



MCB FUNDS
Investments for Life

ANNUAL REPORT 2024

Funds Under Management of
MCB Investment Management Limited



PAKISTAN CAPITAL MARKET FUND

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah	Member Member Member Member
Chief Executive Officer	Mr. Khawaja Khalil Shah	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited Habib Metropolitan Bank Limited United Bank Limited Allied Bank Limited	National Bank of Pakistan Standard Chartered Bank Limited Zarai Traqiati Bank Limited Bank Al Habib Limited
Auditors	BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block-C, Lakson Square, Building No.1 Sarwar Shaheed Road, Karachi	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Rating	AM1 Asset Manager Rating assigned by PACRA	
Transfer Agent	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Capital Market Fund's** accounts review for the year ended June 30, 2024.

Economy Review

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

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

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

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

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

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

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

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

During the period under review, the fund posted a return of 71.54% compared to the return of 72.96% posted by the benchmark.

On the equities front, the overall allocation stood at 68.2%. The exposure was mainly held in Commercial Banks and Cement.

On the fixed income side, the fund maintained its exposure towards cash to benefit from attractive rates offered by banks.

The Net Assets of the Fund as at June 30, 2024 stood at Rs. 520 million as compared to Rs. 333 million as at June 30, 2023 registering an increase of 56.16%.

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

The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 17.11 as compared to opening NAV of Rs. 11.02 per unit as at June 30, 2023 showing an increase of Rs. 6.09 per unit.

Economy & Market – Future Outlook

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

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

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

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in June 2024 clocked of 12.6% compared to a high of 38.0% in May 2023. The core inflation also registered a significant slowdown, clocking at 14.1% which is a low of 23 months. The inflation reading is expected to decline to single digits in 1H FY25. Keeping in view the inflationary trends, external and fiscal position we expect interest rate to decline to 14-15% by June 25.

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

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

and Income Funds where higher duration will create opportunities for capital gains in the wake of Interest rate outlook. We have added government bonds in Income Funds to benefit from the expected monetary easing in the near term.

Mutual Fund Industry Review

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

In terms of the segment share, Money Market funds were the leader with a share of around 50.8%, followed by Income funds with 37.3% and Equity and Equity related funds having a share of 9.9% as at the end of June 30, 2024.

Mutual Fund Industry Outlook

Both Bonds and Equities are likely to do well in the next year on the back of cut in interest rates. During the year, significant interest of investors is already visible in Income Funds while equity fund is likely to see inflows post new IMF agreement. Relatively High interest rates during the period would encourage sustained flows in the money market funds as they are ideal for investors with a short-term horizon and low risk profile.

Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

MANAGEMENT COMPANY

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

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

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

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:

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

The details of above are as under:

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

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;

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

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

1. Meeting of the Audit Committee.

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

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
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Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Syed Savail Meekal Hussain	4	4	4	0
2. Mr. Ahmed Jahangir	4	4	4	0
3. Mr. Manzar Mushtaq	4	4	4	0

2. Meeting of the Human Resource and Remuneration Committee.

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

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

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

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. BDO 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. BDO 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. BDO Chartered Accountants** also expressed their willingness to act as the Fund's external auditors.

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

ACKNOWLEDGMENT

The Board is thankful to the Fund's valued investors, the Securities and Exchange Commission of Pakistan and the Trustees of the Fund for their continued cooperation and support. The Directors also appreciate the efforts put in by the management team.

On behalf of Directors,



Khawaja Khalil Shah
Chief Executive Officer
September 25, 2024



Manzar Mushtaq
Director
September 25, 2024

ڈائریکٹرز رپورٹ

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

n. ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانسل 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 یونٹس میں کوئی تجارت نہیں کی گئی۔

بیرونی آڈیٹرز

فنڈ کے بیرونی آڈیٹر ایم ایس بی ڈی او 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 بی ڈی او 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 بی ڈی او چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے بیرونی آڈیٹرز کے طور پر کام کرنے پر آمادگی ظاہر کی ہے۔

اعتراف

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

ڈائریکٹرز کی جانب سے،

Munzir Mushtaq

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

ڈائریکٹرز رپورٹ

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

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

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

1. آڈٹ کمیٹی کا اجلاس۔

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

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

2۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا اجلاس۔

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

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

تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

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

c. مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا 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 (اسٹیمپلڈ اینڈ ریگولیشنز) رولز، 2003، نان بینکنگ فنانس کمپنیز اینڈ ٹائیٹائیڈ ریگولیشن 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضے اور سکیورٹیز اینڈ ایکسچینج 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/گریجویٹ اور پنشن فنڈ کی سرمایہ کاری کی قدر کا بیان فنڈ پر لاگو نہیں ہوتا لیکن مینجمنٹ کمپنی پر لاگو ہوتا ہے۔ اس لیے ڈائریکٹرز کی رپورٹ میں کوئی انکشاف نہیں کیا گیا ہے۔

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

ڈائریکٹرز رپورٹ

حضرات ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

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 آڈٹ کمیٹی
4	جناب منظر مشتاق	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5	سید سادیل میکان حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
7	محترمہ ماورا عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی
8	جناب خوبہ 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

37.3% کے ساتھ اور ایکویٹی سے متعلق فنڈز کا حصہ 9.9 فیصد کے ساتھ 30 جون 2024 کا اختتام ہوا۔

میوچل فنڈ انڈسٹری آؤٹ لک

سود کی شرح میں کمی کی وجہ سے بانڈز اور ایکویٹیز دونوں اگلے سال میں اچھی کارکردگی کا مظاہرہ کریں گے۔ سال کے دوران، انکم فنڈز میں سرمایہ کاروں کی نمایاں دلچسپی پہلے ہی نظر آ رہی ہے جبکہ ایکویٹی فنڈز میں آئی ایم ایف کے نئے معاہدے کے بعد آمد کا امکان ہے۔ اس مدت کے دوران نسبتاً زیادہ شرح سود مبنی مارکیٹ کے فنڈز میں مسلسل بہاء 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۔

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

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف (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)

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

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 اشاکس کا ایک مائیکرو دیو ایٹم 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 کے 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 فکسڈ 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

30 جون 2023 تک فنڈ کے خالص اثاثے 333 ملین روپے تھے جب کہ 30 جون 2024 کو یہ 520 ملین روپے رہے جو 56.16 فیصد کے اضافے کو ظاہر کرتے ہیں۔

30 جون 2023 اوپننگ نیٹ اثاثہ (NAV) کی قیمت فی یونٹ 11.02 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 17.11 روپے رہی جو 6.09 روپے فی یونٹ کے اضافے کو ظاہر کرتی ہے۔

معیشت اور مارکیٹ - مستقبل کا آؤٹ لک

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

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

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

بنیادی اثر اور نسبتاً مستحکم کرنسی کی وجہ سے افراط زر کی شرح میں کمی آنا شروع ہو گئی ہے۔ جون 2024 میں ہیڈ لائن افراط زر

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 اٹاش جات پریکٹسوں میں اضافہ اور 150bps کی کٹوتی کے ساتھ مالیاتی نرمی کا آغاز، سبھی 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، فریڈلائزر، اور ای اینڈ پی سیکیورٹیز کے اضافے میں بالترتیب 13,262 / 5,074 / 4,300 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 سرکیور 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 72.96 فیصد بینچ مارک ریٹرن کے مقابلے میں 71.54 فیصد کار ریٹرن دیا۔

ایکویٹی کے محاذ پر، مجموعی طور پر مختص 68.2 فیصد رہی۔ سرمایہ کاری بنیادی طور پر کمرشل بینکوں اور سیمنٹ کی کمپنیوں میں کی گئی۔

مقررہ آمدنی کی طرف، فنڈ نے بینکوں کی طرف سے پیش کردہ پرجوش شرح سود سے فائدہ اٹھانے کے لیے کیش کی طرف اپنی سرمایہ کاری کو برقرار رکھا۔

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

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

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

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 پاکستان کیپٹل مارکیٹ فنڈ کے 30 جون 2024 کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش کرنے پر خوشی ہے۔

معیشت کا جائزہ

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

نگراں حکومت نے اگست 2023 میں اقتدار سنبھالا اور فوری طور پر کرنسی پر قیاس آرائی کے دباؤ کا سامنا کرتا ہوا، 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 کی 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

Pakistan Capital Market Fund (PCMF) is an Open-End Balanced Scheme

Fund Benchmark

The benchmark for Pakistan Capital Market Fund is KSE 100 Index and Six (6) months KIBOR rates on the basis of actual proportion held by the Scheme

Investment Objective

The objective of the Fund is to maximize returns available from Pakistan's capital market by investing the Fund Property in equity as well as debt instruments while diversifying the risk within the market.

Investment Strategy

Pakistan Capital Market Fund (PCM) is an open-end balanced fund that invests in a range of asset classes such as equity and debt in Pakistani market. The asset allocation to equities and debt is made on the basis of relative attractiveness of each asset class. The investment process is driven by fundamental research. For equities investment, fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. For debt investment, interest rate outlook is the key determining factor and allocation to this segment is increased when the yields are comparatively higher compared to the total returns on equities. Investment is made in corporate bonds (investment grade) and government bonds. Cash is kept in deposits with highly rated banks. PCM is a long only Fund and cannot undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

During the period under review, the fund posted a return of 71.54% compared to the return of 72.96% posted by the benchmark.

At the period end, allocation towards equities stood at 68.2% while 29.4% was in cash. The exposure was mainly held in Commercial Banks, Cements and Pharmaceuticals.

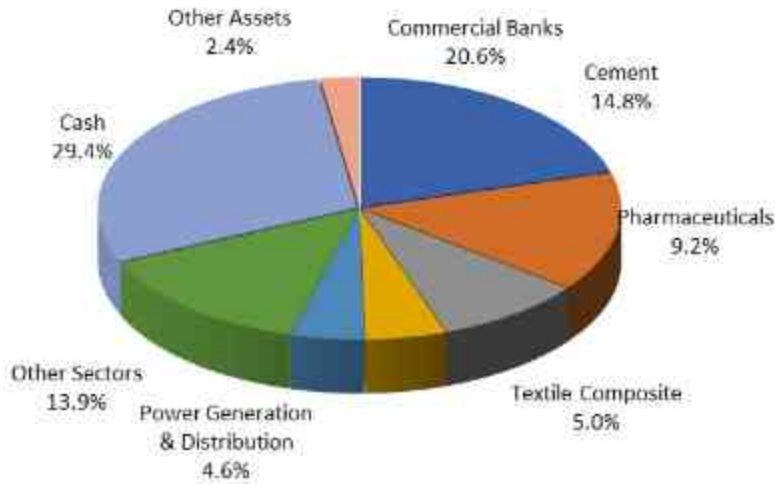
The Net Assets of the Fund as at June 30, 2024 stood at Rs. 520 million as compared to Rs. 333 million as at June 30, 2023 registering a increase of 56.16%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 17.11 as compared to opening NAV of Rs. 11.02 per unit as at June 30, 2023 showing an increase of Rs. 6.09 per unit.

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

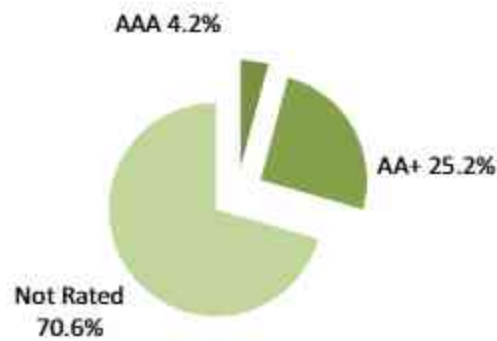
Asset Allocation (%age of Total Assets)	Jun-24
Cash	29.4%
Stocks / Equities	68.2%
Others including receivables	2.4%

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

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



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



Syed Abid Ali
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C. H.S. Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel: (021) 111-111-500
Fax: (021) 34326021 - 23
URL: www.cdc-pakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN CAPITAL MARKET FUND

Report of the Trustee pursuant to Regulation 41(b) 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 Pakistan Capital Market Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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


Badiuddin Akher
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2024



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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Pakistan

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS TO THE UNIT HOLDERS' OF PAKISTAN CAPITAL MARKET FUND

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund 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 year. 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 are the Key audit matters:

S.NO	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Existence and valuation of investments</p> <p>As disclosed in note 6 to the financial statements of the Fund for the year ended June 30, 2024, the investments held by Fund comprised of equity instruments amounting to Rs. 365.368 million which represents 70% of the Net Asset Value (NAV) of the Fund.</p> <p>As these investments represent a significant element of the statement of assets and liabilities, any discrepancy in the valuation or existence of investments could cause the NAV to be materially misstated.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">We evaluated the design and implementation of key controls over investment, and tested controls over acquisition, disposals and periodic valuation of investments portfolio.We performed substantive audit procedures on year-end balance of equity instruments including review of custodian's statement, related reconciliations and re-performance of valuation based on share prices from the Pakistan Stock Exchange (PSX).

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BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



S. NO	Key audit matter(s)	How the matter was addressed in our audit
	In view of the significance of these investments in relation to the Fund's total assets and NAV, we considered the existence and valuation of such investments as a key audit matter.	<ul style="list-style-type: none">• We assessed the Fund's compliance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) in relation to the investment concentration and exposure limits.• We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment, ensuring compliance with the NBFC Regulations and the relevant accounting requirements.

Information other than the financial statements and auditor's report thereon

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 the Management Company and its Board of Directors

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and accounting and reporting standards as applicable in Pakistan and for such internal control as management determines 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.

The 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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

We communicate with the 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 the 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 the 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 NBFC rules, the NBFC Regulations and the Trust Deed.

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Other Matter

The financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of Chartered Accountants, who expressed an unmodified opinion thereon vide their report dated September 22, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 03 OCT 2024

UDIN: AR202410165cb6Arix9W

BDO Ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

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BDO Ebrahim & Co. Chartered Accountants

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STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	2024 ———— (Rupees in '000) ————	2023 ———— (Rupees in '000) ————
ASSETS			
Balances with banks	5	157,443	47,311
Investments	6	365,368	298,966
Dividend and profit receivables	7	2,942	1,756
Advances, deposits and other receivables	8	9,921	4,928
Total assets		535,674	352,961
LIABILITIES			
Payable to MCB Investments Management Limited - Management Company	9	1,924	1,073
Payable to Central Depository Company of Pakistan Limited - Trustee	10	96	65
Payable to the Securities and Exchange Commission of Pakistan	11	36	70
Payable against purchase of investment		2,660	8,720
Payable against redemption of units		216	216
Accrued and other liabilities	12	10,375	9,822
Total liabilities		15,307	19,966
NET ASSETS		520,367	332,995
Unit holders' fund (as per statement attached)		520,367	332,995
Contingencies and commitments	13		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		30,406,586	30,207,113
		———— (Rupees) ————	
NET ASSET VALUE PER UNIT		17.11	11.02

The annexed notes from 1 to 30 form an integral part of these financial statements.

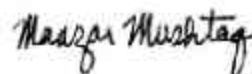
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 (Rupees in '000)	2023 (Rupees in '000)
INCOME			
Capital gain / loss on sale of investments - net		93,451	(8,853)
Dividend income		24,843	24,529
Income from government securities		2,825	4,505
Income from term finance certificate		-	9
Profit on bank deposits		24,395	15,229
Income on deposit with NCCPL against exposure margin		288	202
Unrealised appreciation / diminution on re-measurement of investments classified as financial assets at fair value through profit or loss - net	6.3	102,430	(5,619)
Total income		248,232	30,002
EXPENSES			
Remuneration of MCB Investments Management Limited Management Company	9.1	13,625	11,790
Sindh sales tax on remuneration of the Management Company	9.2	1,771	1,533
Allocated expenses	9.3	375	352
Selling and marketing expenses	9.4	1,246	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	871	719
Sindh sales tax on remuneration of the trustee	10.2	113	93
Annual fee to the Securities and Exchange Commission of Pakistan	11	370	70
Securities transaction costs		1,363	1,184
Settlement and bank charges		498	482
Fees and subscription		-	27
Auditors' remuneration	15	741	925
Printing and related costs		33	40
Legal and professional charges		191	174
Total expenses		(21,197)	(17,389)
Net income for the year before taxation		227,035	12,613
Taxation	16	-	-
Net income for the year after taxation		227,035	12,613
Allocation of net income for the year:			
Net income for the year		227,034	12,613
Income already paid on units redeemed		(40,457)	(401)
		186,578	12,212
Accounting income available for distribution:			
- Relating to capital gains		195,846	12,212
- Excluding capital gains		9,269	-
		186,578	12,212
Earnings per unit	17		

The annexed notes from 1 to 30 form an integral part of these financial statements.

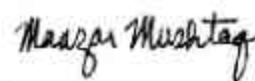
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	2024 ———— (Rupees in '000) ————	2023 ———— (Rupees in '000) ————
Net income for the year after taxation	227,035	12,613
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>227,035</u>	<u>12,613</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

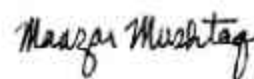
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	2024			2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)					
Net assets at beginning of the year	311,562	21,433	332,995	372,388	9,221	381,609
Issuance of 12,827,286 units (2023: 1,130,708 units)						
Capital value	136,226	-	136,226	12,042	-	12,042
Element of income	58,547	-	58,547	53	-	53
Amount received on issuance of units	194,773	-	194,773	12,095	-	12,095
Redemption of 12,627,813 units (2023: 6,764,139 units)						
Capital value	(134,107)	-	(134,107)	72,038	-	72,038
Element of (loss) / income	(56,329)	(40,457)	(56,369)	883	401	1,284
Amount paid/ payable on redemption of units	(190,436)	(40,457)	(190,476)	72,921	-	73,322
Total comprehensive income for the year	-	227,034	227,034	-	12,613	12,613
Distribution during the year	(16,966)	(26,993)	(43,959)	-	-	-
Net income for the year less distribution	(16,966)	200,041	183,075	-	-	-
Net assets at end of the year	339,350	181,017	520,367	311,562	21,433	332,995
Undistributed income brought forward comprising of:						
- Realised	27,052			44,947		
- Unrealised	(5,619)			(35,726)		
	21,433			9,221		
Accounting income available for distribution						
- Relating to capital gains	195,846			12,212		
- Excluding capital gains	(9,269)			-		
	186,577			12,212		
Distribution during the year	(26,993)			-		
Undistributed income carried forward	181,017			21,433		
Undistributed income carried forward comprising of:						
- Realised income	78,587			27,052		
- Unrealised income/ (loss)	102,430			(5,619)		
	181,017			21,433		
	(Rupees)			(Rupees)		
Net asset value per unit at beginning of the year	11.02			10.64		
Net asset value per unit at end of the year	17.11			11.02		

The annexed notes from 1 to 30 form an integral part of these financial statements.

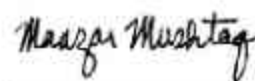
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
Note	(Rupees in '000)	(Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	227,034	12,613
Adjustments for non-cash and other items:		
Dividend income	(24,843)	(24,529)
Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	(102,430)	5,619
	99,761	(6,297)
Decrease / (increase) in assets		
Investments	36,028	110,110
Dividend and profit receivables	(1,186)	(1,028)
Advances, deposits and other receivable	(4,993)	(138)
	29,849	108,944
(Decrease) / increase in liabilities		
Payable to MCB Investments management Limited - Management Company	851	(170)
Payable to Central Depository Company of Pakistan Limited - Trustee	31	(7)
Payable to the Securities and Exchange Commission of Pakistan	(34)	(19)
Payable against purchase of investment	(6,060)	(21,781)
Accrued and other liabilities	553	172
	(4,659)	(21,805)
Dividend received	24,843	24,529
Net cash flows from operating activities	149,794	105,371
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	194,773	12,095
Payment against redemption of units	(190,476)	(73,322)
Distribution paid during the year	(43,959)	-
Net cash used in financing activities	(39,662)	(61,227)
Net increase in cash and cash equivalents during the year	110,132	44,144
Cash and cash equivalents at beginning of the year	47,311	71,305
Cash and cash equivalents at end of the year	18 157,443	115,449

The annexed notes from 1 to 30 form an integral part of these financial statements.

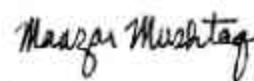
For MCB Investment Management Limited
(Management Company)



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 Pakistan Capital Market Fund (the Fund) was established under a Trust Deed executed between MCB Investment Management Limited (the Company) as Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated September 30, 2003 consequent to which the Trust Deed was executed on October 27, 2003 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). The Funds are required to be registered under the "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on August 13, 2021 the Trust Deed of the fund had been registered under the Sindh Trust Act.
- 1.2 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited. Thereafter, the Company applied to SECP, for approval of change of name, which was granted on August 15, 2023 and as such, the change of name became effective from that date.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.4 Pakistan Capital Market Fund as a closed-end scheme was authorized by the SECP on November 5, 2003. During the year 2005, the Fund was converted from a closed-end scheme to an open-end scheme. The Fund has been categorized as "Balanced Scheme" and offers units for public subscription on continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in a mix of listed equity and debt securities, unlisted government securities, secured debt securities, money market transactions and reverse re-purchase transactions.

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

- 1.6 Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2023 to the Management Company .
- 1.7 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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS 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
- NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the 'NBFC Regulations') and requirements of the Trust Deed.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, unless stated otherwise.

These financial statements have been prepared under accrual basis of accounting except for cash flow information.

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("Rupees" or "Rs."), which is the Fund's functional and presentation currency.

2.4 Significant accounting estimates and judgements

The preparation of these financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise judgement in application of accounting policies. The estimates, judgements and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

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

Classification and valuation of investments

For details please refer notes 4.2.1.1 to these financial statements.

Impairment of investment

For details please refer notes 4.2.1.2 to these financial statements.

Provision for taxation

For details please refer notes 4.4 and 16 to these financial statements.

Other assets

Judgement is involved in assessing the realisability of other assets balances.

3 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

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

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

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

- 3.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024.

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

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).	
IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	
IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.	

4 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied, unless otherwise

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

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of balances with banks and short-term highly liquid investments with original maturities of three months or less.

4.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.2.1 Financial assets

4.2.1.1 Classification and measurement of financial assets and financial liabilities

A debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A debt instrument held for trading purposes is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise

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

Business model assessment

The Fund determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Fund's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and

How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)

As a second step of its classification process the Fund assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

In contrast, contractual terms that introduce a more than the minimum exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Subsequent Measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in income statement.

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognized in income statement.

4.2.1.2 Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognized as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Fund's financial assets include mainly investment, advances and deposits, dividend and mark-up receivable and bank balances.

4.2.1.3 Regular way contracts

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Fund commits to purchase or sell the asset.

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

4.2.1.4 Initial recognition and measurement

Financial assets are derecognized 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.

4.2.1.5 Derecognition

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

4.2.1.6 Financial liabilities

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortised cost using effective interest method. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement. Financial liabilities include payable to the Management Company and other liabilities.

4.2.1.7 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.

4.3 Provisions

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

4.4 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

4.5 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are not recognised before the reporting date.

4.6 Issue and redemption of units

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

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

4.7 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 assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting year. 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.

4.8 Net assets value per unit

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

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

4.9 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Dividend income from equity securities is recognised when the right to receive the dividend is established.
- Mark up / return on bank deposits is recognised on a time apportionment basis using effective rate.
- Unrealised gains / (losses) 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 year in which they arise.

4.10 Transactions with related parties / connected persons

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

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

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

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

4.11 Expenses

All expenses including management remuneration, trustee remuneration, the Securities and Exchange Commission of Pakistan remuneration and allocated expenses are recognised in the Income Statement on an accrual basis.

		2024	2023
	Note	————— (Rupees in '000) —————	————— (Rupees in '000) —————
5. BALANCES WITH BANKS			
In current accounts		2,790	2,791
In saving accounts	5.1	154,653	44,520
	5.2	157,443	47,311

5.1 These accounts carry profit at the rate ranging from 19% to 20.5% (2023: 12.75% to 19.5%) per annum.

5.2 These include balance of Rs. 1.753 million (2023: Rs. 1.875 million) maintained with MCB Bank Limited (a related party).

6. INVESTMENTS

Investments at fair value through profit or loss

Listed equity securities	6.1	365,368	230,828
Government securities	6.2	-	68,138
		365,368	298,966

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

6.1 Listed equity securities

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

Name of the investee company	As at July 1, 2023	Purchases during the year	Sold during the year	As at June 30, 2024	As at June 30, 2024				Purchased value of shares held as a percentage of total paid-up capital of the investee company
					Carrying Value	Market value	Unrealised (diminution)/ appreciation	Market value as a percentage of	
						Net assets of the funds	Total investments		
Automobile Assembler									
Indus Motors Company Limited	-	3,400	3,400	-	-	-	-	-	-
Pak Suzuki Motors Company Limited	-	17,000	17,000	-	-	-	-	-	-
Automobile Parts And Accessories									
Panther Tyres Limited	-	110,000	110,000	-	-	-	-	-	-
Thal Limited **	100	25,643	10,243	15,500	4,319	7,492	3,173	1	2.05
					4,319	7,492	3,173	1.44	2.05
Cement									
D.G. Khan Cement Company Limited ***	228,000	145,500	373,500	-	-	-	-	-	-
Fajri Cement Company Limited****	1,248,750	139,000	704,750	683,000	8,113	15,648	7,535	3.01	4.28
Pioneer Cement Limited	-	38,000	-	38,000	4,445	6,409	1,964	1.23	1.75
Kohat Cement Company Limited	30,300	-	30,300	-	-	-	-	-	-
Lucky Cement Limited	35,500	47,068	36,818	45,750	29,685	41,483	11,798	7.97	11.35
Maple Leaf Cement Factory Limited****	655,000	513,600	751,600	417,000	12,577	15,846	3,269	3.05	4.34
					54,819	79,385	24,566	15.26	21.73
Chemicals									
Intehad Chemicals Limited	-	30,000	-	30,000	1,362	1,414	53	0.27	0.39
Nimir Industrial Chemicals Limited	-	20,000	-	20,000	2,360	2,420	59	0.46	0.66
Lucky Core Industries Limited	-	3,000	1,750	1,250	825	1,162	337	0.22	0.32
Archroma Pakistan Limited	3,800	2,100	-	5,900	2,794	2,065	(729)	0.40	0.57
					7,341	7,061	(280)	0	0
Commercial Banks									
Bank AL Falah Limited****	152,247	833,650	542,897	443,000	24,512	30,133	5,621	5.79	8.25
Faysal Bank Limited	-	428,000	428,000	-	-	-	-	-	-
Habib Bank Limited	-	438,500	235,000	203,500	23,261	25,240	1,979	4.85	6.91
Habib Metropolitan Bank Limited	-	312,500	48,000	264,500	11,598	18,163	6,565	3.49	4.97
Meezan Bank Limited	117,000	164,600	197,100	84,500	9,325	20,228	10,904	3.89	5.54
National Bank Of Pakistan	-	137,300	-	137,300	5,507	5,101	(407)	0.98	1.40
United Bank Limited****	59,000	111,500	126,500	44,000	5,584	11,275	5,690	2.17	3.09
					79,788	110,140	30,353	21.17	30.14
Balance carried forward					146,267	204,078	57,812		

* Nil figures due to rounding off

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

*** These represent transactions in shares of related parties

**** These represent pledge securities (note 6.1.1)

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

Name of the investee company	As at July 1, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	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	
					Carrying Value	Market value	Unrealised appreciation/ (diminution)	Net assets	Total investments		
----- Rupees in '000' ----- % -----											
Balance brought forward					146,267	204,078	57,812				
Engineering											
International Steels Limited***	-	140,000	140,000	-	-	-	-	-	-	-	
Mughal Iron & Steel Industries Limited	165,000	148,000	313,000	-	-	-	-	-	-	-	
Fertilizer											
Engro Corporation Limited	35,000	-	35,000	-	-	-	-	-	-	-	
Engro Fertilizer Limited	40,000	-	40,000	-	-	-	-	-	-	-	
Fauji Fertilizer Company Limited	-	38,000	38,000	-	-	-	-	-	-	-	
Fauji Fertilizer Bin Qasim Limited	455,000	554,000	859,000	150,000	4,547	5,321	773	1.02	1.46	0.01	
					4,547	5,321	773	1.02	1.46	-	
Food & Personal Care Products											
National Foods Limited**	60,000	4,000	35,000	29,000	2,874	5,067	2,193	0.97	1.39	0.01	
Shezan International Limited	7,956	-	7,956	-	-	-	-	-	-	-	
The Organic Meat Company Limited	112,210	40,000	152,210	-	-	-	-	-	-	-	
					2,874	5,067	2,193	0.97	1.39	0.01	
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited**	204,500	370,000	204,500	370,000	4,484	5,365	881	1.03	1.47	0.11	
					4,484	5,365	881	1.03	1.47	0.11	
Cable & Electrical Goods											
Pak Elektronik Limited	-	100,000	-	100,000	2,728	2,471	(257)	1.03	1.47	0.01	
					2,728	2,471	(257)	1.03	1.47	0.01	
Oil & Gas Exploration Company											
Mari Petroleum Company Limited	11,000	300	11,300	-	-	-	-	-	-	-	
Oil & Gas Development Company Limited	94,000	-	94,000	-	-	-	-	-	-	-	
Pakistan Petroleum Limited	-	88,000	88,000	-	-	-	-	-	-	-	
					-	-	-	-	-	-	
Balance carried forward					160,900	222,302	61,402				

* Nil figures due to rounding off

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

*** These represents transactions in shares of related parties

*** These represents pledge securities (note 6.1.1)

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

Name of the investee company	As at July 1, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	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
					Carrying Value	Market value	Unrealised appreciation/(diminution)	Net assets	Total investments	
----- Rupees in '000' ----- % -----										
Balance brought forward					160,900	222,302	61,402			
Oil & Gas Marketing Companies										
Shell Pakistan Limited	22,000	-	22,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	-	30,000	-	30,000	5,057	4,986	(70)	0.96	1.36	0.01
Sui Northern Gas Pipelines Limited	80,000	-	80,000	-	5,057	4,986	(70)	0.96	1.36	0.01
Pharmaceuticals										
AGP Limited	30,000	105,000	30,000	105,000	7,309	9,699	2,390	1.86	2.65	0.04
Abbott Laboratories (Pakistan) Limited	-	7,400	-	7,400	3,398	5,424	2,026	1.04	1.48	0.01
Citi Pharma Limited	161,000	183,840	78,340	266,500	6,385	7,595	1,210	1.46	2.08	0.12
Ferozsons Laboratories Limited	24,000	-	6,200	17,800	2,436	4,439	2,004	0.85	1.22	0.01
Glaxosmithkline Pakistan	-	31,095	-	31,095	4,341	4,473	132	0.86	1.22	0.01
Haleem Pakistan Limited	24,000	17,000	3,300	37,700	5,801	11,211	5,410	2.15	3.07	0.03
Hightnoon Laboratories Limited	8,855	2,500	2,000	9,355	3,314	6,676	3,362	1.28	1.83	0.02
					32,983	49,516	16,533	9.52	13.55	0.19
Paper and Board										
Packages Limited	15,500	2,900	-	18,400	7,274	9,852	2,577	1.89	2.70	0.02
					7,274	9,852	2,577	1.89	2.70	0.02
Refinery										
Attock Refinery Limited	-	28,400	28,400	-	-	-	-	-	-	-
					-	-	-	-	-	-
Miscellaneous										
Synthetic Products Limited**	80,000	-	80,000	-	-	-	-	-	-	-
					-	-	-	-	-	-
Power Generation And Distribution										
Hub Power Company Limited	200,000	19,000	118,000	101,000	7,779	16,471	8,692	3.17	4.51	0.01
Nishat (Chunian) Power Limited	-	275,000	-	275,000	7,170	8,236	1,067	1.58	2.25	0.07
					14,949	24,707	9,758	5	7	0
Tobacco										
Pakistan Tobacco Company Limited	4,000	6,500	50	10,450	6,424	11,594	5,169	2.23	3.17	-
					6,424	11,594	5,169	2.23	3.17	-
Technology & Communication										
Systems Limited	34,500	37,000	34,500	37,000	14,551	15,477	926	2.97	4.24	0.01
					14,551	15,477	926	2.97	4.24	0.01
Balance carried forward					242,138	338,434	96,295			

* Nil figures due to rounding off

These have a face value of Rs. 5 per share

*** These represents transactions in shares of related parties

***** These represents pledge securities (note 6.1.1)

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

Name of the investee company	As at July 1, 2023	Purchases during the year	Sales during the year	As at June 30, 2024	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
					Carrying Value	Market value	Unrealised appreciation/ (diminution)			
					Rupees in '000'			%		
Balance brought forward					242,138	338,434	96,295	-	-	-
Textile Composite										
Gul Ahmed Textile Mills Limited	250,022	140,000	175,000	215,022	3,869	4,537	668	0.87	1.24	0.03
Interloop Limited	312,574	62,000	184,574	190,000	7,452	13,458	6,006	2.59	3.68	0.01
Kohinoor Textile Mills Limited	90,541	-	90,541	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	341,094	-	341,094	9,479	8,940	(539)	1.72	2.45	0.14
Nishat Mills Limited ***	-	32,000	32,000	-	-	-	-	-	-	-
Total at June 30, 2024					20,800	26,934	6,135	5.18	7.37	0.18
Total at June 30, 2023					262,938	365,368	102,430			
					236,349	230,828	(5,521)			

* Nil figures due to rounding off

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

*** These represents transactions in shares of related parties

**** These represents pledge securities (note 6.1.1)

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

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

Name of security	2024	2023	2024	2023
	— (Number of shares) —		— (Rupees in '000) —	
Bank Alfalah Limited	30,000	-	2,041	-
United Bank Limited	44,000	50,000	11,275	5,877
Maple Leaf Cement Factory Limited	100,000	100,000	3,800	2,833
Fauji Cement Company Limited	500,000	500,000	11,455	5,880
	<u>674,000</u>	<u>650,000</u>	<u>28,570</u>	<u>14,590</u>

- 6.1.2 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 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 the High Court of Sindh. In this regard, on July 15, 2019, the 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. The management is confident that the decision of the constitutional petition will be in favour of the CISs. During the year ended June 30, 2020, the Fund has reclassified the amount of these shares from "investments" to "advances, deposits and other receivables" based on the market value of these shares on November 13, 2020.

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

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

		2024 —— (Rupees in '000) ——	2023
6.2 Government securities	Note		
Market Treasury Bills	6.2.1	—	68,138
		—	68,138
6.2.1 Market Treasury Bills			

Name of security	Date of issue	Face Value				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 loss	Net assets	Total investments	
(Rupees in '000)										%	
Market Treasury Bills											
- 3 months	July 13, 2023	-	500,000	500,000	-	-	-	-	-	-	
- 3 months	August 10, 2023	-	90,000	90,000	-	-	-	-	-	-	
- 3 months *	June 15, 2023	71,000	-	71,000	-	-	-	-	-	-	
Total as at June 30, 2024						-	-	-			
Total as at June 30, 2023						68,136	68,138	(90)			

6.3 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net

Market value of investments	6.1	365,368	298,966
Less: carrying value of investments	6.1	262,938	304,585
		102,430	(5,619)

7. PROFIT RECEIVABLES

Deposit accounts	2,942	1,756
	2,942	1,756

8. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Advance tax	8.1	944	603
Security deposits:			
- National Clearing Company of Pakistan Limited		3,817	3,817
- Central Depository Company of Pakistan Limited		300	300
Receivable Against Bonus Shares Withheld	6.1.2	203	203
Other receivables		5	5
Receivable against sale of securities		4,652	—
		9,921	4,928

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

- 8.1 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 sale of shares, profit on bank balances and dividends 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.

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 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. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, 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 judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on profit against sale of shares, profit on bank balances and dividends 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.

	Note	2024 —— (Rupees in '000) ——	2023
9. PAYABLE TO THE MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration payable to management company	9.1	1,328	925
Sindh Sales Tax payable on management fee	9.2	173	120
Allocated expenses payable	9.3	34	28
Selling and marketing expenses payable	9.4	389	-
		1,924	1,073

- 9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 3.1% (2023: 3.35% per annum) of the average daily net assets of the Fund during the year ended June 30, 2024. The remuneration is payable to the Management Company on monthly in arrears.

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

9.2 During the year, an amount of Rs 1.771 million (2023: Rs 1.533 million) was charged on account of sales tax on management remuneration levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.718 million (2023: Rs. 1.552 million) has been paid to the Management Company which acts as a collecting agent.

9.3 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 has allocated expenses to the Fund based on its discretion subject to not being higher than actual expense, which has also been approved by the Board of Directors of the Management Company.

9.4 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

The Management Company has charged Selling and Marketing Expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

	Note	2024 —— (Rupees in '000) ——	2023 —— (Rupees in '000) ——
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee remuneration payable	10.1	85	58
Sindh sales tax on trustee remuneration	10.2.	11	7
		96	65

10.1 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	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	

10.2 During the year, an amount of Rs 0.113 million (2023: Rs 0.093 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.109 million (2023: Rs 0.094 million) was paid to the Trustee which acts as a collecting agent.

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

	Note	2024 —— (Rupees in '000) ——	2023
11. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
Annual fee	11.1	36	70

- 11.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

In accordance with the SRO No. 592(I)/2023 dated May 17, 2023 issued by SECP, the Fund has charged SECP fee at the rate of 0.095% (June 30, 2023: 0.02%) of the average daily net assets of the Fund during the year. It is required to be paid within 15 days of the close of every calender month.

12. ACCRUED AND OTHER LIABILITIES

Provision for Federal Excise Duty	12.1		
- On management remuneration		5,872	5,872
- Sales load		393	393
Legal and professional charges payable		39	39
Withholding tax payable		447	1
Dividend payable		2,783	2,784
Auditors' remuneration payable		498	560
Brokerage payable		104	133
Other payable		239	40
		<u>10,375</u>	<u>9,822</u>

- 12.1 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.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.27 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2024 would have been higher by Rs 0.21 (2023: Rs 0.21) per unit.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2024 (2023: Nil).

	2024	2023
	—— (Rupees in '000) ——	
14. NUMBER OF UNITS IN ISSUE		
Total units in issue at the beginning of the year	30,207,113	35,840,544
Add: Unit issued	12,827,286	1,130,708
Less: Units redeemed	(12,627,813)	(6,764,139)
Total units in issue at the end of the year	<u>30,406,586</u>	<u>30,207,113</u>

15. AUDITORS' REMUNERATION

Annual audit fee	340	335
Half yearly review fee	170	167
Other certification and services	80	306
Out of pocket expenses and taxes	151	117
	<u>741</u>	<u>925</u>

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

16. TAXATION

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed to the unit holders as cash dividend. Furthermore, regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders. 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. The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company has distributed cash dividend that is at least 90 percent of the Fund's accounting income for the year ended June 30, 2024 as reduced by capital gains (whether realized or unrealized) to its unit holders in the form of cash.

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.

17. Earnings per unit

Earnings 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 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.

18. CASH AND CASH EQUIVALENTS	Note	2024	2023
		—— (Rupees in '000) ——	
Balances with banks	5.	157,443	47,311
Treasury bills maturing within 3 months	6.2.1	-	68,138
		<u>157,443</u>	<u>115,449</u>

19. TOTAL EXPENSE RATIO

The annualized total expense ratio of the Fund based on current year results is 4.87% and this includes 0.57% representing government levy, SECP fee etc.

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

20. TRANSACTIONS AND BALANCES OUTSTANDING WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations and constitutive documents of the Fund respectively.

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:

20.1 Details of transaction with connected persons are as follows:

	2024	2023
	———— (Rupees in '000) ————	
MCB - Investments Limited - Management Company		
Remuneration including indirect taxes	15,396	13,323
Allocated Expenses	375	352
Selling and Marketing Expenses	1,246	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration including indirect taxes	984	812
CDS charges	53	25
MCB Bank Limited		
Bank charges	14	9
Mark-up income	185	63
D.G. Khan Cement Limited		
Purchase 145,500 (2023: 296,000) shares	7,236	14,866
Sale 373,500 (2023: 132,000) shares	18,515	7,173
Dividend Income	-	209

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

	2024	2023
	—— (Rupees in '000) ——	
International Steels Limited		
Purchase 140,000 (2023: Nil) shares	6,664	-
Sale 140,000 (2023: Nil) shares	10,253	-
Dividend Income	625	-
Nishat Mills Limited		
Purchase 32,000 (2023: 15,000) shares	2,331	1,043
Sale 32,000 (2023: 70,000) shares	2,289	4,060
Dividend Income	-	717

20.2 Amount outstanding at the year end

MCB - Investments Limited - Management Company		
Management remuneration payable	1,328	925
Sindh sales tax on management remuneration	173	120
Allocated expense payable	34	28
Marketing & Selling expense payable	389	-
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	300	300
Trustee remuneration payable	85	58
Sindh sales tax payable on trustee remuneration	11	7
MCB Bank Limited		
Balance with Bank	1,753	2,214
Profit receivable on bank deposit	-	35

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

	2024						
	As at July 01, 2023	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2024	As at July 01, 2023	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out
	(Units)				(Rupees in '000)		
Key management personnel * & **	8	1	-	9	0.08	-	-
10% or more unitholders	3,500,802	3,943,627	3,612,880	3,831,548	38,579	66,542	65,352

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

** Nil figure due to rounding off

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

2023							
As at July 01, 2022	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2023	As at July 01, 2021	Issued for cash / conversion in / transferred in	Redeemed/ conversion out / transfer out	As at June 30, 2023
(Units)				(Rupees in '000)			
Key management personnel * & **	8	-	-	8	-	-	0.08
10% or more unitholders	3,500,802	-	-	3,500,802	37,284	-	38,579

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

** Nil figure due to rounding off

21. FINANCIAL INSTRUMENTS BY CATEGORY

2024		
At amortised cost	Assets at fair value through profit or loss	Total
(Rupees in '000)		

Financial Assets

Balances with banks	157,443	-	157,443
Investments	-	365,368	365,368
Dividend and profit receivables	2,942	-	2,942
Security deposits and other receivable	4,122	-	4,122
	<u>164,507</u>	<u>365,368</u>	<u>529,875</u>

Financial Liabilities

Payable to the MCB Investments Management Limited - Management Company	1,924	-	1,924
Payable to Central Depository Company of Pakistan Limited- Trustee	96	-	96
Payable against purchase of investment	2,660	-	2,660
Payable against redemption of units	216	-	216
Accrued and other liabilities	3,663	-	3,663
	<u>8,559</u>	<u>-</u>	<u>8,559</u>

2023		
At amortised cost	Assets at fair value through profit or loss	Total
(Rupees in '000)		

Financial Assets

Balances with banks	47,311	-	47,311
Investments	-	298,966	298,966
Dividend and profit receivables	1,756	-	1,756
Security deposits and other receivable	4,122	-	4,122
	<u>53,189</u>	<u>298,966</u>	<u>352,155</u>

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

2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial Liabilities

Payable to the MCB Investments Management Limited - Management Company	1,073	-	1,073
Payable to Central Depository Company of Pakistan Limited- Trustee	65	-	65
Payable against purchase of investment	8,720	-	8,720
Payable against redemption of units	216	-	216
Accrued and other liabilities	3,556	-	3,556
	<u>13,630</u>	<u>-</u>	<u>13,630</u>

22. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board is also responsible for developing and monitoring the Fund's risk management policies.

The Fund's risk management policies are established to identify and analyze the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The fund preliminarily invest in a portfolio of equity securities. These Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

22.1 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, interest rate risk and other price risk.

22.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not hold any financial instrument in foreign currencies and hence is not exposed to such risk.

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

22.1.2 Yield / Interest rate risk

Yield / Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2024, the Funds is exposed to such risk on balances with banks and investment in sukuk certificates. 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 holds KIBOR based bank deposits exposing the Fund to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR at year end, the net assets value of the Fund and the net income for the year would be higher / lower by Rs 1.5465 million (2023: Rs 0.445 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2024, the Fund does not hold any financial instruments exposing the Fund to fair value interest rate risk.

The composition of the fund's investment portfolio, KIBOR rates and rates announced by Financial Market Association of Pakistan is 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 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 interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

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

2024						
Yield / effective interest rate (%)	Exposed to yield / Interest rate risk			Not exposed to yield / Interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
On-balance sheet financial instruments (Rupees in '000)						
Financial Assets						
Balances with banks	19% to 20.5%	154,653	-	-	2,790	157,443
Investments						
at fair value through profit or loss						
- Listed equity securities		-	-	-	365,368	365,368
- Market Treasury Bills		-	-	-	-	-
- Unlisted debt security		-	-	-	-	-
Dividend and profit receivables		-	-	-	2,942	2,942
Security deposits and other receivable		-	-	-	4,122	4,122
		154,653	-	-	375,222	529,875
Financial Liabilities						
Payable to the MCB Investment Management Limited						
- Management Company		-	-	-	1,924	1,924
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	96	96
Payable against purchase of investment		-	-	-	2,660	2,660
Payable against redemption of units		-	-	-	216	216
Accrued and other liabilities		-	-	-	3,663	3,663
		-	-	-	8,559	8,559
On-balance sheet gap (a)		154,653	-	-	366,663	521,316
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		154,653	-	-	-	-
Cumulative profit rate sensitivity gap		154,653	154,653	154,653	-	-

2023						
Yield / effective interest rate (%)	Exposed to Yield / Interest rate risk			Not exposed to Yield / Interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
On-balance sheet financial instruments (Rupees in '000)						
Financial Assets						
Balances with banks	12.75% to 19.5%	44,520	-	-	2,791	47,311
Investments						
at fair value through profit or loss						
- Listed equity securities		-	-	-	230,828	230,828
- Market Treasury Bills	23%	68,138	-	-	-	68,138
- Unlisted debt security		-	-	-	-	-
Dividend and profit receivables		-	-	-	1,756	1,756
Security deposits and other receivable		-	-	-	4,122	4,122
		112,658	-	-	239,497	352,155
Financial Liabilities						
Payable to the MCB Investment Management Limited						
- Management Company		-	-	-	1,073	1,073
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	65	65
Payable against purchase of investment		-	-	-	8,720	8,720
Payable against redemption of units		-	-	-	216	216
Accrued and other liabilities		-	-	-	3,556	3,556
		-	-	-	13,630	13,630
On-balance sheet gap (a)		112,658	-	-	225,867	338,525
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		112,658	-	-	-	-
Cumulative profit rate sensitivity gap		112,658	112,658	112,658	-	-

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

22.1.3 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 profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from its investments in equity securities. The Fund manages its price risk arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund's constitutive documents, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's equity investments and their fair values exposed to price risk as at the year end are concentrated in the sectors given in note 5.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 5% in the fair values of the Fund's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Fund's equity securities at each statement of assets and liabilities date with all other variables held constant.

	2024	2023
	— (Rupees in '000) —	
Investments	18,268	11,541
Income statement	18,268	11,541

22.2 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	Maximum exposure to credit risk	Balance as per statement of	Maximum exposure to credit risk
	(Rupees in '000)			
Balances with banks	157,443	157,443	47,311	47,311
Listed equity securities	365,368	-	230,828	-
Government securities	-	-	68,138	-
Dividend and profit receivable	2,942	2,942	1,756	1,756
Security deposits and other receivable	4,122	4,122	4,122	4,122
	529,875	164,507	352,155	53,189

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

Difference in the balance as per statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities and government securities amounting to Rs. 365.368 million (2023: Rs. 230.828 million) and Nil (2023: Rs. 68.138) respectively is not exposed to credit risk.

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

	2024	2023
Bank balances by rating category	———— % ————	
AAA	14.13	48.22
AA+	85.86	51.67
AA-	0.00	0.11
	<u>100</u>	<u>100</u>

The analysis below summarizes the credit quality of the Fund's investment in government securities and sukuks as at June 30, 2024 and June 30, 2023:

Investments by rating category

Government Securities	-	100
AAA	-	-
	<u>-</u>	<u>100</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 is the carrying amount of the financial assets except for shares held. None of these assets are impaired nor past due.

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Fund mainly deals in equity securities which are primarily subject to price risk. The Fund's portfolio of other financial assets are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

The Fund's major bank balance is held with one bank. Management believes that such bank is a reputed institution and a related party.

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

22.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset or such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to the daily settlement of equity securities and to daily cash redemption requests on a regular basis. Units are redeemable at the holders' option based on the Fund's net asset value per unit, at the time of redemption, calculated in accordance with the Fund's constitutive document and guidelines laid down by the SECP.

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 without incurring unacceptable losses or risking damage to the Fund's reputation. 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 realised.

In order to manage the Fund's overall liquidity, the Fund also has the option 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 then in issue. Further, the Fund also has the ability to suspend redemptions of units with the approval of the Board of Directors of the Management Company in extraordinary circumstances.

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

2024						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000) -						
1,924	-	-	-	-	-	1,924
96	-	-	-	-	-	96
2,660	-	-	-	-	-	2,660
216	-	-	-	-	-	216
3,663	-	-	-	-	-	3,663
8,559	-	-	-	-	-	8,559

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

2023						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000) -						

Financial liabilities

Payable to MCB Investment Management Limited - Management Company

1,073

-

-

-

-

1,073

Payable to Central Depository Company of Pakistan Limited - Trustee

65

-

-

-

-

65

Payable against purchase of investment

8,720

-

-

-

-

8,720

Payable against redemption of units

216

-

-

-

-

216

Accrued and other liabilities

3,556

-

-

-

-

3,556

13,630

-

-

-

-

13,630

23. 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.

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 assets or liability that are not based on observable market data (i.e. unobservable inputs).

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

2024			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets at fair value through profit or loss			
Listed equity securities	365,368	-	365,368
Government securities	-	-	-
	365,368	-	365,368

2023			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets at fair value through profit or loss			
Listed equity securities	230,828	-	230,828
Government securities	-	68,138	68,138
	230,828	68,138	298,966

24. 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 objective when managing unit holders' fund is 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 22, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

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

25. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

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

25.1 Syed Abid Ali is the Fund Manager. Details of the other funds being managed by him are as follows:

- MCB Pakistan Asset Allocation Fund
- Pakistan Pension Fund
- MCB Pakistan Dividend Yield Plan (An allocation plan of MCB Pakistan opportunity fund)
- MCB KPK Govt Employees Pension Fund- Money Market Sub Fund

26. TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION

	2024 (Percentage) %
1 Foundation Securities (Private) Limited	11%
2 Al Habib Capital Markets Pvt Limited	10%
3 Khadim Ali Shah Bukhari Securities	9%
4 Optimas Capital Management	7%
5 BMA Capital Management Limited	6%
6 EFG Hermes Pakistan Limited	6%
7 ALFA Adhi Securities (Private) Limited	6%
8 Ismail Iqbal Securities Private Limited	5%
9 Insight Securities Limited	5%
10 Alfalah Clsa Securities (Private) Limited	5%

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

	2023 (Percentage) %
1 Ismail Iqbal Securities (Private) Limited	9.26%
2 Khadim Ali Shah Bukhari Securities	8.58%
3 Foundation Securities (Private) Limited	8.27%
4 DJM Securities (Private) Limited	7.80%
5 Optimas Capital Management	5.21%
6 JS Global Capital Limited	5.09%
7 EFG Hermes Pakistan Limited	5.04%
8 Topline Securities Limited	4.82%
9 Akik Capital (Private) Limited	4.59%
10 Arif Habib Limited	4.29%

27. PATTERN OF UNITHOLDING

	2024			
	Number of unit holders	Number of Units held	Investment amount (Rupees in '000)	Percentage Investment %
Individual	2,441	26,370,514	451,295	86.73
Insurance Companies	1	137,662	2,356	0.45
NBFC	1	18,791	322	0.06
Retirement fund	3	417,096	7,138	1.37
Public Limited Companies	4	109,510	1,874	0.36
Others	24	3,353,013	57,382	11.03
	2,474	30,406,586	520,367	100

	2023			
	Number of unit holders	Number of Units held	Investment amount (Rupees in '000)	Percentage Investment %
Individual	2253	26,397,978	291,004	87.39
Insurance Companies	1	124,603	1,374	0.41
NBFC	1	17,515	193	0.06
Others	233	3,280,535	36,164	10.86
Retirement Fund	3	386,482	4,260	1.28
	2,491	30,207,113	332,995	13

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

28. ATTENDANCE AT MEETINGS OF 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

Name of persons attending the meetings	Designation	Number of meetings held	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave granted	
Mr. Haroon Rashid	Chairman	8	8	8	-	
Mr. Ahmed Jahangir	Director	8	8	8	-	
Syed Savail Meekal Hussain	Director	8	8	7	1	195
Ms. Mavra Adil Khan	Director	8	8	6	2	192, 195
Mr. Muhammad Saqib Saleem (Resigned on October 31, 2023)	Chief Executive Officer	8	5	5	-	
Mr. Fahd Kamal Chinoy	Director	8	8	5	3	190, 192, 195
Mr. Manzar Mushtaq	Director	8	8	8	-	
Mr. Shoaib Mumtaz	Director	8	8	5	3	192, 193, 195
Mr. Khawaja Khalil Shah (Appointed on November 01, 2023)	Director	8	3	3	-	

28.1 CORRESPONDING FIGURES

Corresponding figures have also been arranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

29. GENERAL

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

30. DATE OF AUTHORISATION OF ISSUE

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

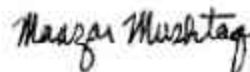
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit holdings	Total units held
499	A. 001-10,000	46,055
1,397	B. 10,001 – 100,000	3,886,251
528	C. 100,001 – 1000,000	11,177,014
50	D. 1000,001 & Above	15,297,266
2,474		30,406,586

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

Performance Information	2024	2023	2022	2021	2020
Total Net Assets Value – Rs. in million	520.3670	332.9948	381.6090	466.6630	414.5787
Net Assets value per unit – Rupees	17.11	11.02	10.6500	12.0000	10.1500
Closing Offer Price	17.50	11.27	10.8900	12.2700	10.3800
Closing Repurchase Price	17.11	11.02	10.6500	12.0000	10.1500
Highest offer price per unit	18.80	11.48	12.6000	13.1400	12.2200
Lowest offer price per unit	10.86	10.21	10.7400	10.4800	9.2700
Highest Redemption price per unit	18.38	11.23	12.3200	12.8500	11.9500
Lowest Redemption price per unit	10.62	9.98	10.5000	10.2500	9.0700
Distribution per unit – Rs. *	1.1000	-	-	0.5000	0.4533
Average Annual Return - %					
One year	71.54	3.47	(11.25)	23.14	4.86
Two year	37.51	(3.89)	5.95	14.00	(2.28)
Three year	21.25	5.12	5.58	6.20	(2.59)
Net Income for the year – Rs. in million	227.0340	12.613152	(49.3710)	94.9640	21.1207
Distribution made during the year – Rs. in million	67.4500	-	-	28.7650	19.4490
Accumulated Capital Growth – Rs. in million	159.5840	12.6132	(49.3710)	66.1990	3.2070

* Date of Distribution

2024	
Date	Rate
26-Jun-24	1.1

2023	
Date	Rate
Nil	

2022	
Date	Rate
Nil	

2021	
Date	Rate
June 25, 2021	0.5

2020	
Date	Rate
June 29, 2020	0.4533

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**

The Board of Directors of MCB Investment Management Limited (the Management Company of Pakistan Capital Market Fund – PCMF) has an overall responsibility for the implementation of Proxy Voting Policy and Procedures which is available on Management Company's website (www.mcbfunds.com).

During the financial year ended June 30, 2024, the Management Company on behalf of PCMF participated in eleven (11) 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:

	Resolutions	For	Against	Abstain	Reason for Abstaining
Number	90	78	12	0	-
(%ages)	100	87	13	0	-

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

MCB INVESTMENT MANAGEMENT LIMITED

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