



MCB FUNDS  
Investments for Life

# ANNUAL REPORT 2024

Funds Under Management of  
MCB Investment Management Limited



# **MCB PAKISTAN ASSET ALLOCATION FUND**

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## FUND'S INFORMATION

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

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

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Dear Investor,

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

### **Economy Review**

Fiscal year 2024 marked a period of macroeconomic recovery for Pakistan, averting a looming default brought about by continued economic mismanagement. This turnaround was primarily attributed to Pakistan entering a new IMF program after several months of delay. The government secured a much-needed Stand-by Arrangement (SBA) facility of USD 3.0 billion from the IMF in June 23, and managed to receive timely rollovers from friendly countries. It also showed unwavering commitment to remain compliant with the IMF targets and as a result government was able to successfully complete the program.

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

Country posted a current account deficit (CAD) of USD 464 million in the first eleven months of the fiscal year 2024 (11MFY24) declining by 88% YoY compared to a deficit of USD 3.8 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 11.3% increase in exports coupled with an 2.3% drop in imports led to a 17.0% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 9.4 billion as of June 2024 compared to USD 4.4 billion at the end of last fiscal year. This was on account of flows from the IMF, friendly countries and multilateral sources.

Headline inflation represented by CPI averaged 23.9% during the fiscal year 2024 compared to 29.0% last year. Inflation remained on the higher side as massive currency depreciation in the prior periods led to surge in food and energy prices. The government also hiked electricity base tariff and gas prices to comply with the IMF conditions, which led to further inflationary pressures. The SBP reduced the policy rate by 150bps to 20.5% in the last monetary policy of the year held on June 10, 2024. The monetary policy noted a significant decline in inflation, resulting in a substantially positive real interest rate, which justifies initiating a monetary easing cycle.

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



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

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

### Equity Market Review

The stock market witnessed exuberance in fiscal year 2024, as the benchmark KSE-100 increased by staggering 89.2% or 36,992 points, to close at all time high of 78,445 points. This also makes Pakistan the best performing market in the world with USD return of 94.4% in the year.

The bullish momentum continued throughout the year was on account of improvement in macroeconomic indicators after Pakistan entered into the new IMF program. Market participants also cheered the successful completion of all IMF reviews under SBA. Moreover, the successful conclusion of elections in February 2024 brought long due clarity amongst investors. In addition, reaffirmation by the incumbent government to continue structural reforms, along with the intention to enter a longer IMF program, further uplifted sentiment. Lastly, the strength of the local currency post-crackdown on currency smuggling and hoarding, strong corporate profitability, increase in taxes on other asset classes in the budget FY25, and start of monetary easing with 150bps cut, all contributed to the sustainable rally.

During FY24, Foreign investors, Insurance, and Corporates were net buyers with an inflow of USD 141 million, USD 126 million and USD 36 million, respectively. While major selling was witnessed from Banks and Mutual Funds with outflow of USD 141 million and USD 48 million, respectively. During FY24, average trading volumes for KSE-All Index saw an increase of 140.4% to 461 million shares compared to about 191 million shares in the same period last year. Similarly, the average trading value during the period saw a rise of 118.5% over previous year to near USD 55 million.

Banking, Fertilizer, and E&P sector were the major contributors to the index gain adding 13,262/5,074/4,300 points, respectively. Banking sector witnessed broad based rally as entry into the IMF program diminished the probability of local debt restructuring besides strong profitability. Fertilizer sector performed due to better than expected dividends while E&P rallied due to the news of clearance of gas circular debt, which would improve the sector cash flows.

### FUND PERFORMANCE

The fund posted a return of 82.79% during the period under review against the benchmark return of 76.74%. The fund has gradually increased exposure in equities which reached to 85.2% by the end of June 30, 2024 and at the same time it decreased the exposure in cash to 12.4% by June 30, 2024.

On the equity side, the fund was mainly invested in Commercial Banks and Cement. The Net Assets of the Fund as at June 30, 2024 stood at Rs. 672 million as compared to Rs. 611 million as at June 30, 2023 registering a increase of 9.98%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 119.7708 as compared to opening NAV of Rs. 76.5925 per unit as at June 30, 2023 registering an increase of 43.1783 per unit.



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

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### **Economy & Market – Future Outlook**

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

A new staff-level loan agreement has been reached between Pakistan and the International Monetary Fund (IMF) under which the country will receive USD 7.0 billion over 37 months. The final approval of the loan will be given by the IMF Executive Board. Successful continuation of the IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. However, our external position still remains precarious due to debt outflows and our inability to raise funds through international Eurobond or Sukuk. Thus, we would continue to run a sustainable current account this year to stave off external concerns. We expect a CAD of USD 1.0 billion (0.2% of GDP) in FY25 as policy of consolidation is likely to continue under the IMF umbrella.

The USD PKR is expected to remain stable as the government is focusing on improving current account deficit on the back of recovery in export and remittances. Entry into the new IMF program will also increase visibility on the external funding. We expect USD/PKR to close the fiscal year around PKR 311.

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

From the capital market perspective particularly equities, the market is still trading at cheap valuations. Market cap to GDP ratio is at 9.8%, a discount of 48% from its historical average of 18.9%. Similarly, Earning Yield minus Risk Free Rate is close to 7.2%, compared to the historical average of 3.0% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks will remain important and investment selection should focus on companies, which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 11.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. Investors with a mid to long term view can benefit from Bond and Income Funds where higher duration will create opportunities for capital gains in the wake of Interest rate outlook. We have added government bonds in Income Funds to benefit from the expected monetary easing in the near term.



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

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

### EXTERNAL AUDITORS

The Fund's external auditor's **M/s. 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.

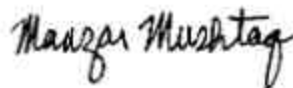
### ACKNOWLEDGMENT

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



## ڈائریکٹرز رپورٹ

|   |   |   |   |                       |   |
|---|---|---|---|-----------------------|---|
| 1 | 1 | 2 | 2 | جناب احمد جہانگیر     | 3 |
| 1 | 1 | 2 | 2 | محترمہ ماورا عادل خان | 4 |

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

### بیرونی آڈیٹرز

فنڈ کے بیرونی آڈیٹر ایم ایس 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 ایس 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 ایس 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،

*Manzar Mushtaq*

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

*خواجہ خلیل شاہ*

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

## ڈائریکٹرز رپورٹ

1. 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 | ملاقاتوں کی تعداد | مطلوبہ حاضری | حاضری | منظور شدہ رخصت | مستند ہونے والی | افراد کے نام           |
|-------------------|-------------------|--------------|-------|----------------|-----------------|------------------------|
|                   |                   |              |       |                |                 |                        |
| 0                 | 4                 | 4            | 4     | 0              | 4               | 1 سید سادیل میکال حسین |
| 0                 | 4                 | 4            | 4     | 0              | 4               | 2 جناب احمد جہانگیر    |
| 0                 | 4                 | 4            | 4     | 0              | 4               | 3 جناب منظر مشتاق      |

### 2۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا اجلاس۔

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

| ملاقاتوں کی تعداد | ملاقاتوں کی تعداد | مطلوبہ حاضری | حاضری | منظور شدہ رخصت | مستند ہونے والی | افراد کے نام          |
|-------------------|-------------------|--------------|-------|----------------|-----------------|-----------------------|
|                   |                   |              |       |                |                 |                       |
| -                 | 2                 | 2            | 2     | -              | 2               | 1 جناب فہد کمال چنائے |
| -                 | 2                 | 2            | 2     | -              | 2               | 2 جناب شعیب ممتاز     |

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

c. مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا باقائستگی 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 ٹیلیفونیکیشن 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضے اور سیکورٹیز اینڈ ایجینسٹ کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. اندرونی کنٹرول کا نظام مستحکم خطوط پر اسطور 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۔

g. لسٹنگ ریگولیشن 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/گرپچوٹی 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 ریگولیشن نمبر 20 میں موجود ہے۔

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



## ڈائریکٹرز رپورٹ

40 نان - ایگزیکٹو ڈائریکٹرز؛

30 خود مختار ڈائریکٹرز؛ اور

10 ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

| سیریل نمبر | نام                   | حیثیت                 | دیگر بورڈ کمیٹیوں میں رکنیت       |
|------------|-----------------------|-----------------------|-----------------------------------|
| 1          | بارون 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<br>آڈٹ کمیٹی |
| 4          | جناب منظر مشتاق       | نان ایگزیکٹو ڈائریکٹر | آڈٹ کمیٹی                         |
| 5          | سید سادیل میکال حسین  | خود مختار ڈائریکٹر    | آڈٹ کمیٹی (چیئر مین)              |
| 6          | جناب فہد کمال چنائے   | خود مختار ڈائریکٹر    | آڈٹ کمیٹی (چیئر مین)              |
| 7          | محترمہ ماورا عادل خان | خود مختار ڈائریکٹر    | ایچ آر اینڈ آر کمیٹی              |
| 8          | جناب خواجہ خلیل شاہ   | ایگزیکٹو ڈائریکٹر     | ایچ آر اینڈ آر کمیٹی              |

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

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

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

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

### میوچل فنڈ اسٹری 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 parent 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-AH کی MCB میں حصص یافتگی 36,956,935 (81.42 فیصد) ہو گئی ہے اور AHCL اب MCB-AH میں حصص کا حامل نہیں ہے۔

نتیجتاً، کمپنی کے اراکین نے 07 جولائی 2023 کو منعقدہ ایک غیر معمولی جنرل میٹنگ (EOGM) میں خصوصی قرارداد کے ذریعے فیصلہ کیا کہ کمپنی کا نام ایم سی بی۔ عارف حبیب سیونکس اینڈ انویسٹمنٹس لمیٹڈ سے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ میں تبدیل کر دیا جائے اور سکیورٹیز 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 آف (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:

ہیں کہ 25 جون تک شرح سود 14-15 فیصد تک گر جائے گی۔

کیپٹل مارکیٹ کے نقطہ نظر سے خاص طور پر ایکویٹیز، مارکیٹ اب بھی سستی قیمتوں پر ٹریڈ کر رہی ہے۔ مارکیٹ کیپ ٹو جی ڈی پی کا تناسب 9.8 فیصد پر ہے، جو اس کی تاریخی اوسط 18.9 فیصد سے 48 فیصد کی چھوٹ ہے۔ اسی طرح، ارنگ پیبلڈ مائنس رسک فری ریٹ 7.2 فیصد کے قریب ہے، جو کہ 3.0 فیصد کی تاریخی اوسط کے مقابلے میں ایک گہری رعایت کی نشاندہی کرتا ہے جس پر مارکیٹ ٹریڈ کر رہی ہے۔ بیرونی اکاؤنٹ پر چیلنجز کا حل مارکیٹ کی صلاحیت کو کھولنے میں مدد کرے گا۔ ہمیں یقین ہے کہ سیکٹرز اور اسٹاکس کا ایک مائیکرو ویو اہم رہے گا اور سرمایہ کاری کے انتخاب کو ان کمپنیوں پر توجہ مرکوز کرنی چاہیے، جو اپنی اصل قیمت پر گہری رعایت پر تجارت کرتی ہیں۔ مارکیٹ فی الحال 4.7x PER پر ٹریڈ کر رہی ہے، جبکہ 11.2 فیصد کی منافع بخش پیداوار پیش کر رہی ہے۔

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

#### میوچل فنڈ انڈسٹری کا جائزہ

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

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



30 جون 2023 اور پنگ نیٹ اٹاش (NAV) کی قیمت فی یونٹ 76.5925 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 119.7708 روپے رہی جو 43.1783 روپے فی یونٹ کے اضافے کو ظاہر کرتی ہے۔

معیشت اور مارکیٹ - مستقبل کا آؤٹ لک

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

## ڈائریکٹرز رپورٹ

ایم ایف پروگرام میں داخل ہونے کے ارادے سے جذبات میں مزید اضافہ ہوا۔ آخر میں، کرنسی کی اسمگلنگ اور ذخیرہ اندوزی کے خلاف کریک ڈاؤن کے بعد مقامی کرنسی کی طاقت، مضبوط کارپوریٹ منافع، بجٹ FY25 میں دیگر اہم اشاعت پر ٹیکسوں میں اضافہ اور 150bps کی کٹوتی کے ساتھ مالیاتی نرمی کا آغاز، کبھی نے پائیدار ریلی میں حصہ ڈالا۔

مالی سال 24 کے دوران، غیر ملکی سرمایہ کار، انشورنس، اور کارپوریٹس بالترتیب 141 USD ملین، 126 USD ملین اور 36 USD ملین کے خالص خریدار تھے۔ جبکہ بینکوں اور میوچل فنڈز سے بالترتیب 141 USD ملین اور 48 USD ملین کی بڑی فروخت دیکھی گئی۔

FY24 کے دوران KSE-ALL INDEX کے لیے اوسط تجارتی حجم میں گزشتہ سال کی اسی مدت میں تقریباً 191 ملین شیئرز کے مقابلے میں 140.4 فیصد اضافے سے 461 پر جا پہنچی۔ اسی طرح، اس مدت کے دوران اوسط تجارتی قدر میں پچھلے سال کے مقابلے میں 118.5 فیصد اضافہ ہوا جو 55 ملین امریکی ڈالر کے قریب پہنچ گیا۔

بینکنگ، فریلائزر، اور ای اینڈ پی سیکٹرانڈیکس کے اضافے میں بالترتیب 4,300 / 5,074 / 13,262 پوائنٹس کا اضافہ کرنے والے اہم شراکت دار تھے۔ بینکنگ سیکٹر میں وسیع الہیاد ریلی دیکھنے میں آئی کیونکہ آئی ایم ایف پروگرام میں داخلے نے مضبوط منافع کے علاوہ مقامی قرضوں کی تنظیم نو کے امکانات کو کم کر دیا۔ کھاد کے شعبے نے متوقع منافع سے بہتر کارکردگی کا مظاہرہ کیا جبکہ گیس سرکیولر ڈیٹ کی منظوری کی خبروں کی وجہ سے ای اینڈ پی میں تیزی آئی، جس سے سیکٹر کیش فلو میں بہتری آئے گی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 76.74 فیصد کے بینچ مارک ریٹرن کے مقابلے میں 82.79 فیصد کارپوریٹ ریٹرن دیا۔ فنڈ نے بنڈریج ایکویٹیز میں سرمایہ کاری کو بڑھایا جو 30 جون 2024 کے آخر تک 85.2 فیصد تک پہنچ گئی اور ساتھ ہی اس نے 30 جون 2024 تک کیش میں سرمایہ کاری کو 12.4 فیصد تک کم کر دیا۔ ایکویٹی کی طرف، فنڈ بنیادی طور پر کمرشل بینکوں اور سیمنٹ کی کمپنیوں میں لگایا گیا۔

30 جون 2023 تک فنڈ کے خالص اثاثے 611 ملین روپے تھے جب کہ 30 جون 2024 کو یہ 672 ملین روپے رہے جو 9.98 فیصد کے اضافے کو ظاہر کرتے ہیں۔

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 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۔

#### ایکویٹی مارکیٹ کا جائزہ

مالی سال 2024 میں اسٹاک مارکیٹ میں جوش و خروش دیکھا گیا، کیونکہ شیخ مارک KSE-100 حیرت انگیز طور پر 89.2 فیصد یا 36,992 پوائنٹس کے اضافے سے 78,445 پوائنٹس کی بلند ترین سطح پر بند ہوا۔ یہ پاکستان کو سال میں 94.4 فیصد امریکی ڈالر کی واپسی کے ساتھ دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والی مارکیٹ بھی بناتا ہے۔

پاکستان کے نئے آئی ایم ایف پروگرام میں داخل ہونے کے بعد میکرو اکنامک اشاریوں میں بہتری کی وجہ سے تیزی کی رفتار سال بھر جاری رہی۔ مارکیٹ کے شرکاء نے SBA کے تحت IMF کے تمام جائزوں کی کامیاب تکمیل پر بھی خوشی کا اظہار کیا۔ مزید برآں، فروری 2024 میں انتخابات کے کامیاب اختتام نے سرمایہ کاروں کے درمیان طویل واضح وضاحت کی۔ مزید برآں، موجودہ حکومت کی طرف سے ڈھانچہ جاتی اصلاحات جاری رکھنے کی تصدیق کے ساتھ ساتھ ایک طویل آئی



پیارے سرمایہ کار،

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

معیت 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 اثباتی 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 Type and Category

MCB Pakistan Asset Allocation Fund MCB-PAAF is an Open-End Asset Allocation Scheme for which SECP categorization in process.

### Fund Benchmark

Weighted average of 70% of three (3) months PKRV rates + 30% of three (3) months average deposit rates of three (3) "AA" rated commercial banks as selected by MUFAP and six (6) month KIBOR and KSE-100 index based on the actual proportion of the scheme in Money market, Fixed income and equity securities

### Investment Objective

MCB Pakistan Asset Allocation Fund is an asset allocation fund and its objective is to aim to provide a high absolute return by investing in equity and debt markets.

### Investment Strategy

The fund will aim to achieve the above-mentioned objective by investing up to 100% in equity securities or up to 100% in debt securities according to the market conditions.

### Manager's Review

The fund posted a return of 82.79% during the period under review against the benchmark return of 76.74%. Equity exposure of the fund at June end was 85.2% whereas cash exposure was 12.4%.

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

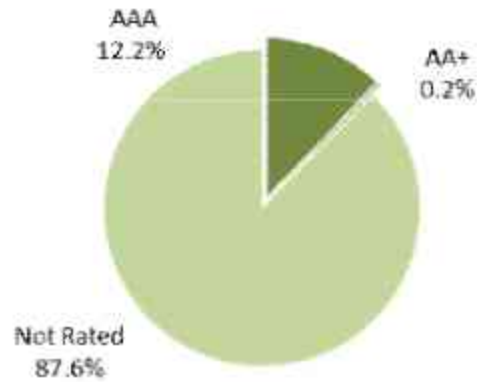
The Net Assets of the Fund as at June 30, 2024 stood at Rs. 672 million as compared to Rs. 611 million as at June 30, 2023 registering an increase of 9.98%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 119.7708 as compared to opening NAV of Rs. 76.5925 per unit as at June 30, 2023 registering an increase of 43.1783 per unit.

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

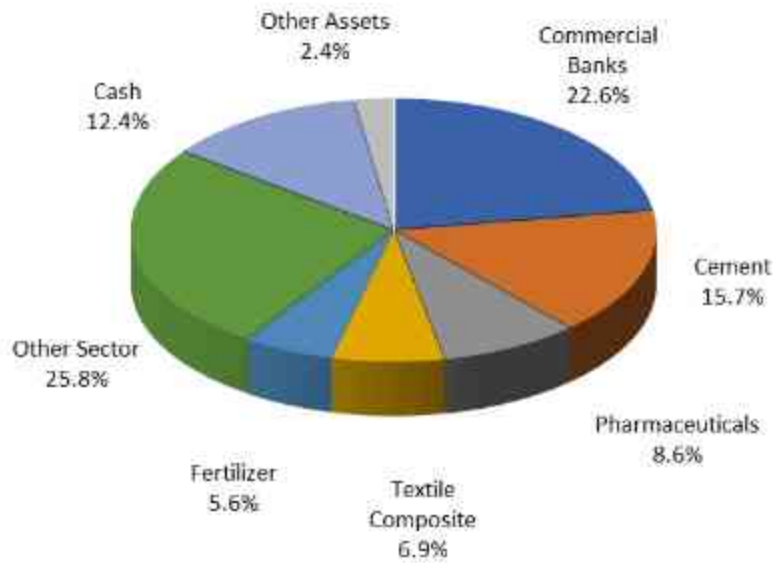
| Asset Allocation (%age of Total Assets) | Jun-24 |
|-----------------------------------------|--------|
| Cash                                    | 12.4%  |
| Stocks / Equities                       | 85.2%  |
| Others including receivables            | 2.4%   |

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

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



### Sector Allocation (%age of Total Assets)



Syed Abid Ali  
Fund Manager



## TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

**Head Office:**

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S.M.C.H.S. Main Shahra-e-Faisal  
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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



### TRUSTEE REPORT TO THE UNIT HOLDERS

#### MCB PAKISTAN ASSET ALLOCATION 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 Asset Allocation Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Asset Allocation Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MCB Pakistan Asset Allocation 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     | <b>Net Asset Value (NAV)</b><br>(Refer notes 4 and 5 to the financial statements)<br><br>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. 88.809 million and Investments amounted to Rs. 611.565 million.<br><br>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"><li>• 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;</li><li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul> |

*A.F.F.*

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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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.



# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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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-Ranking 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: AR202410611Tp9LNcmd4

# STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

|                                                                     | Note | June 30,<br>2024              | June 30,<br>2023 |
|---------------------------------------------------------------------|------|-------------------------------|------------------|
|                                                                     |      | ----- (Rupees in '000') ----- |                  |
| <b>ASSETS</b>                                                       |      |                               |                  |
| Balances with banks                                                 | 4    | 88,809                        | 97,614           |
| Investments                                                         | 5    | 611,865                       | 555,303          |
| Advances, deposits and other receivables                            | 6    | 9,677                         | 8,510            |
| Receivable against sale of investments                              |      | 8,221                         | 4,465            |
| <b>Total assets</b>                                                 |      | <b>718,572</b>                | <b>665,892</b>   |
| <b>LIABILITIES</b>                                                  |      |                               |                  |
| Payable to MCB Investment Management Limited - Management Company   | 7    | 2,522                         | 1,922            |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 8    | 124                           | 113              |
| Payable to the Securities and Exchange Commission of Pakistan       | 9    | 52                            | 144              |
| Payable against redemption of units                                 |      | 31                            | 31               |
| Payable against purchase of investments                             |      | 7,016                         | 16,743           |
| Accrued expenses and other liabilities                              | 10   | 36,899                        | 36,289           |
| <b>Total liabilities</b>                                            |      | <b>46,644</b>                 | <b>55,242</b>    |
| <b>NET ASSETS</b>                                                   |      | <b>671,928</b>                | <b>610,650</b>   |
| <b>Unit holders' fund (as per statement attached)</b>               |      | <b>671,928</b>                | <b>610,650</b>   |
| <b>Contingencies and commitments</b>                                | 11   |                               |                  |
|                                                                     |      | ----- (Number of units) ----- |                  |
| <b>NUMBER OF UNITS IN ISSUE</b>                                     |      | <b>5,610,114</b>              | <b>7,972,712</b> |
|                                                                     |      | ----- (Rupees) -----          |                  |
| <b>NET ASSET VALUE PER UNIT</b>                                     |      | <b>119.7708</b>               | <b>76.5925</b>   |

The annexed notes from 1 to 27 form an integral part of these financial statements.

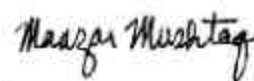
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

|                                                                                                                                                   | Note | For the year ended         |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------------|------------------|
|                                                                                                                                                   |      | June 30,<br>2024           | June 30,<br>2023 |
|                                                                                                                                                   |      | ———— (Rupees in '000) ———— |                  |
| <b>INCOME</b>                                                                                                                                     |      |                            |                  |
| Net realised gain / (loss) on sale of investments                                                                                                 |      | 179,170                    | (34,661)         |
| Dividend income                                                                                                                                   |      | 50,124                     | 59,465           |
| Income from government securities                                                                                                                 |      | 2,575                      | 5,483            |
| Profit on savings accounts with banks                                                                                                             |      | 18,315                     | 19,765           |
| Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 5.2  | 158,181                    | (18,896)         |
| Other income                                                                                                                                      |      | 213                        | 137              |
| <b>Total income</b>                                                                                                                               |      | <b>408,578</b>             | <b>31,293</b>    |
| <b>EXPENSES</b>                                                                                                                                   |      |                            |                  |
| Remuneration of MCB Investment Management Limited - Management Company                                                                            | 7.1  | 20,070                     | 23,716           |
| Sindh Sales Tax on remuneration of the Management Company                                                                                         | 7.2  | 2,609                      | 3,083            |
| Allocated expenses                                                                                                                                | 7.3  | 553                        | 717              |
| Selling and marketing expenses                                                                                                                    | 7.4  | 1,710                      | -                |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee                                                                          | 8.1  | 1,287                      | 1,433            |
| Sindh Sales Tax on remuneration of the Trustee                                                                                                    | 8.2  | 167                        | 186              |
| Fee to the Securities and Exchange Commission of Pakistan                                                                                         | 9.1  | 610                        | 144              |
| Auditors' remuneration                                                                                                                            | 12   | 1,002                      | 1,025            |
| Brokerage and settlement charges                                                                                                                  |      | 2,950                      | 3,339            |
| Fees and subscription                                                                                                                             |      | 283                        | 28               |
| Legal and professional charges                                                                                                                    |      | 191                        | 174              |
| Printing and related costs                                                                                                                        |      | 33                         | 40               |
| Bank charges                                                                                                                                      |      | 55                         | 131              |
| <b>Total operating expenses</b>                                                                                                                   |      | <b>(31,520)</b>            | <b>(34,016)</b>  |
| <b>Net income / (loss) for the year before taxation</b>                                                                                           |      | <b>377,058</b>             | <b>(2,723)</b>   |
| Taxation                                                                                                                                          | 13   | -                          | -                |
| <b>Net income / (loss) for the year after taxation</b>                                                                                            |      | <b>377,058</b>             | <b>(2,723)</b>   |
| <b>Earnings / (loss) per unit</b>                                                                                                                 | 3.13 |                            |                  |
| <b>Allocation of net income for the year</b>                                                                                                      |      |                            |                  |
| Net income for the year after taxation                                                                                                            |      | 377,058                    | -                |
| Income already paid on units redeemed                                                                                                             |      | (73,148)                   | -                |
|                                                                                                                                                   |      | <b>303,910</b>             | <b>-</b>         |
| <b>Accounting income available for distribution</b>                                                                                               |      |                            |                  |
| - Relating to capital gains                                                                                                                       |      | 272,656                    | -                |
| - Excluding capital gains                                                                                                                         |      | 31,254                     | -                |
|                                                                                                                                                   |      | <b>303,910</b>             | <b>-</b>         |

The annexed notes from 1 to 27 form an integral part of these financial statements.

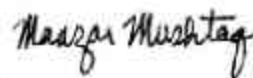
For MCB Investment Management Limited  
(Management Company)



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,<br>2024   | June 30,<br>2023 |
|                                                         | (Rupees in '000')  |                  |
| Net income / (loss) for the year after taxation         | 377,058            | (2,723)          |
| Other comprehensive income for the year                 | -                  | -                |
| <b>Total comprehensive income / (loss) for the year</b> | <b>377,058</b>     | <b>(2,723)</b>   |

The annexed notes from 1 to 27 form an integral part of these financial statements.

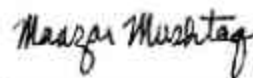
For MCB Investment Management Limited  
(Management Company)



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 loss | Total          | Capital value            | Accumulated loss   | Total          |
|                                                                                                | (Rupees in '000)         |                  |                |                          |                    |                |
| <b>Net assets at the beginning of the year</b>                                                 | 1,799,783                | (1,189,133)      | 610,650        | 2,024,393                | (1,186,410)        | 837,983        |
| Issuance of 1,220,476 units (2023: 500,428 units)                                              |                          |                  |                |                          |                    |                |
| - Capital value (at net assets value per unit at the beginning of the year)                    | 93,480                   | -                | 93,480         | 38,083                   | -                  | 38,083         |
| - Element of income / (loss)                                                                   | 49,603                   | -                | 49,603         | (355)                    | -                  | (355)          |
| <b>Total proceeds on issuance of units</b>                                                     | 143,083                  | -                | 143,083        | 37,728                   | -                  | 37,728         |
| Redemption of 3,583,074 units (2023: 3,538,942 units)                                          |                          |                  |                |                          |                    |                |
| - Capital value (at net assets value per unit at the beginning of the year)                    | (274,437)                | -                | (274,437)      | (269,323)                | -                  | (269,323)      |
| - Element of (loss) / income                                                                   | (13,313)                 | (73,148)         | (86,461)       | 6,985                    | -                  | 6,985          |
| <b>Total payments on redemption of units</b>                                                   | (287,750)                | (73,148)         | (360,898)      | (262,338)                | -                  | (262,338)      |
| Total comprehensive income / (loss) for the year                                               | -                        | 377,058          | 377,058        | -                        | (2,723)            | (2,723)        |
| Distribution for the year ended June 30, 2024<br>@ Rs. 20 per unit (declared on June 26, 2024) | -                        | (95,870)         | (95,870)       | -                        | -                  | -              |
| Refund of capital during the year                                                              | (2,095)                  | -                | (2,095)        | -                        | -                  | -              |
| <b>Net income for the year less distribution</b>                                               | (2,095)                  | 281,188          | 279,093        | -                        | (2,723)            | (2,723)        |
| <b>Net assets at the end of the year</b>                                                       | <u>1,653,021</u>         | <u>(981,093)</u> | <u>671,928</u> | <u>1,799,783</u>         | <u>(1,189,133)</u> | <u>610,650</u> |
| <b>Accumulated losses brought forward</b>                                                      |                          |                  |                |                          |                    |                |
| - Realised loss                                                                                | (1,170,235)              |                  |                | (1,111,834)              |                    |                |
| - Unrealised loss                                                                              | (18,898)                 |                  |                | (74,576)                 |                    |                |
|                                                                                                | (1,189,133)              |                  |                | (1,186,410)              |                    |                |
| <b>Accounting income available for distribution</b>                                            |                          |                  |                |                          |                    |                |
| - Relating to capital gains                                                                    | 272,656                  |                  |                | -                        |                    |                |
| - Excluding capital gains                                                                      | 31,254                   |                  |                | -                        |                    |                |
|                                                                                                | 303,910                  |                  |                | -                        |                    |                |
| Distribution made during the year                                                              | (95,870)                 |                  |                | -                        |                    |                |
| Net loss for the year after taxation                                                           | -                        |                  |                | (2,723)                  |                    |                |
| <b>Accumulated loss carried forward</b>                                                        | <u>(981,093)</u>         |                  |                | <u>(1,189,133)</u>       |                    |                |
| <b>Accumulated loss carried forward</b>                                                        |                          |                  |                |                          |                    |                |
| - Realised loss                                                                                | (1,139,274)              |                  |                | (1,170,235)              |                    |                |
| - Unrealised gain / (loss)                                                                     | 158,181                  |                  |                | (18,898)                 |                    |                |
|                                                                                                | <u>(981,093)</u>         |                  |                | <u>(1,189,133)</u>       |                    |                |
|                                                                                                | <b>(Rupees)</b>          |                  |                | <b>(Rupees)</b>          |                    |                |
| <b>Net asset value per unit at the beginning of the year</b>                                   | <u>76.5925</u>           |                  |                | <u>76.1026</u>           |                    |                |
| <b>Net asset value per unit at the end of the year</b>                                         | <u>119.7708</u>          |                  |                | <u>76.5925</u>           |                    |                |

The annexed notes from 1 to 27 form an integral part of these financial statements.

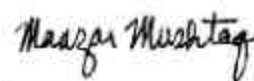
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

| Note                                                                                                                                                      | For the year ended    |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------|
|                                                                                                                                                           | June 30,<br>2024      | June 30,<br>2023 |
|                                                                                                                                                           | — (Rupees in '000') — |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                                                               |                       |                  |
| Net income / (loss) for the year before taxation                                                                                                          | 377,058               | (2,723)          |
| <b>Adjustments for:</b>                                                                                                                                   |                       |                  |
| Dividend income                                                                                                                                           | (50,124)              | (59,465)         |
| Net unrealised (appreciation) / diminution on remeasurement of investments<br>classified as 'financial assets at fair value through profit or loss' - net | (158,181)             | 18,896           |
|                                                                                                                                                           | <u>168,753</u>        | <u>(43,292)</u>  |
| <b>Decrease in assets</b>                                                                                                                                 |                       |                  |
| Investments - net                                                                                                                                         | 44,038                | 262,606          |
| Advances, deposits and other receivables                                                                                                                  | 301                   | 262              |
| Receivable against sale of investments                                                                                                                    | (3,756)               | (4,465)          |
|                                                                                                                                                           | <u>40,583</u>         | <u>258,403</u>   |
| <b>Decrease in liabilities</b>                                                                                                                            |                       |                  |
| Payable to MCB Investment Management Limited - Management Company                                                                                         | 600                   | (816)            |
| Payable to Central Depository Company of Pakistan Limited - Trustee                                                                                       | 11                    | (46)             |
| Payable to the Securities and Exchange Commission of Pakistan                                                                                             | (92)                  | (72)             |
| Payable against purchase of investments                                                                                                                   | (9,727)               | (34,308)         |
| Accrued expenses and other liabilities                                                                                                                    | 610                   | 147              |
|                                                                                                                                                           | <u>(8,598)</u>        | <u>(35,095)</u>  |
| Dividend received                                                                                                                                         | 48,656                | 58,441           |
| <b>Net cash generated from operating activities</b>                                                                                                       | <u>249,394</u>        | <u>238,457</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                                                                               |                       |                  |
| Receipts against issuance and conversion of units - net of refund of capital                                                                              | 140,988               | 37,728           |
| Payment against redemption and conversion of units                                                                                                        | (360,898)             | (262,338)        |
| Dividend paid                                                                                                                                             | (95,870)              | -                |
| <b>Net cash used in financing activities</b>                                                                                                              | <u>(315,780)</u>      | <u>(224,610)</u> |
| <b>Net (decrease) / increase in cash and cash equivalents during the year</b>                                                                             | <u>(66,386)</u>       | <u>13,847</u>    |
| Cash and cash equivalents at the beginning of the year                                                                                                    | 155,195               | 141,348          |
| <b>Cash and cash equivalents at the end of the year</b>                                                                                                   | <u>88,809</u>         | <u>155,195</u>   |

The annexed notes from 1 to 27 form an integral part of these financial statements.

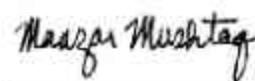
For MCB Investment Management Limited  
(Management Company)



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 Asset Allocation Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (now: MCB Investment Management Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed of the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated January 17, 2008 consequent to which Trust Deed was executed on November 22, 2007 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was registered under the Sindh Trust Act. Accordingly, on August 12, 2021.
- 1.2 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Management Company and AHCL no longer holds any shares in the Management Company. Consequently, members of the Management Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Management Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The fund is an open-ended mutual fund and is listed on the Pakistan Stock Exchange Limited. The principal activity of the Fund is to make investment in securities or instruments both inside and outside Pakistan. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund has been categorised as "Asset Allocation" scheme by the Board of Directors of the Asset Management Company in accordance with the requirements of Circular 7 of 2009 dated March 06, 2009 issued by the SECP.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' on October 06, 2023 (2023: 'AM1' dated October 6, 2022) to the Management Company. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as 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;
- Provisions of and directives issued under the Companies Act 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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 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.



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

## **2.2 Standards, interpretations and amendments to published accounting and reporting standards that are not 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 judgements**

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 and liabilities and 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 classified as 'at fair value through profit or loss' which are measured at their respective fair values.

## **2.6 Functional and presentation currency**

Items included in these 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 consistently applied to all the years presented.

### **3.1 Cash and cash equivalents**

These comprise balances with banks in savings and current accounts, cheques in hand 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.

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

## 3.2.2 Classification and subsequent measurement

### 3.2.2.1 Debt instruments

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

- at 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.

### 3.2.2.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

## 3.2.3 Impairment (other than debt securities)

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets carried at amortised cost. 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.

## 3.2.4 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.



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

### 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.

### 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 on derecognition of financial assets is taken to the Income Statement.

### 3.3 Financial liabilities

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 values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss 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 of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

### 3.8 Distributions to unit holders

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.

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

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

### 3.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place;
- Income on term finance certificates, sukus and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis;
- 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;
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend; and
- Profit on saving accounts with bank is recognised on an accrual basis.

### 3.11 Expenses

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

### 3.12 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 utilized. 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.

### 3.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit 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.

### 3.14 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.



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

|                              | Note | June 30,<br>2024             | June 30,<br>2023 |
|------------------------------|------|------------------------------|------------------|
|                              |      | ----- (Rupees in '000) ----- |                  |
| <b>4 BALANCES WITH BANKS</b> |      |                              |                  |
| - In savings accounts        | 4.1  | 83,663                       | 92,356           |
| - In current accounts        | 4.2  | 5,146                        | 5,258            |
|                              |      | <u>88,809</u>                | <u>97,614</u>    |

**4.1** These carry profit at the rates ranging from 19.00% to 20.50% per annum (2023: 12.25% to 21.50% per annum) and include Rs. 0.012 million (2023: Rs. 0.009 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** These include balance of Rs. 5.14 million (2023: Rs. 5.25 million) maintained with MCB Bank Limited (a related party).

|                                                               | Note  | June 30,<br>2024             | June 30,<br>2023 |
|---------------------------------------------------------------|-------|------------------------------|------------------|
|                                                               |       | ----- (Rupees in '000) ----- |                  |
| <b>5 INVESTMENTS</b>                                          |       |                              |                  |
| <b>5.1 Investments at 'fair value through profit or loss'</b> |       |                              |                  |
| Listed equity securities - ordinary shares                    | 5.1.1 | 589,245                      | 473,722          |
| Listed equity securities - preference shares                  | 5.1.2 | 22,620                       | 24,000           |
| Market Treasury Bills                                         | 5.1.3 | -                            | 57,581           |
|                                                               |       | <u>611,865</u>               | <u>555,303</u>   |

## 5.1.1 Listed equity securities - ordinary shares

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

| Name of the investee company              | Number of shares    |                           |                                     |                      |                     | Balance as at June 30, 2024 |               |                                        | Market value as a percentage of |                   | Paid-up value of shares held as a percentage of total paid-up capital of the investee company |
|-------------------------------------------|---------------------|---------------------------|-------------------------------------|----------------------|---------------------|-----------------------------|---------------|----------------------------------------|---------------------------------|-------------------|-----------------------------------------------------------------------------------------------|
|                                           | As at July 01, 2023 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2024 | Carrying value              | Market value  | Unrealised appreciation / (diminution) | Net assets of the Fund          | Total investments |                                                                                               |
|                                           |                     |                           |                                     |                      |                     |                             |               |                                        |                                 |                   |                                                                                               |
| ----- (Rupees in '000) -----              |                     |                           |                                     |                      |                     |                             |               |                                        |                                 |                   |                                                                                               |
| <b>AUTOMOBILE ASSEMBLER</b>               |                     |                           |                                     |                      |                     |                             |               |                                        |                                 |                   |                                                                                               |
| Indus Motor Company Limited               | -                   | 7,500                     | -                                   | 7,500                | -                   | -                           | -             | -                                      | -                               | -                 | -                                                                                             |
| Pak Suzuki Motor Company Limited          | -                   | 26,000                    | -                                   | 26,000               | -                   | -                           | -             | -                                      | -                               | -                 | -                                                                                             |
|                                           |                     |                           |                                     |                      |                     |                             |               |                                        |                                 |                   |                                                                                               |
| <b>AUTOMOBILE PARTS &amp; ACCESSORIES</b> |                     |                           |                                     |                      |                     |                             |               |                                        |                                 |                   |                                                                                               |
| Thal Limited*                             | -                   | 34,500                    | -                                   | 10,500               | 24,000              | 6,636                       | 11,600        | 4,964                                  | 1.73                            | 1.90              | 0.03                                                                                          |
| Agriauto Industries Limited*              | 63,125              | 29,500                    | -                                   | -                    | 92,625              | 6,072                       | 9,503         | 3,431                                  | 1.41                            | 1.55              | 0.26                                                                                          |
| Panther Tyres Limited                     | -                   | 40,000                    | -                                   | -                    | 40,000              | 1,580                       | 1,514         | (66)                                   | 0.23                            | 0.25              | 0.02                                                                                          |
|                                           |                     |                           |                                     |                      |                     | <u>14,288</u>               | <u>22,617</u> | <u>8,329</u>                           | <u>3.37</u>                     | <u>3.70</u>       | <u>0.31</u>                                                                                   |
| <b>CABLE AND ELECTRICAL GOODS</b>         |                     |                           |                                     |                      |                     |                             |               |                                        |                                 |                   |                                                                                               |
| Pak Elektron Limited                      | -                   | 260,000                   | -                                   | -                    | 260,000             | 6,769                       | 6,425         | (344)                                  | 0.96                            | 1.05              | 0.03                                                                                          |
|                                           |                     |                           |                                     |                      |                     | <u>6,769</u>                | <u>6,425</u>  | <u>(344)</u>                           | <u>0.96</u>                     | <u>1.05</u>       | <u>0.03</u>                                                                                   |

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



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

| Name of the investee company             | Number of shares    |                           |                                     |                      |                     | Balance as at June 30, 2024 |              |                                        | Market value as a percentage of |                   | Paid-up value of shares held as a percentage of total paid-up capital of the investee company |
|------------------------------------------|---------------------|---------------------------|-------------------------------------|----------------------|---------------------|-----------------------------|--------------|----------------------------------------|---------------------------------|-------------------|-----------------------------------------------------------------------------------------------|
|                                          | As at July 01, 2023 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2024 | Carrying value              | Market value | Unrealised appreciation / (diminution) | Net assets of the Fund          | Total investments |                                                                                               |
| <div>(Rupees in '000)</div> <div>%</div> |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| CEMENT                                   |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Kohat Cement Company Limited             | 52,050              | -                         | -                                   | -                    | 52,050              | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Gharibwal Cement Limited                 | 148,500             | -                         | -                                   | -                    | 148,500             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Attock Cement Pakistan Limited           | 4,000               | -                         | -                                   | -                    | 4,000               | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| D.G. Khan Cement Company Limited***      | 433,000             | 164,500                   | -                                   | -                    | 597,500             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Fauji Cement Company Limited**           | 2,225,000           | 299,000                   | -                                   | -                    | 1,534,000           | 990,000                     | 11,811       | 22,681                                 | 10,870                          | 3.38              | 3.71                                                                                          |
| (note 5.1.1.1)                           |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Pioneer Cement Limited                   | 43,000              | 70,000                    | -                                   | -                    | 43,000              | 70,000                      | 8,580        | 11,806                                 | 3,226                           | 1.76              | 1.93                                                                                          |
| Lucky Cement Limited                     | 80,000              | 53,937                    | -                                   | -                    | 76,537              | 57,400                      | 36,489       | 52,046                                 | 15,557                          | 7.75              | 8.51                                                                                          |
| Maple Leaf Cement Factory Limited**      | 1,220,000           | 478,000                   | -                                   | -                    | 1,010,000           | 688,000                     | 20,366       | 26,144                                 | 5,778                           | 3.89              | 4.27                                                                                          |
| (note 5.1.1.1)                           |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
|                                          |                     |                           |                                     |                      |                     | 77,246                      | 112,677      | 35,431                                 | 16.78                           | 18.42             | 0.16                                                                                          |
| CHEMICAL                                 |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Ittehad Chemical Limited                 | -                   | 25,500                    | -                                   | -                    | 25,500              | 1,138                       | 1,202        | 64                                     | 0.18                            | 0.20              | 0.03                                                                                          |
| Lucky Core Industries Limited            | -                   | 6,000                     | -                                   | -                    | 6,000               | 3,970                       | 5,577        | 1,607                                  | 0.83                            | 0.91              | 0.01                                                                                          |
| Nimir Industrial Chemicals Limited       | -                   | 30,000                    | -                                   | -                    | 30,000              | 3,540                       | 3,629        | 89                                     | 0.54                            | 0.59              | 0.03                                                                                          |
| Archroma Pakistan Limited                | 13,700              | -                         | -                                   | -                    | 13,700              | 6,439                       | 4,795        | (1,644)                                | 0.71                            | 0.78              | 0.04                                                                                          |
|                                          |                     |                           |                                     |                      |                     | 15,087                      | 15,203       | 116                                    | 2.26                            | 2.48              | 0.11                                                                                          |
| COMMERCIAL BANKS                         |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Meezan Bank Limited                      | 220,515             | 291,485                   | -                                   | -                    | 401,500             | 110,500                     | 12,585       | 26,453                                 | 13,858                          | 3.94              | 4.32                                                                                          |
| Bank Alfalah Limited                     | 296,500             | 1,353,800                 | -                                   | -                    | 1,004,300           | 646,000                     | 35,568       | 43,941                                 | 8,373                           | 6.54              | 7.18                                                                                          |
| Faysal Bank Limited                      | -                   | 620,000                   | -                                   | -                    | 620,000             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Habib Bank Limited                       | 1,000               | 649,176                   | -                                   | -                    | 372,176             | 278,000                     | 31,825       | 34,480                                 | 2,655                           | 5.13              | 5.64                                                                                          |
| Habib Metropolitan Bank Limited          | -                   | 453,000                   | -                                   | -                    | 88,000              | 365,000                     | 15,514       | 25,065                                 | 9,551                           | 3.73              | 4.10                                                                                          |
| National Bank Limited                    | -                   | 268,000                   | -                                   | -                    | 268,000             | 11,028                      | 9,956        | (1,072)                                | 1.48                            | 1.63              | 0.01                                                                                          |
| United Bank Limited**                    | 111,000             | 192,000                   | -                                   | -                    | 214,000             | 89,000                      | 11,174       | 22,805                                 | 11,631                          | 3.39              | 3.73                                                                                          |
| (note 5.1.1.1)                           |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
|                                          |                     |                           |                                     |                      |                     | 117,704                     | 162,700      | 44,996                                 | 24.21                           | 26.60             | 0.12                                                                                          |
| ENGINEERING                              |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Mughal Iron and Steel Industries Limited | 300,000             | 185,000                   | -                                   | -                    | 485,000             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| International Steel Limited***           | -                   | 182,782                   | -                                   | -                    | 182,782             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
|                                          |                     |                           |                                     |                      |                     | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| FERTILIZER                               |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Engro Fertilizers Limited                | 70,000              | -                         | -                                   | -                    | 70,000              | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Fauji Fertilizer Company Limited         | -                   | 356,778                   | -                                   | -                    | 154,000             | 202,778                     | 24,991       | 33,130                                 | 8,139                           | 4.93              | 5.41                                                                                          |
| Engro Corporation Limited                | 73,000              | -                         | -                                   | -                    | 73,000              | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Fauji Fertilizer Bin Qasim Limited       | 869,000             | 365,000                   | -                                   | -                    | 1,034,000           | 200,000                     | 6,085        | 7,094                                  | 1,009                           | 1.06              | 1.16                                                                                          |
|                                          |                     |                           |                                     |                      |                     | 31,076                      | 40,224       | 9,148                                  | 5.99                            | 6.57              | 0.04                                                                                          |
| FOOD AND PERSONAL CARE PRODUCTS          |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Murree Brewery Company Limited           | 10,650              | -                         | -                                   | -                    | 10,650              | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| The Organic Meat Company Limited         | 308,723             | 110,000                   | -                                   | -                    | 418,723             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| National Foods Limited*                  | 110,000             | -                         | -                                   | -                    | 53,000              | 57,000                      | 5,609        | 9,958                                  | 4,349                           | 1.48              | 1.63                                                                                          |
|                                          |                     |                           |                                     |                      |                     | 5,609                       | 9,958        | 4,349                                  | 1.48                            | 1.63              | 0.02                                                                                          |
| GLASS & CERAMICS                         |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Shabbir Tiles & Ceramics Limited*        | -                   | 520,000                   | -                                   | -                    | 520,000             | 6,990                       | 7,540        | 550                                    | 1.12                            | 1.23              | 0.22                                                                                          |
|                                          |                     |                           |                                     |                      |                     | 6,990                       | 7,540        | 550                                    | 1.12                            | 1.23              | 0.22                                                                                          |
| OIL & GAS EXPLORATION COMPANIES          |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Oil & Gas Development Company Limited    | 190,000             | -                         | -                                   | -                    | 190,000             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Pakistan Petroleum Limited               | -                   | 245,000                   | -                                   | -                    | 245,000             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Mari Petroleum Company Limited           | 20,000              | -                         | -                                   | -                    | 20,000              | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
|                                          |                     |                           |                                     |                      |                     | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| OIL AND GAS MARKETING COMPANIES          |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Sui Northern Gas Pipelines Limited       | 150,000             | -                         | -                                   | -                    | 150,000             | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Pakistan State Oil Company Limited       | -                   | 40,000                    | -                                   | -                    | 40,000              | 6,744                       | 6,648        | (96)                                   | 0.99                            | 1.09              | 0.01                                                                                          |
| Shell Pakistan Limited                   | 40,000              | -                         | -                                   | -                    | 40,000              | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
|                                          |                     |                           |                                     |                      |                     | 6,744                       | 6,648        | (96)                                   | 0.99                            | 1.09              | 0.01                                                                                          |

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

\*\* These represent pledge securities

\*\*\*These represent transaction in shares of related parties.

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

| Name of the investee company                      | Number of shares    |                           |                                     |                      |                     | Balance as at June 30, 2024 |              |                                        | Market value as a percentage of |                   | Paid-up value of shares held as a percentage of total paid-up capital of the investee company |
|---------------------------------------------------|---------------------|---------------------------|-------------------------------------|----------------------|---------------------|-----------------------------|--------------|----------------------------------------|---------------------------------|-------------------|-----------------------------------------------------------------------------------------------|
|                                                   | As at July 01, 2023 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2024 | Carrying value              | Market value | Unrealised appreciation / (diminution) | Net assets of the Fund          | Total investments |                                                                                               |
|                                                   |                     |                           |                                     |                      |                     | (Rupees in '000)            |              |                                        | %                               |                   |                                                                                               |
| PHARMACEUTICALS                                   |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Haleon Pakistan Limited                           | 55,000              | 25,000                    | -                                   | 36,550               | 43,450              | 6,557                       | 12,921       | 6,364                                  | 1.92                            | 2.11              | 0.04                                                                                          |
| Highnoon Laboratories Limited                     | 24,667              | 9,000                     | -                                   | 22,667               | 11,000              | 3,959                       | 7,849        | 3,890                                  | 1.17                            | 1.28              | 0.02                                                                                          |
| AGP Limited                                       | 55,000              | 145,000                   | -                                   | 75,500               | 124,500             | 8,681                       | 11,500       | 2,819                                  | 1.71                            | 1.88              | 0.04                                                                                          |
| Citi Pharma Limited                               | 385,500             | 181,500                   | -                                   | 171,500              | 395,500             | 9,318                       | 11,272       | 1,954                                  | 1.68                            | 1.84              | 0.17                                                                                          |
| Abbott Laboratories (Pakistan) Limited            | -                   | 10,200                    | -                                   | 3,200                | 7,000               | 3,213                       | 5,131        | 1,918                                  | 0.76                            | 0.84              | 0.01                                                                                          |
| GlaxoSmithKline Pakistan Limited                  | -                   | 45,000                    | -                                   | -                    | 45,000              | 5,601                       | 6,473        | 872                                    | 0.96                            | 1.06              | 0.01                                                                                          |
| Ferrosans Laboratories Limited                    | 44,000              | -                         | -                                   | 17,500               | 26,500              | 3,626                       | 6,609        | 2,983                                  | 0.98                            | 1.08              | 0.06                                                                                          |
|                                                   |                     |                           |                                     |                      |                     | 40,955                      | 61,755       | 20,800                                 | 9.18                            | 10.09             | 0.35                                                                                          |
| REFINERY                                          |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Attock Refinery Limited                           | -                   | 59,400                    | -                                   | 49,400               | 10,000              | 3,515                       | 3,516        | 1                                      | 0.52                            | 0.57              | 0.01                                                                                          |
|                                                   |                     |                           |                                     |                      |                     | 3,515                       | 3,516        | 1                                      | 0.52                            | 0.57              | 0.01                                                                                          |
| POWER GENERATION AND DISTRIBUTION                 |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| The Hub Power Company Limited**<br>(note 5.1.1.1) | 362,000             | 53,000                    | -                                   | 282,000              | 133,000             | 10,944                      | 21,690       | 10,746                                 | 3.23                            | 3.54              | 0.01                                                                                          |
| Lalpur Power Limited***                           | -                   | 60,000                    | -                                   | 60,000               | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Nishat Chunian Power Limited                      | -                   | 380,000                   | -                                   | -                    | 380,000             | 9,955                       | 11,381       | 1,426                                  | 1.69                            | 1.86              | 0.10                                                                                          |
|                                                   |                     |                           |                                     |                      |                     | 20,899                      | 33,071       | 12,172                                 | 4.92                            | 5.40              | 0.11                                                                                          |
| TECHNOLOGY AND COMMUNICATION                      |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Hum Network Limited                               | 250,000             | -                         | -                                   | 250,000              | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Systems Limited**<br>(note 5.1.1.1)               | 62,500              | 55,500                    | -                                   | 62,500               | 55,500              | 21,733                      | 23,216       | 1,483                                  | 3.46                            | 3.79              | 0.02                                                                                          |
|                                                   |                     |                           |                                     |                      |                     | 21,733                      | 23,216       | 1,483                                  | 3.46                            | 3.79              | 0.02                                                                                          |
| TEXTILE COMPOSITE                                 |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Gul Ahmed Textile Mills Limited                   | 372,424             | 415,000                   | -                                   | 327,000              | 460,424             | 8,614                       | 9,715        | 1,101                                  | 1.45                            | 1.58              | 0.06                                                                                          |
| Interloop Limited                                 | 562,371             | 223,962                   | -                                   | 435,371              | 350,962             | 14,863                      | 24,859       | 9,996                                  | 3.70                            | 4.06              | 0.03                                                                                          |
| Kohinoor Textile Mills Limited                    | 294,000             | -                         | -                                   | 294,000              | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Nishat Chunian Limited                            | -                   | 565,000                   | -                                   | -                    | 565,000             | 15,049                      | 14,809       | (240)                                  | 2.20                            | 2.42              | 0.24                                                                                          |
| Nishat Mills Limited***                           | -                   | 178,000                   | -                                   | 178,000              | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
|                                                   |                     |                           |                                     |                      |                     | 38,526                      | 48,383       | 10,857                                 | 7.35                            | 8.07              | 0.33                                                                                          |
| PAPER, BOARD & PACKAGING                          |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Century Paper & Board Mills Limited               | 126,000             | -                         | -                                   | 126,000              | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| Synthetic Products Enterprises Limited*           | 312,000             | 61,000                    | -                                   | 300,000              | 73,000              | 918                         | 1,162        | 244                                    | 0.17                            | 0.19              | 0.04                                                                                          |
| Packages Limited                                  | 33,300              | -                         | -                                   | 4,124                | 29,176              | 11,348                      | 15,621       | 4,273                                  | 2.32                            | 2.55              | 0.03                                                                                          |
|                                                   |                     |                           |                                     |                      |                     | 12,266                      | 16,783       | 4,517                                  | 2.49                            | 2.74              | 0.07                                                                                          |
| LEATHER & TANNERIES                               |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Bata Pakistan Limited                             | 1,920               | -                         | -                                   | 1,920                | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
|                                                   |                     |                           |                                     |                      |                     | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| MISCELLANEOUS                                     |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Pakistan Aluminium Beverage Cans Limited          | -                   | 25,000                    | -                                   | 25,000               | -                   | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
|                                                   |                     |                           |                                     |                      |                     | -                           | -            | -                                      | -                               | -                 | -                                                                                             |
| TOBACCO                                           |                     |                           |                                     |                      |                     |                             |              |                                        |                                 |                   |                                                                                               |
| Pakistan Tobacco company Limited                  | 9,400               | 6,500                     | -                                   | 100                  | 15,800              | 10,277                      | 17,529       | 7,252                                  | 2.61                            | 2.86              | 0.01                                                                                          |
|                                                   |                     |                           |                                     |                      |                     | 10,277                      | 17,529       | 7,252                                  | 2.61                            | 2.86              | 0.01                                                                                          |
| Total as at June 30, 2024                         |                     |                           |                                     |                      |                     | 429,684                     | 589,245      | 159,561                                |                                 |                   |                                                                                               |
| Total as at June 30, 2023                         |                     |                           |                                     |                      |                     | 493,834                     | 473,722      | (20,112)                               |                                 |                   |                                                                                               |

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

\*\* These represent pledge securities

\*\*\*These represent transaction in shares of related parties.

**5.1.1.1** The below investments include shares having a market value (in aggregate) amounting to Rs. 51.04 million (June 30, 2023: Rs. 59.27 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with circular no. 11 dated October 23, 2007 issued by the Securities & Exchange Commission of Pakistan. The details of shares which have been pledged are as follows:



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

| Name of security                  | June 30,<br>2024   | June 30,<br>2023 | June 30,<br>2024 | June 30,<br>2023 |
|-----------------------------------|--------------------|------------------|------------------|------------------|
|                                   | (Number of shares) |                  | (Rupees in '000) |                  |
| The Hub Power Company Limited     | 12,000             | 500,000          | 1,957            | 34,790           |
| Maple Leaf Cement Factory Limited | 300,000            | 200,000          | 11,400           | 5,666            |
| Fauji Cement Company Limited      | 500,000            | 500,000          | 11,455           | 5,880            |
| Systems Limited                   | 4,500              | -                | 1,882            | -                |
| United Bank Limited               | 95,000             | 110,000          | 24,343           | 12,929           |
|                                   | <u>911,500</u>     | <u>1,310,000</u> | <u>51,037</u>    | <u>59,265</u>    |

**5.1.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

The Finance Act, 2018, effective from July 1, 2018, has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund since July 1, 2018 were not withheld by the investee companies.

As at June 30, 2024, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.89 million (2023: Rs. 0.76 million).

### 5.1.2 Listed equity securities - preference shares

| Name of the investee company        | Number of shares    |                           |                                     |                      |                     | Balance as at June 30, 2024 |               |                       | Market value as a percentage of |                   | Paid-up value of shares held as a percentage of total paid-up capital of the investee company |
|-------------------------------------|---------------------|---------------------------|-------------------------------------|----------------------|---------------------|-----------------------------|---------------|-----------------------|---------------------------------|-------------------|-----------------------------------------------------------------------------------------------|
|                                     | As at July 01, 2023 | Purchased during the year | Bonus / right issue during the year | Sold during the year | As at June 30, 2024 | Carrying value              | Market value  | Unrealised diminution | Net assets of the Fund          | Total investments |                                                                                               |
|                                     |                     |                           |                                     |                      |                     | (Rupees in '000)            |               |                       | %                               |                   |                                                                                               |
| Engro Polymer and Chemicals Limited | 2,000,000           | -                         | -                                   | -                    | 2,000,000           | 24,000                      | 22,620        | (1,380)               | 3.37                            | 3.70              | 0.67                                                                                          |
| <b>Total as at June 30, 2024</b>    |                     |                           |                                     |                      |                     | <u>24,000</u>               | <u>22,620</u> | <u>(1,380)</u>        |                                 |                   |                                                                                               |
| <b>Total as at June 30, 2023</b>    |                     |                           |                                     |                      |                     | <u>22,700</u>               | <u>24,000</u> | <u>1,300</u>          |                                 |                   |                                                                                               |

These shares carry dividend at the rate of 6 months KIBOR + 3.50% per annum on cumulative basis. The rate prevailing on June 30, 2024 and December 31, 2023 have been considered.



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

## 5.1.3 Market Treasury Bills

| Tenor                     | Issue date      | Maturity date     | Face value          |                           |                                | Balance as at June 30, 2024 |                |              | Market value as a percentage of |                        |                   |
|---------------------------|-----------------|-------------------|---------------------|---------------------------|--------------------------------|-----------------------------|----------------|--------------|---------------------------------|------------------------|-------------------|
|                           |                 |                   | As at July 01, 2023 | Purchased during the year | Sold / matured during the year | As at June 30, 2024         | Carrying value | Market value | Unrealised diminution           | Net assets of the Fund | Total investments |
| (Rupees in '000)          |                 |                   |                     |                           |                                |                             |                |              |                                 |                        | (%)               |
| Market Treasury Bills     |                 |                   |                     |                           |                                |                             |                |              |                                 |                        |                   |
| - 3 months                | June 15, 2023   | September 7, 2023 | 60,000              | -                         | 60,000                         | -                           | -              | -            | -                               | -                      | -                 |
| - 3 months                | July 13, 2023   | October 5, 2023   | -                   | 500,000                   | 500,000                        | -                           | -              | -            | -                               | -                      | -                 |
| - 3 months                | August 10, 2023 | Novemetr 23, 2023 | -                   | 60,000                    | 60,000                         | -                           | -              | -            | -                               | -                      | -                 |
| Total as at June 30, 2024 |                 |                   |                     |                           |                                |                             | -              | -            | -                               |                        |                   |
| Total as at June 30, 2023 |                 |                   |                     |                           |                                |                             | 57,665         | 57,581       | (84)                            |                        |                   |

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

|                                     | Note | June 30, 2024    | June 30, 2023 |
|-------------------------------------|------|------------------|---------------|
|                                     |      | (Rupees in '000) |               |
| Market value of investments         |      | 611,865          | 555,303       |
| Less: Carrying value of investments |      | (453,684)        | (574,199)     |
|                                     |      | 158,181          | (18,896)      |

## 6 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

|                                                                       |     |       |       |
|-----------------------------------------------------------------------|-----|-------|-------|
| Dividend receivable                                                   |     | 2,492 | 1,024 |
| Profit receivable on savings accounts                                 |     | 1,645 | 2,143 |
| Receivable from National Clearing Company of Pakistan Limited (NCCPL) |     | 1,134 | 1,134 |
| Other receivables                                                     |     | 37    | 37    |
| Receivable against bonus shares withheld                              |     | 1,056 | 1,056 |
| Security deposits with:                                               |     |       |       |
| - National Clearing Company of Pakistan Limited (NCCPL)               |     | 2,500 | 2,500 |
| - Central Depository Company of Pakistan Limited (CDC)                |     | 100   | 100   |
| Advance tax                                                           | 6.1 | 713   | 516   |
|                                                                       |     | 9,677 | 8,510 |

**6.1** 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 saving accounts with banks and dividend 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 12 May 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 dividends and profit on saving accounts with banks amounted to Rs. 0.713 million (2023: Rs. 0.516 million). Pending resolution of the matter, the amount of withholding tax deducted on dividends received by the Fund and profit on savings accounts with banks has been shown as Advance tax under 'Advances, deposits 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.

|                                                                   | Note | June 30, 2024    | June 30, 2023 |
|-------------------------------------------------------------------|------|------------------|---------------|
|                                                                   |      | (Rupees in '000) |               |
| <b>7 PAYABLE TO MCB INVESTMENT LIMITED - MANAGEMENT COMPANY</b>   |      |                  |               |
| Management remuneration payable                                   | 7.1  | 1,722            | 1,655         |
| Sindh Sales Tax payable on remuneration of the Management Company | 7.2  | 224              | 215           |
| Allocated expenses payable                                        | 7.3  | 44               | 50            |
| Selling and marketing expenses payable                            | 7.4  | 532              | -             |
| Sales load payable                                                |      | -                | 2             |
|                                                                   |      | 2,522            | 1,922         |

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

7.1 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 limit, the Management Company has charged its remuneration at the rates ranging from 2.95% to 3.35% per annum (2023: 3.30% per annum) of the average daily net assets of the Fund during the year. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 2.61 million (2023: Rs. 3.08 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. 2.60 million (2023: Rs. 3.17 million) has been paid on account of sales tax on management to the Management Company which acts as a collecting agent.

7.3 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 0.10% (2023: 0.10% ) per annum of the average annual net assets of the Fund for the year ended June 30, 2024.

7.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) up to a maximum limit approved by the Board of Directors of the 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 0.65% per annum (2023: nil), 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.

| 8 | PAYABLE TO CENTRAL DEPOSITORY<br>COMPANY OF PAKISTAN LIMITED - TRUSTEE | Note | June 30,<br>2024             | June 30,<br>2023 |
|---|------------------------------------------------------------------------|------|------------------------------|------------------|
|   |                                                                        |      | ----- (Rupees in '000) ----- |                  |
|   | Trustee remuneration payable                                           | 8.1  | 110                          | 100              |
|   | Sindh Sales Tax payable on trustee remuneration                        | 8.2  | 14                           | 13               |
|   |                                                                        |      | <u>124</u>                   | <u>113</u>       |

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed and Offering Document as per the tariff specified therein, based on the average daily net assets of the Fund during the year. The tariff structure applicable to the Fund in respect of trustee remuneration is as follows:

| Average net asset value           | Tariff per annum                                                    |
|-----------------------------------|---------------------------------------------------------------------|
| Up to Rs.1,000 million            | 0.20% per annum of net assets                                       |
| Amount exceeding Rs.1,000 million | Rs.2.0 million plus 0.10% p.a. of net assets exceeding Rs.1 billion |

8.2 During the year, an amount of Rs. 0.16 million (2023: Rs 0.18 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. 0.16 million (2023: Rs. 0.19 million) was paid on account of sales tax on remuneration of trustee was paid to the Trustee which acts as a collecting agent.

| 9 | PAYABLE TO THE SECURITIES AND EXCHANGE<br>COMMISSION OF PAKISTAN | Note | June 30,<br>2024             | June 30,<br>2023 |
|---|------------------------------------------------------------------|------|------------------------------|------------------|
|   |                                                                  |      | ----- (Rupees in '000) ----- |                  |
|   | Fee payable                                                      | 9.1  | 52                           | 144              |



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

- 9.1** 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). Accordingly, the Fund has charged SECP fee at the rate of 0.095% (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.

|                                                  | Note | June 30,<br>2024       | June 30,<br>2023 |
|--------------------------------------------------|------|------------------------|------------------|
|                                                  |      | —— (Rupees in '000) —— |                  |
| <b>10 ACCRUED EXPENSES AND OTHER LIABILITIES</b> |      |                        |                  |
| Provision for federal excise duty on:            |      |                        |                  |
| - Remuneration of the Management Company         | 10.1 | 19,027                 | 19,027           |
| - Sales load                                     |      | 16,173                 | 16,173           |
| Auditors' remuneration payable                   |      | 760                    | 674              |
| Withholding tax payable                          |      | 603                    | -                |
| Brokerage payable                                |      | 152                    | 233              |
| Legal and professional charges payable           |      | 39                     | 40               |
| Printing charges payable                         |      | 42                     | 40               |
| Other liabilities                                |      | 103                    | 102              |
|                                                  |      | 36,899                 | 36,289           |

- 10.1** 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 and sales load with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 35.20 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2024 would have been higher by Re. 6.27 (2023: Re. 4.41) per unit.

### **11 CONTINGENCIES AND COMMITMENTS**

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

|                                                                      | June 30,<br>2024       | June 30,<br>2023 |
|----------------------------------------------------------------------|------------------------|------------------|
|                                                                      | —— (Rupees in '000) —— |                  |
| <b>12 AUDITORS' REMUNERATION</b>                                     |                        |                  |
| Annual audit fee                                                     | 525                    | 500              |
| Fee for half yearly review of condensed interim financial statements | 262                    | 250              |
| Fee for other certifications                                         | 115                    | 50               |
| Out of pocket expenses                                               | 26                     | 149              |
|                                                                      | 928                    | 949              |
| Sindh Sales Tax                                                      | 74                     | 76               |
|                                                                      | 1,002                  | 1,025            |



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

## 13 TAXATION

The Fund's income is exempt from income tax as per 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 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 NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in a 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.

|                                     | Note | June 30,<br>2024             | June 30,<br>2023 |
|-------------------------------------|------|------------------------------|------------------|
|                                     |      | ----- (Rupees in '000) ----- |                  |
| <b>14 CASH AND CASH EQUIVALENTS</b> |      |                              |                  |
| Balances with banks                 | 4    | 88,809                       | 97,614           |
| Market Treasury Bills               |      | -                            | 57,581           |
|                                     |      | 88,809                       | 155,195          |

## 15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 4.90% (2023: 4.73%) which includes 0.58% (2023: 0.52%) representing government levies on the Fund such as sales taxes, fee to the SECP, etc. The prescribed limit for the ratio is 4.50% (2023: 4.50%) (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as "Asset Allocation" scheme.

## 16 TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED

- 16.1** 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 owning directly or indirectly 10% or more of the units in the issue / net assets of the Fund.
- 16.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 16.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 16.5** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 16.6** Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

### Transactions during the year:

|                                                               | For the year ended<br>June 30,<br>2024 | June 30,<br>2023 |
|---------------------------------------------------------------|----------------------------------------|------------------|
|                                                               | ----- (Rupees in '000) -----           |                  |
| <b>MCB Investment Management Limited - Management Company</b> |                                        |                  |
| Remuneration (including indirect taxes)                       | 22,680                                 | 26,799           |
| Allocated expenses                                            | 553                                    | 717              |
| Selling and marketing expenses                                | 1,710                                  | -                |

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

| Transactions during the year:                                     | For the year ended           |                  |
|-------------------------------------------------------------------|------------------------------|------------------|
|                                                                   | June 30,<br>2024             | June 30,<br>2023 |
|                                                                   | ----- (Rupees in '000) ----- |                  |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>   |                              |                  |
| Remuneration (including indirect taxes)                           | 1,453                        | 1,619            |
| Central Depository Service (CDS) settlement charges               | 92                           | 57               |
| <b>Group / Associated Companies</b>                               |                              |                  |
| <b>MCB Bank Limited</b>                                           |                              |                  |
| Profit on savings accounts with banks                             | 2                            | 1                |
| Bank charges                                                      | 5                            | 6                |
| <b>D.G. Khan Cement Company Limited</b>                           |                              |                  |
| Purchase of 164,500 shares (2023: 918,000 shares)                 | 9,258                        | 46,850           |
| Sale of 597,500 shares (2023: 625,000 shares)                     | 33,159                       | 32,935           |
| <b>Nishat Mills Limited</b>                                       |                              |                  |
| Purchase of 178,000 shares (2023: 210,000 shares)                 | 11,832                       | 15,159           |
| Sale of 178,000 shares (2023: 240,000 shares)                     | 12,070                       | 15,676           |
| <b>Nishat Chunian Limited</b>                                     |                              |                  |
| Purchase of shares NIL (2023: 70,000 shares)                      | -                            | 2,599            |
| Sale of shares NIL (2023: 844,345 shares)                         | -                            | 28,071           |
| <b>International Steels Limited</b>                               |                              |                  |
| Purchase of 182,782 shares (2023: Nil)                            | 9,095                        | -                |
| Sale of 182,782 shares (2023: Nil)                                | 13,806                       | -                |
| Dividend income                                                   | 429                          | -                |
| <b>Lalpir Power Limited</b>                                       |                              |                  |
| Purchase of 60,000 shares (2023: Nil)                             | 914                          | -                |
| Sale of 60,000 shares (2023: Nil)                                 | 1,664                        | -                |
| <b>Aisha Steels Mills Limited</b>                                 |                              |                  |
| Sale of NIL (2023: 700,000 shares)                                | -                            | 5,612            |
| <b>16.7 Balances outstanding at year end:</b>                     | <b>2024</b>                  | <b>2023</b>      |
|                                                                   | ----- (Rupees in '000) ----- |                  |
| <b>MCB Investment Management Limited - Management Company</b>     |                              |                  |
| Management remuneration payable                                   | 1,722                        | 1,655            |
| Sindh Sales Tax payable on remuneration of the Management Company | 224                          | 215              |
| Allocated expenses payable                                        | 44                           | 50               |
| Selling and marketing expenses payable                            | 532                          | -                |
| Sales load payable                                                | -                            | 2                |
| <b>Central Depository Company of Pakistan Limited - Trustee</b>   |                              |                  |
| Trustee remuneration payable                                      | 110                          | 100              |
| Sindh Sales Tax payable on trustee remuneration                   | 14                           | 13               |
| Security deposit                                                  | 100                          | 100              |
| <b>MCB Bank Limited</b>                                           |                              |                  |
| Balances with banks                                               | 5,155                        | 5,264            |
| <b>D.G. Khan Cement Company Limited</b>                           |                              |                  |
| Shares held NIL (2023: 433,000 shares)                            | -                            | 22,213           |

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

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

|                                                                        | June 30, 2024          |                    |           |                       |                        |                    |          |                       |
|------------------------------------------------------------------------|------------------------|--------------------|-----------|-----------------------|------------------------|--------------------|----------|-----------------------|
|                                                                        | As at<br>July 01, 2023 | Issued<br>for cash | Redeemed  | As at June 30<br>2024 | As at July<br>01, 2023 | Issued<br>for cash | Redeemed | As at June 30<br>2024 |
|                                                                        | Units                  |                    |           |                       | (Rupees in '000)       |                    |          |                       |
| Group / associated companies                                           |                        |                    |           |                       |                        |                    |          |                       |
| D.G Khan Cement Company Limited -<br>Employees' Provident Fund Trust   | 35,727                 | -                  | 35,727    | -                     | 2,702                  | -                  | 3,039    | -                     |
| Adamjee Life Assurance Company<br>Limited - Investment Multiplier Fund | 3,878,277              | 413,678            | 1,429,079 | 2,862,876             | 297,047                | 48,984             | 150,000  | 342,889               |
| Mandate under discretionary<br>portfolio services*                     |                        |                    |           |                       |                        |                    |          |                       |
|                                                                        | 287,748                | -                  | 10,738    | 277,010               | 22,039                 | -                  | 1,120    | 33,178                |
| Unitholders 10% or more                                                | 951,285                | -                  | 951,285   | -                     | 72,861                 | -                  | 72,861   | -                     |

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

|                                                                        | June 30, 2023          |                            |          |                       |                        |                            |          |                       |
|------------------------------------------------------------------------|------------------------|----------------------------|----------|-----------------------|------------------------|----------------------------|----------|-----------------------|
|                                                                        | As at<br>July 01, 2022 | Issued for cash<br>/ Bonus | Redeemed | As at June 30<br>2023 | As at July<br>01, 2022 | Issued for cash<br>/ Bonus | Redeemed | As at June 30<br>2023 |
|                                                                        | Units                  |                            |          |                       | (Rupees in '000)       |                            |          |                       |
| <b>Group / associated companies</b>                                    |                        |                            |          |                       |                        |                            |          |                       |
| D.G Khan Cement Company Limited -<br>Employees' Provident Fund Trust   | 35,727                 | -                          | -        | 35,727                | 2,684                  | -                          | -        | 2,702                 |
| Adamjee Life Assurance Company<br>Limited - Investment Multiplier Fund | 3,878,277              | -                          | -        | 3,878,277             | 295,147                | -                          | -        | 297,047               |
| <b>Mandate under discretionary<br/>portfolio services*</b>             |                        |                            |          |                       |                        |                            |          |                       |
|                                                                        | 157,085                | 190,941                    | 60,278   | 287,748               | 11,955                 | 14,000                     | 4,498    | 22,039                |
| <b>Unitholders 10% or more</b>                                         | 951,285                | -                          | -        | 951,285               | 72,395                 | -                          | -        | 72,861                |

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

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

| June 30, 2024                                                          |                                            |         |
|------------------------------------------------------------------------|--------------------------------------------|---------|
| At<br>amortised<br>cost                                                | At fair value<br>through<br>profit or loss | Total   |
| (Rupees in '000)                                                       |                                            |         |
| <b>Financial assets</b>                                                |                                            |         |
| Balances with banks                                                    | 88,809                                     | -       |
|                                                                        |                                            | 88,809  |
| Investments                                                            | -                                          | 611,865 |
|                                                                        |                                            | 611,865 |
| Deposits and other receivables                                         | 8,964                                      | -       |
|                                                                        |                                            | 8,964   |
| Receivable against sale of investments                                 | 8,221                                      | -       |
|                                                                        |                                            | 8,221   |
|                                                                        | 105,994                                    | 611,865 |
|                                                                        |                                            | 717,859 |
| <b>Financial liabilities</b>                                           |                                            |         |
| Payable to MCB Investment Management<br>Limited - Management Company   | 2,522                                      | -       |
|                                                                        |                                            | 2,522   |
| Payable to Central Depository Company of<br>Pakistan Limited - Trustee | 124                                        | -       |
|                                                                        |                                            | 124     |
| Payable against purchase of investments                                | 7,016                                      | -       |
|                                                                        |                                            | 7,016   |
| Payable against redemption of units                                    | 31                                         | -       |
|                                                                        |                                            | 31      |
| Accrued expenses and other liabilities                                 | 1,096                                      | -       |
|                                                                        |                                            | 1,096   |
|                                                                        | 10,789                                     | -       |
|                                                                        |                                            | 10,789  |



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

|                                                                     | June 30, 2023     |                                      |                |
|---------------------------------------------------------------------|-------------------|--------------------------------------|----------------|
|                                                                     | At amortised cost | At fair value through profit or loss | Total          |
| (Rupees in '000)                                                    |                   |                                      |                |
| <b>Financial assets</b>                                             |                   |                                      |                |
| Balances with banks                                                 | 97,614            | -                                    | 97,614         |
| Investments                                                         | -                 | 555,303                              | 555,303        |
| Deposits and other receivables                                      | 7,994             | -                                    | 7,994          |
| Receivable against sale of investments                              | 4,465             | -                                    | 4,465          |
|                                                                     | <u>110,073</u>    | <u>555,303</u>                       | <u>665,376</u> |
| <b>Financial liabilities</b>                                        |                   |                                      |                |
| Payable to MCB Investment Management Limited - Management Company   | 1,922             | -                                    | 1,922          |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 113               | -                                    | 113            |
| Payable against purchase of investments                             | 16,743            | -                                    | 16,743         |
| Payable against redemption of units                                 | 31                | -                                    | 31             |
| Accrued expenses and other liabilities                              | 1,089             | -                                    | 1,089          |
|                                                                     | <u>19,898</u>     | <u>-</u>                             | <u>19,898</u>  |

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and 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.

### 18.1 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 as a result of changes in foreign exchange rates. The Fund does not have any financial instruments 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 bank. 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.

#### a) Sensitivity analysis of variable rate instruments

As at June 30, 2024, the Fund is exposed to cash flow yield / interest rate risk on savings accounts with banks and on listed equity securities (preference shares). In case of 100 basis points increase / decrease as on June 30, 2024, with all other variables held constant, the net assets value of the Fund and the net income for the year would have been lower / higher by Rs. 1.06 million (2023: Rs.1.16 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by the Financial Markets Association of Pakistan 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:

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

| June 30, 2024                          |                                       |                                                |                       |                                                    |       |
|----------------------------------------|---------------------------------------|------------------------------------------------|-----------------------|----------------------------------------------------|-------|
| Effective yield /<br>interest rate (%) | Exposed to yield / interest rate risk |                                                |                       | Not exposed<br>to yield /<br>interest rate<br>risk | Total |
|                                        | Up to three<br>months                 | More than three<br>months and upto<br>one year | More than<br>one year |                                                    |       |

(Rupees in '000)

## On-balance sheet financial instruments

### Financial assets

|                                        |                 |        |        |   |         |         |
|----------------------------------------|-----------------|--------|--------|---|---------|---------|
| Balances with banks                    | 19.00% - 20.50% | 83,663 | -      | - | 5,146   | 88,809  |
| Investments                            | 24.99%          | -      | 22,620 | - | 589,245 | 611,865 |
| Deposits and other receivables         |                 | -      | -      | - | 8,964   | 8,964   |
| Receivable against sale of investments |                 | -      | -      | - | 8,221   | 8,221   |
|                                        |                 | 83,663 | 22,620 | - | 611,576 | 717,859 |

### Financial liabilities

|                                                                     |  |   |   |   |        |        |
|---------------------------------------------------------------------|--|---|---|---|--------|--------|
| Payable to MCB Investment Management Limited - Management Company   |  | - | - | - | 2,522  | 2,522  |
| Payable to Central Depository Company of Pakistan Limited - Trustee |  | - | - | - | 124    | 124    |
| Payable against purchase of investments                             |  | - | - | - | 7,016  | 7,016  |
| Payable against redemption of units                                 |  | - | - | - | 31     | 31     |
| Accrued expenses and other liabilities                              |  | - | - | - | 1,096  | 1,096  |
|                                                                     |  | - | - | - | 10,789 | 10,789 |

## On-balance sheet gap (a)

|        |        |   |         |         |
|--------|--------|---|---------|---------|
| 83,663 | 22,620 | - | 600,787 | 707,070 |
|--------|--------|---|---------|---------|

## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

|   |   |   |   |   |
|---|---|---|---|---|
| - | - | - | - | - |
|---|---|---|---|---|

## Total interest rate sensitivity gap (a+b)

|        |        |   |  |  |
|--------|--------|---|--|--|
| 83,663 | 22,620 | - |  |  |
|--------|--------|---|--|--|

## Cumulative interest rate sensitivity gap

|        |         |         |  |  |
|--------|---------|---------|--|--|
| 83,663 | 106,283 | 106,283 |  |  |
|--------|---------|---------|--|--|

| June 30, 2023                          |                                       |                                                |                       |                                                    |       |
|----------------------------------------|---------------------------------------|------------------------------------------------|-----------------------|----------------------------------------------------|-------|
| Effective yield /<br>interest rate (%) | Exposed to yield / interest rate risk |                                                |                       | Not exposed<br>to yield /<br>interest rate<br>risk | Total |
|                                        | Up to three<br>months                 | More than three<br>months and upto<br>one year | More than<br>one year |                                                    |       |

(Rupees in '000)

## On-balance sheet financial instruments

### Financial assets

|                                        |                 |         |        |   |         |         |
|----------------------------------------|-----------------|---------|--------|---|---------|---------|
| Balances with banks                    | 12.25% - 21.50% | 92,356  | -      | - | 5,258   | 97,614  |
| Investments                            | 20.54%          | 57,581  | 24,000 | - | 473,722 | 555,303 |
| Deposits and other receivables         |                 | -       | -      | - | 7,994   | 7,994   |
| Receivable against sale of investments |                 | -       | -      | - | 4,465   | 4,465   |
|                                        |                 | 149,937 | 24,000 | - | 491,439 | 665,376 |

### Financial liabilities

|                                                                     |  |   |   |   |        |        |
|---------------------------------------------------------------------|--|---|---|---|--------|--------|
| Payable to MCB Investment Management Limited - Management Company   |  | - | - | - | 1,922  | 1,922  |
| Payable to Central Depository Company of Pakistan Limited - Trustee |  | - | - | - | 113    | 113    |
| Payable against purchase of investments                             |  | - | - | - | 16,743 | 16,743 |
| Payable against redemption of units                                 |  | - | - | - | 31     | 31     |
| Accrued expenses and other liabilities                              |  | - | - | - | 1,089  | 1,089  |
|                                                                     |  | - | - | - | 19,898 | 19,898 |

## On-balance sheet gap (a)

|         |        |   |         |         |
|---------|--------|---|---------|---------|
| 149,937 | 24,000 | - | 471,541 | 645,478 |
|---------|--------|---|---------|---------|

## Off-balance sheet financial instruments

## Off-balance sheet gap (b)

|   |   |   |   |   |
|---|---|---|---|---|
| - | - | - | - | - |
|---|---|---|---|---|

## Total interest rate sensitivity gap (a+b)

|         |        |   |  |  |
|---------|--------|---|--|--|
| 149,937 | 24,000 | - |  |  |
|---------|--------|---|--|--|

## Cumulative interest rate sensitivity gap

|         |         |         |  |  |
|---------|---------|---------|--|--|
| 149,937 | 173,937 | 173,937 |  |  |
|---------|---------|---------|--|--|

## (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.



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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KSE-100 index on June 30, 2024, with all other variables held constant, the total net income of the Fund for the year would increase / decrease by Rs. 6.12 million (2023: Rs. 4.98 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE-100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE-100 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE-100 Index.

### 18.2 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 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                    | 88,809                                             | 88,809                          | 97,614                                             | 97,614                          |
| Investments                            | 611,865                                            | -                               | 555,303                                            | -                               |
| Deposits and other receivables         | 8,964                                              | 8,964                           | 7,994                                              | 6,422                           |
| Receivable against sale of investments | 8,221                                              | 8,221                           | 4,465                                              | 4,465                           |
|                                        | <u>717,859</u>                                     | <u>105,994</u>                  | <u>665,376</u>                                     | <u>108,501</u>                  |

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets. Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 611.87 million (2023: Rs. 555.30 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

#### 18.2.1 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity 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             | 98.67         | 10.13         |
| AA+             | 1.04          | 89.60         |
| AA              | 0.23          | 0.15          |
| AA-             | 0.01          | 0.03          |
| A+              | 0.02          | 0.05          |
| A-              | -             | 0.02          |
| A               | -             | 0.02          |
| BB+             | 0.03          | -             |
|                 | <u>100.00</u> | <u>100.00</u> |

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



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

## Concentration of credit risk

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

## Settlement risk

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

## 18.3 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 settlement of equity securities and 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 up to 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund also has the ability to 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 in issue. The Fund did not withhold any redemptions during the year.

The table below summaries 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                                                      |                                           |                                          |                                        |                      |                                              |         |
| <b>Financial assets</b>                                             |                                           |                                          |                                        |                      |                                              |         |
| Balances with banks                                                 | 88,809                                    | -                                        | -                                      | -                    | -                                            | 88,809  |
| Investments                                                         | -                                         | -                                        | -                                      | -                    | 611,865                                      | 611,865 |
| Deposits and other receivables                                      | 4,137                                     | -                                        | -                                      | -                    | 4,827                                        | 8,964   |
| Receivable against sale of investments                              | 8,221                                     | -                                        | -                                      | -                    | -                                            | 8,221   |
|                                                                     | 101,167                                   | -                                        | -                                      | -                    | 616,692                                      | 717,859 |
| <b>Financial liabilities</b>                                        |                                           |                                          |                                        |                      |                                              |         |
| Payable to MCB Investment Management Limited - Management Company   | 2,522                                     | -                                        | -                                      | -                    | -                                            | 2,522   |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 124                                       | -                                        | -                                      | -                    | -                                            | 124     |
| Payable against purchase of investments                             | 7,016                                     | -                                        | -                                      | -                    | -                                            | 7,016   |
| Payable against redemption of units                                 | 31                                        | -                                        | -                                      | -                    | -                                            | 31      |
| Accrued expenses and other liabilities                              | 336                                       | 760                                      | -                                      | -                    | -                                            | 1,096   |
|                                                                     | 10,029                                    | 760                                      | -                                      | -                    | -                                            | 10,789  |
| <b>Net financial assets</b>                                         | 91,138                                    | (760)                                    | -                                      | -                    | 616,692                                      | 707,070 |

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

| 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                                                      |                                           |                                          |                                        |                      |                                              |         |
| <b>Financial assets</b>                                             |                                           |                                          |                                        |                      |                                              |         |
| Balances with banks                                                 | 97,614                                    | -                                        | -                                      | -                    | -                                            | 97,614  |
| Investments                                                         | -                                         | -                                        | -                                      | -                    | 555,303                                      | 555,303 |
| Deposits and other receivables                                      | 3,167                                     | -                                        | -                                      | -                    | 4,827                                        | 7,994   |
| Receivable against sale of investments                              | 4,465                                     | -                                        | -                                      | -                    | -                                            | 4,465   |
|                                                                     | 105,246                                   | -                                        | -                                      | -                    | 560,130                                      | 665,376 |
| <b>Financial liabilities</b>                                        |                                           |                                          |                                        |                      |                                              |         |
| Payable to MCB Investment Management Limited - Management Company   | 1,922                                     | -                                        | -                                      | -                    | -                                            | 1,922   |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 113                                       | -                                        | -                                      | -                    | -                                            | 113     |
| Payable against purchase of investments                             | 16,743                                    | -                                        | -                                      | -                    | -                                            | 16,743  |
| Payable against redemption of units                                 | 31                                        | -                                        | -                                      | -                    | -                                            | 31      |
| Accrued expenses and other liabilities                              | 415                                       | 674                                      | -                                      | -                    | -                                            | 1,089   |
|                                                                     | 19,224                                    | 674                                      | -                                      | -                    | -                                            | 19,898  |
| <b>Net financial assets</b>                                         | 86,022                                    | (674)                                    | -                                      | -                    | 560,130                                      | 645,478 |

## 19 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.

### 19.1 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)                                               |         |         |         |
| <b>Financial assets 'at fair value through profit or loss'</b> |         |         |         |
| Listed equity securities - ordinary shares                     | 589,245 | -       | 589,245 |
| Listed equity securities - preference shares                   | 22,620  | -       | 22,620  |
| Market Treasury Bills                                          | -       | -       | -       |
|                                                                | 611,865 | -       | 611,865 |



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

## Financial assets 'at fair value through profit or loss'

| June 30, 2023                                |         |         |         |
|----------------------------------------------|---------|---------|---------|
| Level 1                                      | Level 2 | Level 3 | Total   |
| (Rupees in '000)                             |         |         |         |
| Listed equity securities - ordinary shares   | 473,722 | -       | 473,722 |
| Listed equity securities - preference shares | 24,000  | -       | 24,000  |
| Market Treasury Bills                        | -       | 57,581  | 57,581  |
|                                              | 497,722 | 57,581  | 555,303 |

## 20 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 requirements 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 18, 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.

## 21 PATTERN OF UNITHOLDING

### Details of pattern of unitholding

| Details of pattern of unitholding | As at June 30, 2024    |                      |                   |                       |
|-----------------------------------|------------------------|----------------------|-------------------|-----------------------|
|                                   | Number of unit holders | Number of units held | Investment amount | Percentage investment |
|                                   |                        |                      | (Rupees in '000)  | %                     |
|                                   |                        |                      |                   |                       |
| Individuals                       | 980                    | 2,027,498            | 242,835           | 36.14%                |
| Associated company                | 1                      | 2,862,876            | 342,889           | 51.03%                |
| Provident and pensions funds      | 4                      | 686,019              | 82,165            | 12.23%                |
| Others                            | 5                      | 33,721               | 4,039             | 0.60%                 |
|                                   | 990                    | 5,610,114            | 671,928           | 100.00%               |

| As at June 30, 2023          |                           |                         |                      |                          |
|------------------------------|---------------------------|-------------------------|----------------------|--------------------------|
|                              | Number of<br>unit holders | Number of<br>units held | Investment<br>amount | Percentage<br>investment |
|                              |                           |                         | (Rupees in '000)     | %                        |
| Individuals                  | 931                       | 2,326,921               | 178,225              | 29.18%                   |
| Provident and pensions funds | 8                         | 1,690,051               | 129,445              | 21.20%                   |
| Associated companies         | 2                         | 3,913,548               | 299,748              | 49.09%                   |
| Others                       | 73                        | 42,192                  | 3,232                | 0.53%                    |
|                              | 1,014                     | 7,972,712               | 610,650              | 100%                     |



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

### 22 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<br>(Percentage) |
|------------------------------------------------------------------------------------|----------------------|
| 1 Foundation Securities Limited                                                    | 9.65%                |
| 2 Alfa Adhi Securities (Private) Limited                                           | 8.42%                |
| 3 Alfalah CLSA Securities (Private) Limited                                        | 7.83%                |
| 4 AL Habib Capital Markets (Private) Limited                                       | 7.69%                |
| 5 EFG Hermes Pakistan Limited                                                      | 7.67%                |
| 6 BMA Capital Management Limited                                                   | 7.50%                |
| 7 Topline Securities Limited                                                       | 6.47%                |
| 8 KTrade Securities Limited (formerly: Khadim Ali Shah Bukhari Securities Limited) | 6.15%                |
| 9 Insight Securities Limited                                                       | 5.84%                |
| 10 JS Global Capital Limited                                                       | 4.84%                |
|                                                                                    | 2023<br>(Percentage) |
| 1 Ismail Iqbal Securities (Private) Limited                                        | 10.08%               |
| 2 Khadim Ali Shah Bukhari Securities Limited                                       | 8.52%                |
| 3 DJM Securities (Private) Limited                                                 | 8.03%                |
| 4 Foundation Securities Limited                                                    | 6.04%                |
| 5 Topline Securities Limited                                                       | 5.37%                |
| 6 Insight Securities Limited                                                       | 4.89%                |
| 7 Optimus Capital Management (Private) Limited                                     | 4.57%                |
| 8 EFG Hermes Pakistan Limited                                                      | 4.48%                |
| 9 JS Global Capital Limited                                                        | 4.21%                |
| 10 AL Habib Capital Markets (Private) Limited                                      | 3.90%                |

### 23 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 189th, 190th, 191th, 192nd, 193rd, 194th, 195th & 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 | Leave granted |                       |
| 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 <sup>1</sup> | 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 <sup>2</sup>   | Chief Executive Officer      | 8                       | 3                   | 3        | -             | -                     |

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

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

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

## 24 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of 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. Awais 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 effect from November 01, 2023.

Mr. Syed Abid Ali is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

- MCB KPK Govt Employees Pension Fund- Money Market Sub Fund;
- MCB Pakistan Dividend Yield Plan;
- Pakistan Capital Market Fund;
- Pakistan Pension Fund;
- Alhamra Islamic Asset Allocation Fund;
- Alhamra Islamic Stock Fund;
- Alhamra Opportunity Fund - Dividend Strategy Plan;
- Alhamra Islamic Pension Fund; and
- MCB Alhamra KPK Govt Employees Pension Fund- Money Market Sub Fund.

## 25 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.

## 26 GENERAL

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

## 27 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.

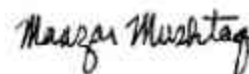
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

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| No. of Unit Holders | Unit holdings         | Total units held |
|---------------------|-----------------------|------------------|
| 264                 | A. 001-10,000         | 5,748            |
| 558                 | B. 10,001 – 100,000   | 129,442          |
| 113                 | C. 100,001 – 1000,000 | 306,848          |
| 55                  | D. 1000,001 & Above   | 5,168,075        |
| 990                 |                       | 5,610,114        |



## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

| Performance Information                             | 2024     | 2023     | 2022       | 2021     | 2020       |
|-----------------------------------------------------|----------|----------|------------|----------|------------|
| Total Net Assets Value – Rs. in million             | 671.928  | 610.6500 | 837.9825   | 912.0630 | 1,299.4804 |
| Net Assets value per unit – Rupees                  | 119.7708 | 76.5925  | 76.1026    | 86.6497  | 68.6797    |
| Closing Offer Price                                 | 123.831  | 79.1890  | 78.6825    | 89.5871  | 71.0079    |
| Closing Repurchase Price                            | 119.7708 | 73.9960  | 73.5227    | 83.7123  | 68.6797    |
| Highest offer price per unit                        | 145.3054 | 82.6547  | 91.8276    | 92.5623  | 86.2307    |
| Lowest offer price per unit                         | 79.1922  | 70.7022  | 76.9827    | 71.6108  | 59.6626    |
| Highest Redemption price per unit                   | 140.5411 | 79.9446  | 88.8167    | 89.5273  | 83.4033    |
| Lowest Redemption price per unit                    | 76.5956  | 68.3840  | 74.4586    | 69.2628  | 57.7064    |
| Distribution per unit – Rs. *                       | 20       | -        | 0.6000     | -        | -          |
| <b>Average Annual Return - %</b>                    |          |          |            |          |            |
| One year                                            | 82.79    | 0.64     | -11.56     | 26.16    | -3.58      |
| Two year                                            | 41.72    | -5.48    | 7.30       | 11.29    | -6.69      |
| Three year                                          | 23.96    | 5.08     | 3.67       | 4.26     | -5.31      |
| Net Income / (loss) for the period – Rs. in million | 377.058  | -2.7232  | -125.15    | 324.7000 | (40.7604)  |
| Distribution made during the year – Rs. in million* | 169.0180 | -        | 6.3160     | -        | -          |
| Accumulated Capital Growth – Rs. in million         | 208.0404 | (2.7232) | (131.4634) | 324.7000 | (40.7604)  |

\* Date of Distribution

| 2024      |      |
|-----------|------|
| Date      | Rate |
| 26-Jun-24 | 20   |

| 2023 |      |
|------|------|
| Date | Rate |
| NIL  |      |

| 2022     |      |
|----------|------|
| Date     | Rate |
| 1-Jul-21 | 0.6  |

| 2021 |      |
|------|------|
| Date | Rate |
| NIL  |      |

| 2020 |      |
|------|------|
| Date | Rate |
| NIL  |      |

### 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.

**PROXY ISSUED BY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

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The Board of Directors of MCB Investment Management Limited (the Management Company of MCB Pakistan Asset Allocation Fund – MCB-PAAF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on the Management Company's website ([www.mcbfunds.com](http://www.mcbfunds.com)).

During the financial year ended June 30, 2024, the Management Company on behalf of MCB-PAAF participated in twelve (12) shareholders' meetings. The Management Company did not participate in shareholders' meetings in the cases which did not meet the criteria reported in Paragraph No. 8 and 9 of the Proxy Voting Policy and Procedures. Summary of actual proxies voted during the financial year are as follows:

|         | <b>Resolutions</b> | <b>For</b> | <b>Against</b> | <b>Abstain</b> | <b>Reason for Abstaining</b> |
|---------|--------------------|------------|----------------|----------------|------------------------------|
| Number  | 95                 | 83         | 12             | 0              | -                            |
| (%ages) | 100                | 87         | 13             | 0              | -                            |

Detailed information regarding actual proxies voted by the Management Company in respect of MCB-PAAF is available without any charges, upon request, to all Unit Holders.

**MCB INVESTMENT MANAGEMENT LIMITED**

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