	
8 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	9,137	280
Sindh Sales Tax payable on remuneration of the Management Company	8.2	1,188	37
Allocated expenses payable	8.3	664	80
Selling and marketing expenses payable	8.4	7,215	872
Sales load payable		720	22
		<u>18,924</u>	<u>1,291</u>
8.1	As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rates ranging from 0.01% to 10.00% (2023: 0.50% to 10.00%) per annum of the gross earnings of the scheme calculated on a daily basis of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.		
8.2	During the year, an amount of Rs. 10.64 million (2023: Rs. 0.48 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%) and an amount of Rs. 9.49 million (2023: Rs. 0.53 million) has been paid to the Management Company which acts as a collecting agent.		
8.3	In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).		
	The Management Company, based on its own discretion, has charged such expenses at the rates ranging from 0.08% to 2.38% (2023: 0.10% to 0.15%) per annum of the average annual net assets of the Fund during the year.		
8.4	The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds, upto a maximum limit approved by the Board of Directors of Management Company as part of annual plan.		
	Accordingly, the Management Company has charged selling and marketing expenses based on its discretion at the rates ranging from 0.05% to 19.48% (2023: 0.28% to 0.5%) per annum, duly authorised by the Board of Directors, while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.		
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2024	June 30, 2023
		—— (Rupees in '000) ——	
Trustee remuneration payable	9.1	457	30
Sindh Sales Tax payable on Trustee remuneration	9.2	59	4
		<u>516</u>	<u>34</u>
9.1	The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.065% (2023: 0.065%) per annum of the average annual net assets of the Fund.		
9.2	During the year, an amount of Rs. 0.53 million (2023: Rs. 0.05 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%) and an amount of Rs. 0.47 million (2023: Rs. 0.05 million) was paid to the Trustee which acts as a collecting agent.		
10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2024	June 30, 2023
		—— (Rupees in '000) ——	
Fee payable	10.1	623	132
10.1	In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to an "Income Scheme". Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the year.		
	Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.		

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

	Note	June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for federal excise duty payable on			
- Remuneration of the Management Company	11.1	29,028	29,028
- Sales load		4,170	4,170
Brokerage payable		289	15
Withholding tax payable		37,619	509
Auditors' remuneration payable		760	494
Other payable		249	17,827
		<u>72,114</u>	<u>52,043</u>

- 11.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 33.198 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. 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 Re. 0.16 (2023: Rs. 2.66) per unit.

12 CONTINGENCIES AND COMMITMENTS

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

	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----	
13 AUDITORS' REMUNERATION		
Annual audit fee	525	330
Fee for half yearly review of condensed interim financial statements	225	165
Fee for other certifications	115	118
Out of pocket expenses	42	61
	<u>907</u>	<u>674</u>
Sindh Sales Tax	73	54
	<u>980</u>	<u>728</u>

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 capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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.

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

15 CASH AND CASH EQUIVALENTS	June 30, 2024 — (Rupees in '000) —	June 30, 2023
Balances with Banks	1,653,319	192,195
Market Treasury Bills	1,194,612	-
	2,847,931	192,195

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year is 2.02% (2023: 1.61%) which includes 0.23% (2023: 0.11%) representing government levies on the Fund such as sales tax, fee to the SECP etc. The prescribed limit for the ratio is 2.50% under the NBFC Regulations for a collective investment scheme categorised as a "Income scheme".

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

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

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

Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Offering document.

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

Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.

The details of transactions and balances at year end with related parties / connected persons are as follows:

17.1 Details of transactions with related parties / connected persons are as follows:

	For the year ended	
	June 30, 2024	June 30, 2023
	— (Rupees in '000) —	
MCB Investment Management Limited - Management Company		
Remuneration (including indirect taxes)	92,502	4,197
Allocated expenses	7,224	940
Selling and marketing expenses	31,832	2,731
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	4,571	410
MCB Bank Limited - Parent of the Management Company		
Profit on savings account with bank	679	116
Bank charges	23	10

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

17.2 Balances outstanding at year end:

	June 30, 2024	June 30, 2023
	— (Rupees in '000) —	
MCB Investment Management Limited - Management Company		
Management remuneration payable	9,137	280
Sindh Sales Tax payable on remuneration of the Management Company	1,188	37
Allocated expenses payable	664	80
Selling and marketing expenses payable	7,215	872
Sales load payable	720	22
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	457	30
Sindh Sales Tax payable on Trustee remuneration	59	4
MCB Bank Limited - Parent of the Management Company		
Balances with bank	5,324	2,764

17.3 Transactions during the year with connected persons / related parties in units of the Fund:

For the year ended June 30, 2024							
As at July 01, 2023	Issued for cash	Redeemed	As at June 30, 2024	As at July 01, 2023	Issued for cash	Redeemed	As at June 30, 2024
(Units)				(Rupees in '000)			
Associated / group companies							
D.G. Khan Cement Company Limited	8	1	9	-	-	-	-
Adamjee Life Assurance Company Limited	-	7,509,414	7,509,414	-	443,206	444,707	-
MCB Investment Management Limited*	-	38,147,101	31,581,305	6,565,796	2,201,479	1,863,672	354,947
Adamjee Insurance Company Limited- Employees - Gratuity Fund	-	1,335,295	913,910	421,385	72,679	50,393	22,780
MCB Employees Provident Fund	-	16,098,714	-	16,098,714	866,433	-	870,296
Adamjee Life Assurance Company Limited	-	136,777	23,583	113,194	7,496	1,500	6,119
Adamjee Life Assurance Company Limited Managed Growth Fund	-	16,795	16,795	-	1,000	1,020	-
Mandate under discretionary portfolio services*	2	32,196,133	28,046,434	4,149,701	1,906,185	1,737,575	224,333
Key management personnel	31	8,529,327	8,235,516	293,842	2	507,795	509,391
Unitholders holding 10% or more	3,825,944	-	3,825,944	-	205,912	-	205,912

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

For the year ended June 30, 2023							
As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023	As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023
(Units)				(Rupees in '000)			
Associated / group companies							
D.G. Khan Cement Company Limited	8	-	8	-	-	-	-
MCB Investment Management Limited*	-	9,307,194	9,307,194	-	510,359	514,770	-
Adamjee Life Assurance Company Limited Managed Growth Fund	-	313,845	313,845	-	17,500	17,588	-
Adamjee Insurance Company Limited Employees Provident Fund	-	627,690	627,690	-	35,000	35,176	-
Mandate under discretionary portfolio services*	3	1,274,301	1,274,302	2	73,245	73,371	-
Key management personnel	-	1,779,632	1,779,601	31	99,228	99,725	2
Unitholders holding 10% or more	3,423,890	402,054	-	3,825,944	183,041	21,538	205,912

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2024		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	1,653,319	-	1,653,319
Investments	-	10,768,089	10,768,089
Profit receivables	430,506	-	430,506
Deposits and other receivables	1,144	-	1,144
Receivable against sale of investments	1,541,304	-	1,541,304
	<u>3,626,273</u>	<u>10,768,089</u>	<u>14,394,362</u>

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

June 30, 2024			
	At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
Financial liabilities			
Payable to MCB Investment Management Limited - Management Company	18,924	-	18,924
Payable to Central Depository Company of Pakistan Limited - Trustee	516	-	516
Payable against purchase of investments	3,225,183	-	3,225,183
Accrued expenses and other liabilities	1,298	-	1,298
	<u>3,245,921</u>	<u>-</u>	<u>3,245,921</u>
June 30, 2023			
	At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
Financial assets			
Balances with banks	192,195	-	192,195
Investments		511,943	511,943
Profit receivables	19,736	-	19,736
Deposits and other receivables	2	-	2
	<u>211,933</u>	<u>511,943</u>	<u>723,876</u>
Financial liabilities			
Payable to MCB Investment Management Limited - Management Company	1,291	-	1,291
Payable to Central Depository Company of Pakistan Limited - Trustee	34	-	34
Payable against purchase of investments	-	-	-
Accrued expenses and other liabilities	18,336	-	18,336
	<u>19,661</u>	<u>-</u>	<u>19,661</u>

19 FINANCIAL RISK MANAGEMENT

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

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 the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

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

(i) 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 does not have any financial instrument in foreign currencies and hence is not exposed to such risk.

(ii) 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 yield / interest rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks and investments in government securities. 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.

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

a) Sensitivity analysis of variable rate instruments

As at June 30, 2024, the Fund holds balances with banks, Pakistan Investment Bonds and GoP Ijarah Sukuk certificates exposing the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase / decrease in KIBOR 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. 52.96 million (2023: Rs. 4.92 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan (FMAP) are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in yield / interest rates.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's yield / interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 and June 30, 2023 can be determined as follows:

June 30, 2024					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		
Rupees in ('000)					

On-balance sheet financial instruments

Financial Assets

Balances with banks 20.50% - 21.85% 1,653,304 - - 15 1,653,319

Investments

'at fair value through profit and loss' - net

Market Treasury Bills 18.84% - 23.00% 1,194,612 1,303,425 - - 2,498,037

Pakistan Investment Bonds 10.50% - 14.00% 1,148,720 1,355,082 - - 2,503,802

Pakistan Investment Bonds - floating rate bond (FRB) 21.14% - 21.71% 1,836,680 88,317 - - 1,924,997

GoP Ijarah Sukuk certificates 15.49% - 21.23% 1,989,075 1,852,178 - - 3,841,253

6,169,087 4,599,002 - - 10,768,089

Profit receivables - - - 430,506 430,506

Receivable against sale of investments - - - 1,541,304 1,541,304

Deposits and other receivables - - - 1,144 1,144

7,822,391 4,599,002 - 1,972,969 14,394,362

Financial Liabilities

Payable to MCB Investment Management Limited - Management Company - - - 18,924 18,924

Payable to Central Depository Company of Pakistan Limited - Trustee - - - 516 516

Payable against purchase of investments - - - 3,225,183 3,225,183

Accrued expenses and other liabilities - - - 1,298 1,298

- - - 3,245,921 3,245,921

On-balance sheet gap (a)

7,822,391 4,599,002 - (1,272,952) 11,148,441

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap (b)

- - - - -

Total interest rate sensitivity gap (a+b)

7,822,391 4,599,002 -

Cumulative interest rate sensitivity gap

7,822,391 12,421,393 12,421,393

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

June 30, 2023					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

Rupees in ('000)

On-balance sheet financial instruments

Financial Assets

Balances with banks 12.25% - 21.50% 190,089 - - 2,106 192,195

Investments

'at fair value through profit and loss' - net

Market Treasury Bills	21.98%	-	205,159	-	-	205,159
Pakistan Investment Bonds	10.00%	-	4,923	-	-	4,923
Pakistan Investment Bonds - floating rate bond (FRB)	17.57% - 21.96%	85,851	216,010	-	-	301,861
GoP Ijarah Sukuk certificates		-	-	-	-	-

Profit receivables - - - 19,736 19,736

Deposits and other receivables - - - 2 2

275,940 426,092 - 21,844 723,876

Financial Liabilities

Payable to MCB Investment Management Limited - Management Company - - - 1,291 1,291

Payable to Central Depository Company of Pakistan Limited - Trustee - - - 34 34

Payable against purchase of investments - - - - -

Accrued expenses and other liabilities - - - 18,336 18,336

- - - 19,661 19,661

On-balance sheet gap (a)

275,940 426,092 - 2,183 704,215

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap (b)

- - - - -

Total interest rate sensitivity gap (a+b)

275,940 426,092 -

Cumulative interest rate sensitivity gap

275,940 702,032 702,032

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest 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. The Fund does not hold any financial instrument that exposes it to price risk.

19.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due.

The Fund is exposed to counter party credit risks on balances with banks, deposits and other receivables. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk certificate are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. This information is supplied by the 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 spread amongst approved counterparties.

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

Credit risk from balances with banks and financial institutions 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. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

The table below analyses the Fund's maximum exposure to credit risk:

	2024		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)				
Balances with banks	1,653,319	1,653,319	192,195	192,195
Investments	10,768,089	-	511,943	-
Profit receivables	430,506	14,283	19,736	1,946
Receivable against sale of investments	1,541,304	1,541,304	-	-
Deposits and other receivables	1,144	1,144	2	2
	<u>14,394,362</u>	<u>3,210,050</u>	<u>723,876</u>	<u>194,143</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities of Rs. 10.76 billion (2023: Rs. 511.94 million) and profit receivable from these securities of Rs. 416.22 million (2023: Rs. 17.79 million) are not exposed to credit risk.

19.2.1 Credit quality of financial assets

The Fund's significant credit risk (other than government backed securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating category	2024	2023
	%	%
AAA	86.75	7.57
AA+	13.15	92.21
AA	0.10	0.20
AA-	-	0.02
	<u>100.00</u>	<u>100.00</u>

Since, the balances are maintained with credit-worthy counter-parties therefore, credit risk is mitigated.

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.

19.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

June 30, 2024							
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total	
Rupees in ('000) -							
Financial Assets							
Balances with banks	1,653,319	-	-	-	-	1,653,319	
Investments							
'at fair value through profit and loss' - net							
Market Treasury Bills	1,194,612	-	1,303,425	-	-	2,498,037	
Pakistan Investment Bonds	-	-	2,503,802	-	-	2,503,802	
Pakistan Investment Bonds - floating rate bond (FRB)	-	-	88,317	1,836,680	-	1,924,997	
GoP Ijarah Sukuk certificates	-	312,024	1,846,356	1,682,873	-	3,841,253	
	1,194,612	312,024	3,149,781	4,274,992	1,836,680	10,768,089	
Profit receivables	430,506	-	-	-	-	430,506	
Receivable against sale of investments	1,541,304	-	-	-	-	1,541,304	
Deposits and other receivables	1,044	-	-	-	100	1,144	
	4,820,785	312,024	3,149,781	4,274,992	1,836,680	100	14,394,362
Financial liabilities							
Payable to MCB Investment Management Limited - Management Company	18,924	-	-	-	-	18,924	
Payable to Central Depository Company of Pakistan Limited - Trustee	516	-	-	-	-	516	
Payable against purchase of investments	3,225,183	-	-	-	-	3,225,183	
Accrued expenses and other liabilities	538	760	-	-	-	1,298	
	3,245,161	760	-	-	-	3,245,921	
Net financial assets	1,575,624	311,264	3,149,781	4,274,992	1,836,680	100	11,148,441

June 30, 2023						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
Rupees in ('000) -						
Financial Assets						
Balances with banks	192,195	-	-	-	-	192,195
Investments						
'at fair value through profit and loss' - net						
Market Treasury Bills	-	-	205,159	-	-	205,159
Pakistan Investment Bonds	-	-	4,923	-	-	4,923
Pakistan Investment Bonds - floating rate bond (FRB)	-	85,851	216,010	-	-	301,861
GoP Ijarah Sukuk certificates	-	-	-	-	-	-
	-	85,851	426,092	-	-	511,943
Profit receivables	19,736	-	-	-	-	19,736
Deposits and other receivables	-	-	-	-	2	2
	211,931	85,851	426,092	-	2	723,876
Financial liabilities						
Payable to MCB Investment Management Limited - Management Company	1,291	-	-	-	-	1,291
Payable to Central Depository Company of Pakistan Limited - Trustee	34	-	-	-	-	34
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	17,842	494	-	-	-	18,336
	19,167	494	-	-	-	19,661
Net financial assets	192,764	85,357	426,092	-	2	704,215

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

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

20.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

As at June 30 2024 and June 30, 2023, the Fund held the following financial instruments measured at fair values:

June 30, 2024				
Level 1	Level 2	Level 3	Total	
(Rupees in '000)				
ASSETS				
Market Treasury Bills	-	2,498,037	-	2,498,037
Pakistan Investment Bonds	-	2,503,802	-	2,503,802
Pakistan Investment Bonds - Floating Rate Bond (FRB)	-	1,924,997	-	1,924,997
GoP Ijarah Sukuk certificates	1,699,127	2,142,126	-	3,841,253
	<u>1,699,127</u>	<u>9,068,962</u>	<u>-</u>	<u>10,768,089</u>
June 30, 2023				
Level 1	Level 2	Level 3	Total	
(Rupees in '000)				
ASSETS				
Market Treasury Bills	-	205,159	-	205,159
Pakistan Investment Bonds	-	4,923	-	4,923
Pakistan Investment Bonds - Floating Rate Bond (FRB)	-	301,861	-	301,861
	<u>-</u>	<u>511,943</u>	<u>-</u>	<u>511,943</u>

21 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of their proportionate share of the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

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

22 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	Mr. Khawaja Khalil Shah*	Chief Executive Officer	MBA	32
2	Mr. Muhammad Asim	Chief Investment Officer	MBA, CFA	21
3	Mr. Azeiz Abdul Sattar	Portfolio Manager Equities	MBA, CFA	13
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	18
5	Syed Abid Ali	Head of Equities	MBA	16
6	Mr. Usama Iqbal	Fund Manager	Graduate	20

* Mr. Khawaja Khalil Shah appointed on the Board with effective from November 01, 2023

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

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

23 TOP TEN 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:

	2024 (Percentage)
1 Continental Exchange (Private) Limited	15.80%
2 C & M Management (Private) Limited	15.32%
3 Arif Habib Limited	13.89%
4 Alfalah CLSA Securities (Private) Limited	12.02%
5 Invest One Markets (Private) Limited	10.14%
6 AKD Securities Limited	8.14%
8 Summit Capital (Private) Limited	5.08%
9 Optimus Market (Private) Limited	4.47%
10 Vector Capital (Private) Limited	3.39%
	2023 (Percentage)
1 Continental Exchange (Private) Limited	26.27%
2 C & M Management (Private) Limited	20.66%
3 Arif Habib Limited	18.24%
4 Optimus Market (Private) Limited	7.45%
5 Pearl Securities Limited	7.19%
6 BMA Capital Management Limited	6.47%
7 Vector Capital (Private) Limited	5.20%
8 Magenta Capital Limited	2.25%
9 Alfalah CLSA Securities (Private) Limited	1.66%
10 Currency Market Associate	1.60%

24 PATTERN OF UNITHOLDINGS

	As at June 30, 2024			
	Number of unit holders	Number of units	Investment amount (Rupees in '000)	Percentage investment %
Individuals	1,321	114,062,223	6,166,204	55.64%
Associated companies	5	23,199,099	1,254,143	11.32%
Directors	2	279,543	15,112	0.14%
Provident and Pension Funds	29	25,047,728	1,354,080	12.22%
Public Limited Companies	4	18,905,937	1,022,055	9.22%
Others	31	23,501,496	1,270,135	11.46%
	1,392	204,996,026	11,081,729	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	Investment amount (Rupees in '000)	Percentage investment %
Individuals	846	8,711,560	468,880	69.61%
Associated company	1	8	-	0.00%
Retirement funds	10	3,761,036	202,430	30.05%
Others	12	42,921	2,310	0.34%
	<u>869</u>	<u>12,515,525</u>	<u>673,620</u>	<u>100.00%</u>

25 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 189th, 190th, 191th, 192nd, 193rd, 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 02, 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:

Name of directors	Designation	Number of meetings held	Number of meetings			Meetings not attended
			Attendance required	Attended	(iii) (iv)	
Mr. Haroon Rashid	Chairman	8	8	8	-	-
Mr. Ahmed Jahangir	Director	8	8	8	-	-
Syed Savail Meekal Hussain	Director	8	8	7	1	195th
Ms. Mavra Adil Khan	Director	8	8	6	2	192nd, 195th
Mr. Muhammad Saqib Saleem ¹	Ex- Chief Executive Officer	8	5	5	-	-
Mr. Fahd Kamal Chinoy	Director	8	8	5	3	190th, 192nd, 195th
Mr. Manzar Mushtaq	Director	8	8	8	-	-
Mr. Shoaib Mumtaz	Director	8	8	5	3	192nd, 193th, 195th
Mr. Khawaja Khalil Shah ²	Chief Executive Officer	8	3	3	-	-

¹ Mr. Muhammad Saqib Saleem resigned from the Board with effect from October 21, 2023.

² Mr. Khawaja Khalil Shah has been appointed on the Board with effect from November 01, 2023.

25 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Fund has distributed cash dividend of Rs. 0.06 per unit on July 01, 2024, for the year ended June 30, 2024. The financial statements of the Fund for the year ended June 30, 2024 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending June 30, 2025.

27 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

28 GENERAL

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

29 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.

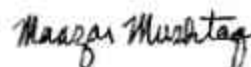
For MCB Investment Management Limited
(Management Company)



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
607	A. 001-10,000	20,561
212	B. 10,001 – 100,000	165,966
186	C. 100,001 – 1000,000	1,389,948
387	D. 1000,001 & Above	203,419,551
<u>1,392</u>		<u>204,996,026</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

Performance Information	2024	2023	2022	2021	2020
Total Net Assets Value – Rs. in million	11081.73	673.621	610.3710	737.9300	1,816.3907
Net Assets value per unit – Rupees	54.06	53.82	53.4600	53.3200	53.2700
Closing Offer Price	54.98	54.73	54.3700	54.2200	54.1700
Closing Repurchase Price	54.06	52	51.6500	51.5100	51.4600
Highest offer price per unit	65.92	62.4916	59.4400	57.2100	62.8500
Lowest offer price per unit	54.76	54.2848	54.2300	54.1800	54.0700
Highest Redemption price per unit	64.82	61.45	58.4500	56.2600	61.8000
Lowest Redemption price per unit	53.85	53.38	53.3300	53.2800	53.1700
Distribution per unit – Rs. *	11	7.88	5.0700	2.9700	8.5558
Average Annual Return – %					
One year	20.98	15.48	9.79	5.67	16.39
Two year	18.23	12.64	7.73	11.03	12.14
Three year	15.42	10.31	10.62	9.98	9.78
Net Income for the year – Rs. in million	1284.709	96.9206	65.0408	66.0990	321.3320
Distribution made during the year – Rs. in million	1247.832	92.5910	63.3080	66.1360	276.1570
Accumulated Capital Growth – Rs. in million	36.8770	4.3296	1.7328	(0.0370)	45.1750
Weighted average Portfolio Duration (days)	986	913	1351	803.0000	438.0000

* Date of Distribution

2024	
Date	Rate

June 22, 2024 11.00

2023	
Date	Rate

June 16, 2023 7.88

2022	
Date	Rate

June 24, 2022 5.07

2021	
Date	Rate

June 25, 2021 2.97

2020	
Date	Rate

June 26, 2020 8.5558

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.

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