



MCB FUNDS
Investments for Life

ANNUAL REPORT 2024

Funds Under Management of
MCB Investment Management Limited



PAKISTAN INCOME FUND

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FUND'S INFORMATION

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

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

Dear Investor,

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

Economy Review

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

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

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

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

The country's GDP grew by 2.4% in the financial year 2023-24 as compared to -0.2% last year. Agriculture grew by 6.3%, Services and industrial sector witnessed a paltry increase of 1.2% each. Historic high interest rates coupled with political uncertainty were the major culprits behind the subdued industrial and services output. On the fiscal side, FBR tax collection increased by 29.6% in FY24 to PKR 9,285 billion, missing the target by a modest PKR 130 billion.

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

FUND PERFORMANCE

During the period under review, the fund generated a return of 21.50% as against its benchmark return of 24.53%.

At period end, the fund was invested 19.3% in T-Bills, 35% in PIBs and 15.5% in TFC/Sukuks. The weighted average maturity of the fund stood at 3.6 years.

The Net Assets of the Fund as at June 30, 2024, stood at Rs. 1,899 million as compared to Rs. 2,724 million as at June 30, 2023 registering a decrease of 30.29%.

The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 54.9452 as compared to the opening NAV of Rs. 54.6443 per unit as at June 30, 2023 registering an increase of Rs. 0.3009 per unit.

Economy & Market – Future Outlook

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

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

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

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

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

Mutual Fund Industry Review

The Net Assets of the open-end mutual funds industry increased by about 64.6% during FY24 to PKR 2,574 billion. Total money market funds grew by about 45.0% since June

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

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

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

Mutual Fund Industry Outlook

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

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

MANAGEMENT COMPANY

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

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

CORPORATE GOVERNANCE

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

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

The details of above are as under:

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

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

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & 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;

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

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

1. Meeting of the Audit Committee.

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

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

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:

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

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

- n. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1.	Muhammad Asif Mehdi Rizvi	Chief Financial & Operating Officer	10,898.04	2,596.65	575.39

EXTERNAL AUDITORS

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

ACKNOWLEDGMENT

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

On behalf of Directors,



Khawaja Khalil Shah
Chief Executive Officer
September 25, 2024



Manzar Mushtaq
Director
September 25, 2024

ڈائریکٹرز رپورٹ

سیریل نمبر	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
			(پونٹوں کی تعداد)		
1.	محمد آصف مہدی رضوی	چیف فنانشل اینڈ آپرینٹنگ آفیسر	10,898.04	2,596.65	575.39

بیرونی آڈیٹرز

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

اعتراف

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

ڈائریکٹرز کی جانب سے،

Manzar Mushtaq

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

خوبہ خلیل شاہ

خوبہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

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	سید ساول میکان حسین
0	4	4	0	4	جناب احمد جہانگیر
0	4	4	0	4	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	جناب فہد کمال چنائے
-	2	2	-	2	جناب شعیب ممتاز
1	1	2	1	2	جناب احمد جہانگیر
1	1	2	1	2	محترمہ ماورا عادل خان

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

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

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

g. لسٹنگ ریکویشن 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 ریکویشن نمبر 20 میں موجود ہے۔

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

l. بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باضابطہ اور مؤثر 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۔

ڈائریکٹرز رپورٹ

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 میکال حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیرمین)
6	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیرمین)
7	محترمہ ماہرہ عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی
8	جناب خواجہ خلیل شاہ	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی

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

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

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

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

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

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

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

مینجمنٹ کمپنی

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

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

کارپوریٹ گورننس

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

4. نان-ایگزیکٹو ڈائریکٹرز؛

3. خود مختار ڈائریکٹرز؛ اور

1. ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

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

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

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

میوچل فنڈ انڈسٹری کا جائزہ

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

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

میوچل فنڈ انڈسٹری آؤٹ لک

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

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

30 جون 2023 اور پنگ میٹ اناٹھ (NAV) کی قیمت فی یونٹ 54.6443 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 54.9452 روپے رہی جو 0.3009 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 ٹخلی طرف رہنے کا امکان ہے۔

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

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

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

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

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

فنڈ کی کارکردگی

زیادہ جاذبہ مدت کے دوران، فنڈ نے 24.53 فیصد کے بینچ مارک ریٹرن کے مقابلے میں 21.50 فیصد کا ریٹرن دیا۔

مدت کے اختتام پر، فنڈ کی سرمایہ کاری ٹی بلز میں 19.3 فیصد، پی آئی بیس میں 35 فیصد اور ٹی ایف سی/سکوک میں 15.5 فیصد کی گئی۔ فنڈ کی وزنی اوسط میچورٹی 3.6 سال تھی۔

30 جون 2023 تک فنڈ کے خالص اثاثے 2,724 بلین روپے تھے جب کہ 30 جون 2024 کو یہ 1,899 بلین روپے رہے جو 30.29 فیصد کی کمی کو ظاہر کرتے ہیں۔

پیارے سرمایہ کار،

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

معیشہ کا جائزہ

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

نگراں حکومت نے اگست 2023 میں اقتدار سنبھالا اور فوری طور پر کرنسی پر قیاس آرائی کے دباؤ کا سامنا کرنا پڑا، جس کی وجہ سے یہ انٹر بینک مارکیٹ میں 307 کی بلند ترین سطح پر پہنچ گئی۔ غیر رسمی مارکیٹ میں زر مبادلہ کی شرح 330 USD/ PKR کے قریب پہنچ گئی جو قیاس آرائیوں کی سرگرمیوں میں اضافے اور غیر یقینی کی 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 انٹر بینک 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 ملین 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

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

Fund Type and Category

Pakistan Income Fund— (PIF) is an open-end mutual fund and comes under income scheme. The fund primarily invests in money market and other short-term instruments which includes short term corporate debt and government securities. The fund may also invest in medium term assets in order to provide higher returns to unit holders.

Fund Benchmark

The benchmark for the fund is Six (6) months KIBOR rates.

Investment Objective

The objective of the Fund is to deliver returns primarily from debt and fixed income investments without taking excessive risk.

Manager's Review

During the period under review, the fund generated a return of 21.50% as against its benchmark return of 24.53%. At period end, the fund was 5.2% invested in Cash, 35.0% in PIBs, and 19.3% in T-Bills. WAM of the fund stood at 3.6 Years.

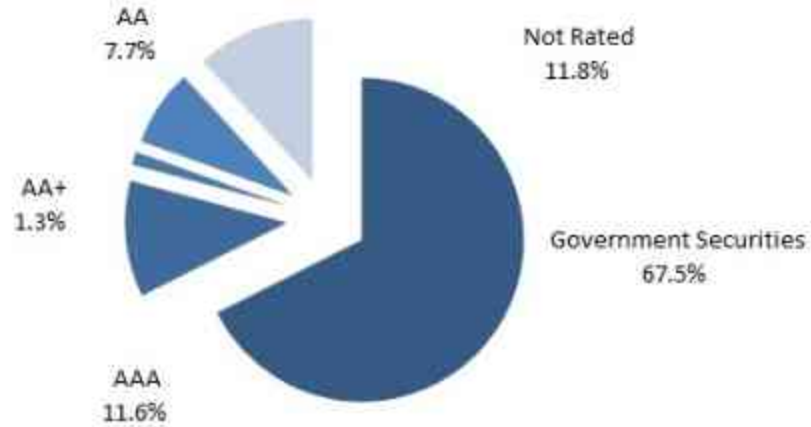
The Net Assets of the Fund as at June 30, 2024 stood at Rs. 1,899 million as compared to Rs. 1,724 million as at June 30, 2023 registering an increase of 10.15%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 54.9452 as compared to opening NAV of Rs. 54.6443 per unit as at June 30, 2023 registering an increase of Rs. 0.3009 per unit.

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

Asset Allocation (%age of Total Assets)	Jun-24
Cash	5.2%
TFCs/Sukuks	15.5%
T-Bills	19.3%
GOP Ijara Sukuk	13.2%
PIBs	35.0%
Others including receivables	11.8%

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

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



Syed Mohammad Usama Iqbal
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: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

PAKISTAN INCOME FUND

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

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

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

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


Badinuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 30, 2024



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Pakistan Income Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit:
1	Net Asset Value (NAV) (Refer note 5 to the financial statements) Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2024 amounted to Rs. 2,160,323 million. The existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">• Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

A.F.F.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



2

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Other Matter

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

Other Information

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

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

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

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

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

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

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: October 4, 2024
UDIN: AR202410611vPZ35Qd2W

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2024

	Note	June 30, 2024	June 30, 2023
		— (Rupees in '000') —	
ASSETS			
Balances with banks	4	136,409	314,613
Investments	5	2,160,323	2,374,533
Mark-up receivables	6	88,881	46,458
Advances, deposits, prepayments and other receivables	7	15,124	13,532
Receivable against sale of investments		201,739	-
Total assets		2,602,476	2,749,136
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	8	3,584	9,243
Payable to Central Depository Company of Pakistan Limited - Trustee	9	140	198
Payable to the Securities and Exchange Commission of Pakistan	10	124	652
Payable against redemption of units		47	47
Payable against purchase of investments		647,761	-
Accrued expenses and other liabilities	11	51,490	15,151
Total liabilities		703,146	25,291
NET ASSETS		1,899,330	2,723,845
Unitholders' fund (as per statement attached)		1,899,330	2,723,845
Contingencies and commitments	12		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		34,567,718	49,846,864
		(Rupees)	
NET ASSET VALUE PER UNIT		54.9452	54.6443

The annexed notes from 1 to 28 form an integral part of these financial statements.

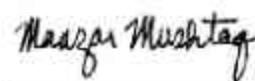
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	For the year ended	
		June 30,	June 30,
		2024	2023
		— (Rupees in '000) —	
INCOME			
Income from government securities		316,787	369,774
Income from term finance certificates		105,312	112,449
Mark-up on savings accounts with banks		66,371	74,599
Net realised loss on sale of investments		(642)	(6,550)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.5	2,630	(23,235)
Other income		7,214	2,283
Total income		497,672	529,320
EXPENSES			
Remuneration of MCB Investment Management Limited - Management Company	8.1	23,962	15,339
Sindh Sales Tax on remuneration of the Management Company	8.2	3,115	1,994
Allocated expenses	8.3	2,824	4,604
Selling and marketing expenses	8.4	12,777	15,799
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,718	2,445
Sindh Sales Tax on remuneration of the Trustee	9.2	223	318
Fee to Securities and Exchange Commission of Pakistan	10.1	1,718	652
Brokerage, settlement and bank charges		1,940	1,783
Fees and subscription		845	788
Legal and professional charges		191	174
Auditors' remuneration	13	1,085	828
Printing and related costs		32	41
Total expenses		50,430	44,765
Net income for the year before taxation		447,242	484,555
Taxation	14	-	-
Net income for the year after taxation		447,242	484,555
Earnings per unit	3.12		
Allocation of net income:			
Net income for the year after taxation		447,242	484,555
Income already paid on units redeemed		(165,722)	(194,254)
		281,520	290,301
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		281,520	290,301
		281,520	290,301

The annexed notes from 1 to 28 form an integral part of these financial statements.

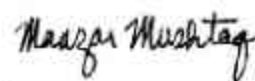
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	For the year ended	
	June 30, 2024	June 30, 2023
	—— (Rupees in '000') ——	
Net income for the year after taxation	447,242	484,555
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>447,242</u>	<u>484,555</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

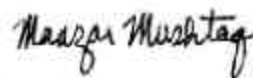
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

	Year ended June 30, 2024			Year ended June 30, 2023		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000')					
Net assets at the beginning of the year	2,593,728	130,117	2,723,845	3,087,097	122,928	3,210,025
Issuance of 44,405,902 units (2023: 166,978,077 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	2,426,529	-	2,426,529	9,077,880	-	9,077,880
- Element of income	180,694	-	180,694	591,745	-	591,745
Total proceeds on issuance of units	2,607,223	-	2,607,223	9,669,625	-	9,669,625
Redemption of 59,685,049 units (2023: 176,176,232 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	(3,261,448)	-	(3,261,448)	(9,577,944)	-	(9,577,944)
- Element of loss	(110,932)	(165,722)	(276,654)	(513,735)	(194,254)	(707,989)
Total payments on redemption of units	(3,372,380)	(165,722)	(3,538,102)	(10,091,679)	(194,254)	(10,285,933)
Total comprehensive income for the year	-	447,242	447,242	-	484,555	484,555
Distribution for the year ended June 30, 2024 @ Rs. 11.3876 per unit on June 22, 2024	-	(271,369)	(271,369)	-	-	-
Refund of capital for the year ended June 30, 2024	(69,509)	-	(69,509)	-	-	-
Distribution for the year ended June 30, 2023 @ Rs. 8.4790 per unit on June 17, 2023	-	-	-	-	(283,112)	(283,112)
Refund of capital for the year ended June 30, 2023	-	-	-	(71,315)	-	(71,315)
Total distributions during the year	(69,509)	(271,369)	(340,878)	(71,315)	(283,112)	(354,427)
Net assets at the end of the year	1,759,062	140,268	1,899,330	2,593,728	130,117	2,723,845
Undistributed income brought forward						
- Realised gain		153,352			110,314	
- Unrealised (loss) / gains		(23,235)			12,614	
		130,117			122,928	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		281,520			290,301	
		281,520			290,301	
Distribution made during the year		(271,369)			(283,112)	
Undistributed income carried forward		140,268			130,117	
Undistributed income carried forward						
- Realised gain		137,638			153,352	
- Unrealised gain / (loss)		2,630			(23,235)	
		140,268			130,117	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		54.6443			54.3657	
Net asset value per unit at the end of the year		54.9452			54.6443	

The annexed notes from 1 to 28 form an integral part of these financial statements.

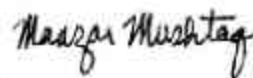
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

Note	For the year ended	
	June 30, 2024	June 30, 2023
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	447,242	484,555
Adjustments for :		
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(2,630)	23,235
	444,612	507,790
(Increase) / decrease in assets		
Investments - net	(212,831)	1,199,923
Mark-up receivables	(42,423)	35,152
Receivable against sale of investments	(201,739)	-
Advances, deposits, prepayments and other receivables	(1,592)	(429)
	(458,585)	1,234,646
Increase / (decrease) in liabilities		
Payable to MCB Investment Management Limited - Management Company	(5,659)	2,567
Payable to Central Depository Company of Pakistan Limited - Trustee	(58)	(83)
Payable to the Securities and Exchange Commission of Pakistan	(528)	(763)
Payable against purchase of investments	647,761	(2,125,509)
Accrued expenses and other liabilities	36,339	(37,689)
	677,855	(2,161,477)
Net cash generated from / (used in) operating activities	663,882	(419,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(271,369)	(283,112)
Receipts against issuance and conversion of units - net of refund of capital	2,537,714	9,598,310
Payments against redemption and conversion of units	(3,538,102)	(10,285,933)
Net cash used in financing activities	(1,271,757)	(970,735)
Net decrease in cash and cash equivalents during the year	(607,875)	(1,389,776)
Cash and cash equivalents at beginning of the year	1,042,937	2,432,713
Cash and cash equivalents at end of the year	435,062	1,042,937

The annexed notes from 1 to 28 form an integral part of these financial statements.

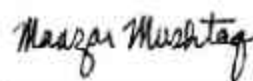
For MCB Investment Management Limited
(Management Company)



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 Income Fund (the Fund) was established through a Trust Deed executed between MCB - Arif Habib Saving and Investments Limited (now: MCB Investment Management Limited), as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated January 25, 2011 consequent to which Trust Deed was executed on March 07, 2011 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was registered under the Sindh Trust Act on August 13, 2021.
- 1.2 In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Management Company and AHCL no longer holds any shares in the Management Company. Consequently, members of the Management Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Management Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited.
- 1.3 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.4 The Fund is an open-end collective investment scheme categorised as an "Income scheme" by the Board of Directors of the Management Company pursuant to Circular 7 of 2009 dated March 6, 2009 issued by the SECP. The units of the Fund were initially offered for public subscription at a par value of Rs. 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.5 The Fund primarily invests in money market and other short-term placements / instruments which include short-term corporate debt, government securities, margin trading system transactions and spread transactions. The Fund may also invest a portion of its assets under management in medium term assets in order to provide higher return to the unit holders.
- 1.6 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of "AM1" dated October 06, 2023 (2023: "AM1" dated October 6, 2022) to the Management Company and "AA-(f)" as stability rating dated September 01, 2023 (2023: "AA-(f)" as stability rating dated March 2, 2023) to the Fund. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.7 The 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 for interim financial reporting. The accounting and reporting standards as applicable in

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

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

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

2.2 Accounting convention

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

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

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

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

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

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

2.5 Critical accounting estimates and judgments

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

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

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification and subsequent measurement

Debt instruments

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

- amortised cost;
- at fair value through other comprehensive income "(FVOCI)"; or
- at fair value through profit or loss (FVTPL) based on the business model of the entity.

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

Equity instruments

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

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

The dividend income on equity securities classified under FVTPL is recognised in the Income Statement.

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

3.2.2 Impairment (other than debt securities)

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

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

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

3.2.3 Impairment loss on debt securities

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

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

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

3.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

3.2.5 Initial recognition and measurement

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

3.2.6 Derecognition

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

3.3 Financial liabilities

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

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

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Provisions

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

3.6 Net asset value per unit

The net asset value (NAV) per unit, as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

3.7 Issuance and redemption of units

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

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

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

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

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

3.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised appreciation / (deminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis;
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend; and
- Mark-up on savings account with banks is recognised on time proportion basis using the effective yield method.

3.10 Expenses

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

3.11 Taxation

Current

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

Deferred

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

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

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

3.12 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.

3.13 Distribution to units holders fund

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

3.14 Foreign currency translation

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

	Note	June 30, 2024	June 30, 2023
4			
BALANCES WITH BANKS			
		(Rupees in '000')	
- In savings accounts	4.1	126,905	300,701
- In current accounts	4.2	9,504	13,912
		<u>136,409</u>	<u>314,613</u>

4.1 These carry mark-up at rates ranging between 19.00% to 20.50% per annum (2023: 12.25% to 19.50% per annum) and include Rs. 1.62 million (2023: Rs. 0.05 million) maintained with MCB Bank Limited (a related party) which carries mark-up at the rate of 19.50% (2023: 19.50%) per annum.

4.2 These include balances held with MCB Bank Limited (a related party) of Rs. 9.49 million (2023: Rs. 13.90) million.

	Note	June 30, 2024	June 30, 2023
5			
INVESTMENTS			
		(Rupees in '000')	
Investments at 'fair value through profit or loss'			
Government securities	5.1	1,756,123	1,887,200
Term finance certificates - listed	5.2	-	-
Term finance certificates - unlisted	5.3	404,200	481,813
Corporate Sukuk certificates	5.4	-	5,520
		<u>2,160,323</u>	<u>2,374,533</u>

5.1 Government securities

Market Treasury Bills	5.1.1	501,294	1,548,960
Pakistan Investment Bonds	5.1.2	330,647	-
Pakistan Investment Bonds - Floating Rate Bond (FRB)	5.1.3	579,480	338,240
GoP Ijarah Sukuks	5.1.4	344,702	-
		<u>1,756,123</u>	<u>1,887,200</u>

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

5.1.1 Market Treasury Bills

Tenor	Issue date	Face value				Balance as at June 30, 2024			Market value as a percentage of	
		At July 01, 2023	Purchased during the year	Matured / Sold during the year	At June 30, 2024	Carrying value	Market value	Unrealised diminution	Net assets of the Fund	
									total investments	
(Rupees in '000)										
%										
- 3 months	May 18, 2023	300,000	400,000	700,000	-	-	-	-	-	-
- 3 months	June 1, 2023	450,000	700,000	1,150,000	-	-	-	-	-	-
- 3 months	June 15, 2023	-	2,700,000	2,700,000	-	-	-	-	-	-
- 3 months	June 22, 2023	-	1,500,000	1,500,000	-	-	-	-	-	-
- 3 months	July 13, 2023	-	1,000,000	1,000,000	-	-	-	-	-	-
- 3 months	August 10, 2023	-	2,385,000	2,385,000	-	-	-	-	-	-
- 3 months	August 24, 2023	-	575,000	575,000	-	-	-	-	-	-
- 3 months	September 7, 2023	-	725,000	725,000	-	-	-	-	-	-
- 3 months	September 21, 2023	-	3,725,000	3,725,000	-	-	-	-	-	-
- 3 months	October 5, 2023	-	1,700,000	1,700,000	-	-	-	-	-	-
- 3 months	October 19, 2023	-	800,000	800,000	-	-	-	-	-	-
- 3 months	November 2, 2023	-	900,000	900,000	-	-	-	-	-	-
- 3 months	November 16, 2023	-	1,925,000	1,925,000	-	-	-	-	-	-
- 3 months	November 30, 2023	-	1,610,000	1,610,000	-	-	-	-	-	-
- 3 months	December 14, 2023	-	500,000	500,000	-	-	-	-	-	-
- 3 months	December 28, 2023	-	500,000	500,000	-	-	-	-	-	-
- 3 months	January 11, 2024	-	125,000	125,000	-	-	-	-	-	-
- 3 months	January 25, 2024	-	375,000	375,000	-	-	-	-	-	-
- 3 months	February 7, 2024	-	500,000	500,000	-	-	-	-	-	-
- 3 months	February 22, 2024	-	1,275,000	1,275,000	-	-	-	-	-	-
- 3 months	March 7, 2024	-	375,000	375,000	-	-	-	-	-	-
- 3 months	March 21, 2024	-	1,000,000	1,000,000	-	-	-	-	-	-
- 3 months	April 4, 2024	-	975,000	975,000	-	-	-	-	-	-
- 3 months*	April 18, 2024	-	750,000	450,000	300,000	298,668	298,653	(15)	15.72%	13.82%
- 3 months	May 2, 2024	-	500,000	500,000	-	-	-	-	-	-
- 3 months	May 16, 2024	-	340,000	340,000	-	-	-	-	-	-
- 3 months	May 30, 2024	-	500,000	500,000	-	-	-	-	-	-
- 3 months	June 13, 2024	-	500,000	500,000	-	-	-	-	-	-
- 6 months	June 15, 2023	-	7,050,000	7,050,000	-	-	-	-	-	-
- 6 months	October 19, 2023	-	500,000	500,000	-	-	-	-	-	-
- 6 months	November 2, 2023	-	500,000	500,000	-	-	-	-	-	-
- 6 months	November 16, 2023	-	3,600,000	3,600,000	-	-	-	-	-	-
- 6 months	November 30, 2023	-	500,000	500,000	-	-	-	-	-	-
- 6 months	December 14, 2023	-	500,000	500,000	-	-	-	-	-	-
- 6 months	December 28, 2023	-	2,300,000	2,300,000	-	-	-	-	-	-
- 6 months	January 11, 2024	-	125,000	125,000	-	-	-	-	-	-
- 6 months	May 2, 2024	-	500,000	500,000	-	-	-	-	-	-
- 6 months	May 30, 2024	-	500,000	500,000	-	-	-	-	-	-
- 6 months	June 13, 2024	-	500,000	500,000	-	-	-	-	-	-
- 12 months	March 27, 2023	-	325,000	325,000	-	-	-	-	-	-
- 12 months	June 15, 2023	1,000,000	-	1,000,000	-	-	-	-	-	-
- 12 months	July 13, 2023	-	1,200,000	1,200,000	-	-	-	-	-	-
- 12 months	October 19, 2023	-	500,000	500,000	-	-	-	-	-	-
- 12 months	November 2, 2023	-	12,375,000	12,375,000	-	-	-	-	-	-
- 12 months	November 16, 2023	-	2,500,000	2,500,000	-	-	-	-	-	-
- 12 months	November 30, 2023	-	500,000	500,000	-	-	-	-	-	-
- 12 months	December 14, 2023	-	500,000	500,000	-	-	-	-	-	-
- 12 months	December 28, 2023	-	500,000	500,000	-	-	-	-	-	-
- 12 months**	January 11, 2024	-	3,200,000	3,150,000	50,000	45,299	45,266	(32)	2.38%	2.10%
- 12 months***	January 25, 2024	-	3,775,000	3,600,000	175,000	157,253	157,375	122	8.29%	7.28%
- 12 months	May 2, 2024	-	500,000	500,000	-	-	-	-	-	-
- 12 months	May 16, 2024	-	500,000	500,000	-	-	-	-	-	-
- 12 months	May 30, 2024	-	1,500,000	1,500,000	-	-	-	-	-	-
- 12 months	June 13, 2024	-	500,000	500,000	-	-	-	-	-	-
As at June 30, 2024						501,220	501,294	75		
As at June 30, 2023						1,557,177	1,548,960	(8,218)		

* These will mature latest by July 11, 2024 carrying effective yield rate 20.58%.

**These will mature latest by January 9, 2025 carrying effective yield rate 19.87%.

***These will mature by January 23, 2025 carrying effective yield rate 19.84%.

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

5.1.2 Pakistan Investment Bonds

Tenor	Issue date	Maturity date	Coupon rate (%)	Face value				Balance as at June 30, 2024			Market value as a percentage of			
				At July 01, 2023	Purchased during the year	Matured / Sold during the year	At June 30, 2024	Carrying value	Market value	Unrealised appreciation	Net assets of the Fund	total investments		
(Rupees in '000)													%	
Pakistan Investment Bonds														
- 3 years	July 4, 2023	July 4, 2026	12.00%	-	350,000	350,000	-	-	-	-	-	-	-	-
- 3 years *	February 15, 2024	February 15, 2027	14.00%	-	3,150,000	2,800,000	350,000	330,516	330,647	131	17.41%	15.31%	-	-
- 5 years	January 17, 2024	January 17, 2029	14.00%	-	275,000	275,000	-	-	-	-	-	-	-	-
As at June 30, 2024								330,516	330,647	131				
As at June 30, 2023								-	-	-				

* This will mature latest by Feb 15, 2027 carrying effective yield rate 16.60%.

5.1.3 Pakistan Investment Bonds - Floating Rate Bond (FRB)

Tenor	Issue date	Maturity date	Coupon rate	Face value				Balance as at June 30, 2024			Market value as a percentage of		
				At July 01, 2023	Purchased during the year	Matured / Sold during the year	At June 30, 2024	Carrying value	Market value	Unrealised appreciation / (diminution)	percentage of		
											Net assets of the Fund	total investments	
(Rupees in '000)													%
Pakistan Investment Bonds													
- 2 years	April 6, 2023	April 6, 2025	22.75% to 22.90%	-	2,758,000	2,758,000	-	-	-	-	-	-	-
- 2 years	December 30, 2021	December 30, 2023	22.90%	-	250,000	250,000	-	-	-	-	-	-	-
- 3 years	September 21, 2023	September 21, 2026	23.39%	-	400,000	400,000	-	-	-	-	-	-	-
- 5 years	May 6, 2021	May 6, 2026	21.96%	350,000	-	350,000	-	-	-	-	-	-	-
- 5 years	December 14, 2023	December 14, 2028	19.93% to 21.33%	-	825,000	825,000	-	-	-	-	-	-	-
- 5 years	August 10, 2023	August 10, 2028	23.00%	-	1,350,000	1,350,000	-	-	-	-	-	-	-
- 5 years	September 21, 2023	September 21, 2028	24.79%	-	1,900,000	1,900,000	-	-	-	-	-	-	-
- 5 years	October 19, 2023	October 19, 2028	22.85%	-	3,700,000	3,700,000	-	-	-	-	-	-	-
- 5 years ^a	April 18, 2024	April 18, 2029	21.30%	-	7,000,000	6,400,000	600,000	577,607	579,480	1,873	30.51%	26.82%	-
- 5 years	April 6, 2023	April 6, 2028	21.30% to 21.96%	-	850,000	850,000	-	-	-	-	-	-	-
As at June 30, 2024								577,607	579,480	1,873			
As at June 30, 2023								342,584	338,240	(4,344)			

* This will mature latest by April 18, 2029 carrying effective yield rate 22.57%.

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

5.1.4 GoP Ijarah Sukuks

Name of the security	Issue date	Maturity date	Profit rate	Number of certificates				Balance as at June 30, 2024			Market value as a percentage of		
				As at July 01, 2023	Purchased during the year	Matured / sold during the year	As at June 30, 2024	Carrying value	Market value	Unrealised appreciation	Net assets of the Fund	total investments	
												(Rupees in '000)	%
Government of Pakistan- Ijarah Sukuk													
- 1 Year* VRR	September 20, 2023	September 20, 2024	Weighted average 6 months T-Bills	-	125,000	-	125,000	125,000	124,950	(50)	6.58%	5.78%	
- 1 Year** VRR	December 4, 2023	December 4, 2024	Weighted average 6 months T-Bills	-	25,000	-	25,000	25,000	25,085	85	1.32%	1.16%	
- 1 Year***Fixed	March 15, 2024	March 15, 2025	-	-	26,000	4,000	22,000	19,416	19,426	10	1.02%	0.90%	
- 3 Year VRR	December 4, 2023	December 4, 2026	Weighted average 6 months T-Bills	-	150,000	150,000	-	-	-	-	-	-	
- 3 Year Fixed	December 4, 2023	December 4, 2026	16.19% to 21.12%	-	150,000	150,000	-	-	-	-	-	-	
- 3 Year**** VRR	January 24, 2024	January 24, 2027	Weighted average 6 months T-Bills	-	37,500	-	37,500	37,500	37,688	188	1.98%	1.74%	
- 3 Year*****Fixed	January 24, 2024	January 24, 2027	January 0, 1900	-	37,500	-	37,500	37,500	37,500	-	1.97%	1.74%	
- 5 Year VRR	December 4, 2023	December 4, 2028	Weighted average 6 months T-Bills	-	200,000	200,000	-	-	-	-	-	-	
- 5 Year*****Fixed	January 24, 2024	January 24, 2029	January 0, 1900	-	62,500	-	62,500	62,479	62,478	(1)	3.29%	2.89%	
- 5 Year***** VRR	January 24, 2024	January 24, 2029	Weighted average 6 months T-Bills	-	37,500	-	37,500	37,500	37,575	75	1.98%	1.74%	
Total as at June 30, 2024								344,395	344,782	387			
Total as at June 30, 2023								-	-	-			

*These will be matured latest by September 20, 2024 carrying effective rate 22.78%.

**These will be matured latest by December 4, 2024 carrying effective rate 19.86%.

***These will be matured latest by March 15, 2025 carrying effective rate 0%.

****These will be matured latest by January 24, 2027 carrying effective rate 21.11%.

*****These will be matured latest by January 24, 2027 carrying effective rate 16.05%.

*****These will be matured latest by January 24, 2029 carrying effective rate 15.48%.

*****These will be matured latest by January 24, 2029 carrying effective rate 21.24%.

5.2 Term finance certificates - listed

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

Name of the security	Number of Certificates				Balance as at June 30, 2024			Market value as a percentage of	
	At July 1, 2023	Purchased during the year	Matured / sold during the year	At June 30, 2024	Carrying value	Market value	Unrealised appreciation	Net assets of the fund	total investments
(Rupees in '000)									
Investment Banks / Investment Companies / Securities Companies									
Trust Investment Bank Limited	10,000	-	-	10,000	18,743	-	-	-	-
Less: Provision for impairment (see note 5.6.1)	-	-	-	-	(18,743)	-	-	-	-
Miscellaneous									
Pace Pakistan Limited	10,000	-	-	10,000	49,940	-	-	-	-
Less: Provision for impairment (see note 5.6.1)	-	-	-	-	(49,940)	-	-	-	-
Technology & Communication									
Telecard Limited	19,975	-	-	19,975	17,098	-	-	-	-
Less: Provision for impairment (see note 5.6.1)	-	-	-	-	(17,098)	-	-	-	-
Total as at June 30, 2024					-	-	-	-	-
Total as at June 30, 2023					-	-	-	-	-

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

5.3 Term finance certificates - unlisted

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

Name of the security	Profit rate %	Number of Certificates				Balance as at June 30, 2024			Market value as a percentage of			
		As at July 1, 2023	Purchased during the year	Matured / sold during the year	As at June 30, 2024	Carrying value	Market value	Unrealised appreciation / (diminution)	Net assets of the Fund	total investments		
————— (Rupees in '000') —————											————— % —————	
Investment Banks / Investment Companies / Securities Companies												
Jehangir Siddiqui & Company Limited*	24.93%	22,000	-	22,000	-	-	-	-	-	-	-	
Commercial Banks												
Askari Bank Limited**	21.39%	30	-	-	30	29,693	29,850	157				
Bank AL Habib Limited***	22.46%	53,000	-	12,000	41,000	202,337	201,723	(614)	-0.03%		0.09	
The Bank of Punjab ****	22.94%	1,730	-	-	1,730	171,923	172,627	703	0.04%		0.08	
Total as at June 30, 2024						403,954	404,200	246				
Total as at June 30, 2023						492,487	481,813	(10,675)				

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

**These will be matured latest by March 17, 2030.

***These will be matured latest by September 30, 2031.

****These will be matured latest by April 23, 2028.

5.4 Corporate Sukuk certificates

Name of the security	Profit Rate	Maturity Date	As at July 01, 2023	Purchased during the year	Matured/Sold during the year	As at June 30, 2024	Balance as at June 30, 2024			Market value as a percentage of	
							Carrying value	Market value	Unrealised appreciation	Net assets of the fund	Total investments
							(Rupees in '000')			(%)	
Chemical											
Ghani Chemical Industries Limited *	22.72%	February 2, 2024	480	-	480	-	-	-	-	-	-
(Formerly Ghani Gases Limited) - Sukuk											
Total as at June 30, 2024							-	-	-		
Total as at June 30, 2023							5,520	5,520	-		

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

Note

June 30,
2024

June 30,
2023

(Rupees in '000')

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

Market value of investments	5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.2, 5.3 & 5.4	2,160,323	2,374,533
Carrying value of investments	5.1.1, 5.1.2, 5.1.3, 5.1.4, 5.2, 5.3 & 5.4	2,157,693	2,397,768
		<u>2,630</u>	<u>(23,235)</u>

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

- 5.6** Significant terms and conditions of term finance certificates and other securities outstanding at the year end are as follows:

Name of security	Number of certificates	Face value per certificate	Face value / redemption value in total	Interest rate per annum	Maturity	Secured / unsecured	Rating
		Rupees	Rupees				
Unlisted debt securities							
Bank Al Habib Limited - TFC	41,000	5,000	4,995	6M Kibor + 0.75%	September 30, 2031	Unsecured	AAA
The Bank of Punjab	1,730	100,000	99,760	6M Kibor + 1.25%	April 23, 2028	Unsecured	AA
Askari Bank Limited	30	1,000,000	1,000,000	3M Kibor + 1.2%	March 17, 2030	Unsecured	AA

5.6.1 DETAILS OF NON-COMPLIANT INVESTMENT WITH THE INVESTMENT CRITERIA AS SPECIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at June 30, 2024, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by the respective issuer at the time of repayment of coupon due on the respective dates.

Name of non-compliant investment	Type of investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Percentage of net assets of the Fund	Percentage of total investments
----- (Rupees in '000') -----						
Listed debt securities						
Trust Investment Bank Limited	TFC	18,743	(18,743)	-	-	-
Pace Pakistan Limited	TFC	49,940	(49,940)	-	-	-
*Telecard Limited	TFC	17,098	(17,098)	-	-	-

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

* The issuer with the consent of TFC holders have restructured the issue. The restructuring term spreads over a period of 8 years with the first payment of principal started from March 2022 and thereafter in equal quarterly instalments with maturity in December 2028. During the period, an amount equal to Rs. 6.22 million (2023: Rs. 3.11 million) payment has been received.

6 MARK-UP RECEIVABLES

Mark-up receivable on:

	June 30, 2024	June 30, 2023
----- (Rupees in '000') -----		
- Term finance certificates	19,445	24,775
- Pakistan Investment Bonds	18,577	11,697
- Pakistan Investment Bonds - Floating Rate Bond (FRB)	25,727	-
- GoP Ijarah Sukuks	20,613	-
- Savings accounts	4,519	9,986
	88,881	46,458

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

	Note	June 30, 2024	June 30, 2023
		————(Rupees in '000')————	
7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance tax	7.1	5,769	4,783
Deposits with:			
- National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		200	200
Prepayments		296	270
Receivable against margin trading system		2,600	-
Receivable from the National Clearing Company of Pakistan Limited (NCCPL)		3,010	5,610
Other receivables		749	169
		<u>15,124</u>	<u>13,532</u>

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on interest on debt securities and mark-up on savings accounts with banks paid to the Fund was 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 withholders. The tax withheld on interest on debt securities and mark-up on savings accounts with banks amounts to Rs. 5.77 million (2023: Rs. 4.78 million). Pending resolution of the matter, the amount of withholding tax deducted on interest on debt securities and mark-up on savings accounts with bank has been shown as advance tax as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

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

	Note	June 30, 2024	June 30, 2023
		————(Rupees in '000')————	
8 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management remuneration payable	8.1	1,599	1,206
Sindh Sales Tax payable on remuneration of the Management Company	8.2	208	157
Allocated expenses payable	8.3	133	350
Selling and marketing expenses payable	8.4	1,622	4,812
Sales load payable		22	2,718
		<u>3,584</u>	<u>9,243</u>

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rates ranging from 0.50% to 10.00% (2023: 0.50% to 10.00%) of the gross earnings of the scheme calculated on a daily basis during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.

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

8.2 During the year, an amount of Rs. 3.12 million (2023: Rs. 1.99 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%) and an amount of Rs. 3.06 million (2023: Rs. 2.54 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.08% to 0.15% (2023: 0.01% to 5.16%) per annum of the average annual net assets of the Fund for the period from July 1, 2023 to June 30, 2024, subject to total expense charged being lower than actual expense incurred.

8.4 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.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion ranging from 0.05% to 24.19% (2023: 0.01% to 5.43%) (duly authorised by the Board of Directors) while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

8.5 During the year, the Securities and Exchange Commission of Pakistan (SECP) carried out onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling & marketing expenses and accounting & operational charges to the funds under its management. As a result of this inspection, SECP raised certain observations relating to the chargeability of such expenses by the Management Company to the funds under its management. The Management Company has responded to the observations highlighted by the SECP and there has been no further correspondence on this matter with the SECP. Accordingly, the impact of the SECP's observations on unit holder's fund, if any, is not determinable as at the reporting date.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2024	June 30, 2023
		————(Rupees in '000')————	
Trustee remuneration payable	9.1	124	175
Sindh Sales Tax payable on trustee remuneration	9.2	16	23
		<u>140</u>	<u>198</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of the average annual net assets of the Fund.

9.2 During the year, an amount of Rs. 0.22 million (2023: Rs. 0.32 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2023: 13%) and an amount of Rs. 0.23 million (2023: Rs. 0.33 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2024	June 30, 2023
		————(Rupees in '000')————	
Fee payable	10.1	124	652

10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of fee to 0.075% per annum of the daily net assets of the Fund.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

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

	Note	June 30, 2024	June 30, 2023
		————(Rupees in '000')————	
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for federal excise duty payable on			
- Remuneration of the Management Company	11.1	9,210	9,210
- Sales load		239	239
Brokerage payable		34	148
Withholding tax payable		4,993	4,468
Auditors' remuneration payable		823	531
Other payable		36,192	477
		<u>51,490</u>	<u>15,151</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company, sales load and related taxes 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. 9.45 million (2023: Rs. 9.45 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2024 would have been higher by Re. 0.27 per unit (2023: Re. 0.19 per unit).

12 CONTINGENCIES AND COMMITMENTS

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

	June 30, 2024	June 30, 2023
	————(Rupees in '000')————	
13 AUDITORS' REMUNERATION		
Annual audit fee	525	370
Fee for half yearly review of condensed interim financial statements	225	185
Fee for other certifications	164	142
Out of pocket expenses	91	70
	<u>1,005</u>	<u>767</u>
Sindh Sales Tax	80	61
	<u>1,085</u>	<u>828</u>

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

14 TAXATION

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11(A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	June 30, 2024	June 30, 2023
		——(Rupees in '000')——	
15 CASH AND CASH EQUIVALENTS			
Balances with banks	4	136,409	314,613
Market Treasury Bills	5.1.1	298,653	728,324
		<u>435,062</u>	<u>1,042,937</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year is 2.20% (2023: 1.37%) which includes 0.22% (2023: 0.09%) representing government levies on the Fund such as sales tax, Annual fee to the SECP etc. The prescribed limit for the ratio is 2.5% under the NBFC Regulations for a collective investment scheme categorised as a "Aggressive fixed income scheme". However, collective investment scheme categorised as a "Aggressive fixed income scheme" which invest in Margin Trading System (MTS) and / or ready future spread transaction, may charge additional MTS and / or ready future spread transaction related expenses upto 0.5% of Net assets to the Scheme. Accordingly, the enhanced prescribed limit for the ratio after incorporating the aforementioned additional expenses is 3.00% (2023: 3.00%).

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

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the Holding Company of the Management Company, MCB Islamic Bank Limited (being 100% subsidiary of the Holding Company), the Trustee, directors, key management personnel and other associated undertakings and connected persons. Connected persons also include any person beneficially owning directly or indirectly 10% or more of the units in the issue / net assets of the Fund.

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

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

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

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

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

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

17.1 Details of transactions with connected persons are as follows:

	For the year ended	
	June 30, 2024	June 30, 2023
	—(Rupees in '000')—	
MCB - Investment Management Limited - Management Company		
Remuneration payable including indirect taxes	27,077	17,333
Allocated expenses payable	2,824	4,604
Selling and marketing expenses payable	12,777	15,799
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable including indirect taxes	1,941	2,763
CDC settlement charges	18	20
MCB Bank Limited - Parent of the Management Company		
Mark-up on savings account with bank	127	43
Bank charges	24	27
Purchase of securities : Face value 500 m : (2023: Nil)	417,448	-

17.2 Amounts outstanding at year end

	June 30, 2024	June 30, 2023
	—(Rupees in '000')—	
MCB - Investment Management Limited - Management Company		
Management remuneration payable	1,599	1,206
Sindh Sales Tax payable on remuneration of the Management Company	208	157
Allocated expenses payable	133	350
Selling and marketing expenses payable	1,622	4,812
Sales load payable	22	2718
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	124	175
Sindh Sales Tax payable on trustee remuneration	16	23
Security deposit	200	200
MCB Bank Limited		
Balances with bank	11,121	13,950

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

	For the year ended June 30, 2024							
	As at July 01, 2023	Issued for cash	Redeemed	As at June 30, 2024	As at July 01, 2023	Issued for cash	Redeemed	As at June 30, 2024
	Units				(Rupees in '000')			
Group / associated companies								
Adamjee Life Assurance Company Limited	3,399,417	-	3,399,417	-	184,812	-	30,783	-
D.G Khan Cement Company Limited - Employees Provident Fund Trust	550,370	-	550,370	-	29,921	-	200,816	-
Nishat Paper Production Company limited - Staff Provident Fund	146,625	-	146,625	-	7,971	-	8,114	-
Security General Insurance Company Limited - Employees Provident Fund and Trust	127,813	26,636	-	154,449	6,949	1,455	-	8,440
Directors and key management personnel of the Management Company	7	91,581	82,699	8,889	-	5,173	4,709	486
Mandate under discretionary portfolio services	125,891	56	125,891	56	6,879	3	-	3
Unit holders holding 10% or more units	5,912,150	-	5,912,150	-	323,065	-	323,065	-

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

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

	For the year ended June 30, 2023						
	As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023	As at July 01, 2022	Issued for cash	As at June 30, 2023
	Units				(Rupees in '000')		
Adamjee Life Assurance Company Limited	2,940,965	458,452	-	3,399,417	159,888	24,936	185,759
Adamjee Life Assurance Company Limited - MGF	-	495	495	-	-	27	-
Adamjee Life Assurance Company Limited - DSF	-	111,334	111,334	-	-	6,500	-
D.G Khan Cement Company Limited - Employees Provident Fund Trust	476,145	74,225	-	550,370	25,886	4,037	30,075
Nishat Paper Production Company limited - Staff Provident Fund	-	146,625	-	146,625	-	8,000	8,012
Security General Insurance Company Limited - Employees Provident Fund and Trust	110,576	17,237	-	127,813	6,012	938	6,984
Directors and key management personnel of the Management Company	7	268,333	268,333	7	-	15,147	15,158
Mandate under discretionary portfolio services	100,519	195,098	169,726	125,891	5,465	11,263	10,020
Unit holders holding 10% or more units	-	11,065,110	5,152,960	5,912,150	-	617,434	321,578

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	June 30, 2024		
	At amortised cost	At fair value through profit or loss	Total
Balances with banks	136,409	-	136,409
Investments	-	2,160,323	2,160,323
Mark-up receivables	88,881	-	88,881
Deposits and other receivables	9,059	-	9,059
Receivable against sale of investments	201,739	-	201,739
	436,088	2,160,323	2,596,411

Financial liabilities

	June 30, 2024		
	At amortised cost	At fair value through profit or loss	Total
Payable to MCB Investment Management Limited - Management Company	3,584	-	3,584
Payable to Central Depository Company of Pakistan Limited - Trustee	140	-	140
Payable against redemption of units	47	-	47
Payable against purchase of investments	647,761	-	647,761
Accrued expenses and other liabilities	37,048	-	37,048
	688,580	-	688,580

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

Financial assets

Balances with banks	314,613	-	314,613
Investments	-	2,374,533	2,374,533
Mark-up receivables	46,458	-	46,458
Deposits and other receivables	8,479	-	8,479
Receivable against sale of investments	-	-	-
	<u>369,550</u>	<u>2,374,533</u>	<u>2,744,083</u>

Financial liabilities

June 30, 2023			
At amortised cost	At fair value through profit or loss		Total
(Rupees in '000)			
Payable to MCB Investment Management Limited - Management Company	9,243	-	9,243
Payable to Central Depository Company of Pakistan Limited - Trustee	198	-	198
Payable against redemption of units	47	-	47
Payable against purchase of investments	-	-	-
Accrued expenses and other liabilities	1,234	-	1,234
	<u>10,722</u>	<u>-</u>	<u>10,722</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

19.1 Market risk

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

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

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

19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund does not have 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

19.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks, investments in term finance certificates, investment in sukuk certificates and investment in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

As at June 30, 2024, the Fund holds balances with banks, KIBOR based interest bearing government securities and term finance certificates exposing the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase / decrease in KIBOR on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 13.36 million (2023: Rs. 11.26 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by FMAP 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 yield / interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 and June 30, 2023, can be determined as follows:

June 30, 2024						
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
Rupees in '000						
On-balance sheet financial instruments						
Financial Assets						
Balances with banks	19.00% - 20.50%	126,905	-	-	9,504	136,409
Investments						
at 'fair value through profit and loss'						
- Market Treasury Bills	19.64% - 20.56%	298,653	202,641	-	-	501,294
- Pakistan Investment Bonds	16.60%	-	-	330,647	-	330,647
- Pakistan Investment Bonds						
- Floating Rate Bond (FRB)	22.57%	-	579,480	-	-	579,480
- GoP Ijarah sukuks certificates	15.48% - 22.78%	319,617	25,085	-	-	344,702
- Term finance certificates - unlisted	21.39% - 22.48%	-	404,200	-	-	404,200
		618,270	1,211,406	330,647	-	2,160,323
Profit receivable		-	-	-	88,881	88,881
Deposits and other receivables		-	-	-	9,059	9,059
Receivable against sale of investments		-	-	-	201,739	201,739
		745,175	1,211,406	330,647	309,183	2,596,411
Financial Liabilities						
Payable to MCB Investment Management Limited - Management Company		-	-	-	3,584	3,584
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	140	140
Payable against redemption of units		-	-	-	47	47
Payable against purchase of investments		-	-	-	647,761	647,761
Accrued expenses and other liabilities		-	-	-	37,049	37,049
		-	-	-	688,581	688,581
On-balance sheet gap (a)		745,175	1,211,406	330,647	(379,398)	1,907,529
Off-balance sheet financial instruments						
		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		745,175	1,211,406	330,647		
Cumulative interest rate sensitivity gap		745,175	1,956,581	2,287,228		

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

June 30, 2023					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest risk	Total
	Up to three months	More than three months and up to one year	More than one year		
Rupees in '000'					

On-balance sheet financial instruments

Financial Assets

Balances with banks 12.25% to 19.50% 300,701 - - 13,912 314,613

Investments

at 'fair value through profit and loss'

- Market Treasury Bills 22.41% to 22.92% 728,324 820,636 - - 1,548,960

- Pakistan Investment Bonds

- Floating Rate Bond (FRB) 14.71% to 21.99% - 338,240 - - 338,240

- Term finance certificates - unlisted 22.30% to 23.34% 18,465 463,348 - - 481,813

- Corporate Sukuk certificates 18.91% - 5,520 - - 5,520

746,789 1,627,744 - - 2,374,533

Mark-up receivables - - - 46,458 46,458

Deposits and other receivables - - - 8,479 8,479

1,047,490 1,627,744 801,588 68,849 2,744,083

Financial Liabilities

Payable to MCB Investment Management Limited - Management Company - 9,243 9,243

Payable to Central Depository Company of Pakistan Limited - Trustee - 198 198

Payable against redemption of units - 47 47

Payable against purchase of investments - - - - -

Accrued expenses and other liabilities - - - 1,234 1,234

- - - 10,722 10,722

On-balance sheet gap (a)

1,047,490 826,156 801,588 58,127 2,733,361

Off-balance sheet financial instruments

Off-balance sheet gap (b) - - - - -

Total interest rate sensitivity gap (a+b)

1,047,490 826,156 801,588

Cumulative interest rate sensitivity gap

1,047,490 1,873,646 2,675,234

19.1.3 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 yield / interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not hold any financial instrument that exposes it to price risk.

19.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

The Fund is exposed to counter party credit risks on investment in term finance certificates, balances with banks and deposits other receivable balances. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Treasury bills, Investments in Pakistan Investment Bonds and GoP Ijara Sukuks are government backed and hence considered as secured.

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

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

Credit risk from balances with banks and financial institutions is managed in accordance with the Fund's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risk and therefore mitigate financial loss through potential counterparty failure.

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

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
-----Rupees in '000'-----				
Balances with banks	136,409	136,409	314,613	314,613
Investments	2,160,323	404,200	2,374,533	481,813
Mark-up receivables	88,881	23,964	46,458	34,761
Deposits and other receivables	9,059	9,059	8,479	8,479
Receivable against sale of investments	201,739	201,739	-	-
	<u>2,596,411</u>	<u>775,371</u>	<u>2,744,083</u>	<u>839,666</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities of Rs. 1,756.12 million (2023: Rs. 1,892.72 million) and mark-up receivable from these securities of Rs. 64.92 million (2023: Rs. 11.70 million) are not exposed to credit risk.

19.2.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in sukuk certificates and related profit receivable thereon and receivable against conversion of units and sale of investments. The credit rating profile of balances with banks is as follows:

Rating category	% of financial assets exposed to credit risk	
	2024	2023
AAA	72.60	56.43
AA+	26.97	43.37
AA	0.37	0.14
AA-	0.01	0.01
A+	0.03	0.02
A	0.00	0.01
A-	0.01	0.02
	<u>100.00</u>	<u>100.00</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

Concentration of credit risk

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

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

19.3 Liquidity risk

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

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

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

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

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.

June 30, 2024						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
Rupees in '000'						
Financial assets						
Balance with banks	138,409	-	-	-	-	138,409
Investments						
at fair value through profit and loss*						
- Market Treasury Bills	286,653	-	202,641	-	-	501,294
- Pakistan Investment Bonds	-	-	-	330,647	-	330,647
- Pakistan Investment Bonds	-	-	-	579,480	-	579,480
- Floating Rate Bond (FRB)	-	124,950	25,085	194,867	-	344,702
- Govt. Ijarah Sukuk	-	-	-	202,477	201,723	404,200
- Term finance certificates - unlisted	-	-	-	-	-	-
- Corporate Sukuk certificates	-	-	-	-	2,700	2,700
	286,653	124,950	227,726	1,307,271	201,723	2,163,023
Profit receivables	-	-	-	-	-	-
Deposits and other receivables	749	-	5,610	-	2,700	9,059
Receivable against sale of investments	201,739	-	-	-	-	201,739
	637,550	124,950	233,336	1,307,271	201,723	2,510,230
Financial liabilities						
Payable to MCB Investment Management Limited - Management Company	3,584	-	-	-	-	3,584
Payable to Central Depository Company of Pakistan Limited - Trustees	140	-	-	-	-	140
Payable against redemption of units	47	-	-	-	-	47
Payable against purchase of investments	647,761	-	-	-	-	647,761
Accrued expenses and other liabilities	37,048	-	-	-	-	37,048
	688,580	-	-	-	-	688,580
Net financial assets	(51,030)	124,950	233,336	1,307,271	201,723	1,821,650
June 30, 2023						
Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	Total
Rupees in '000'						
Financial assets						
Balance with banks	314,613	-	-	-	-	314,613
Investments						
at fair value through profit and loss*						
- Market Treasury Bills	728,324	-	820,838	-	-	1,548,980
- Pakistan Investment Bonds	-	-	-	-	-	-
- Pakistan Investment Bonds	-	-	-	338,240	-	338,240
- Floating Rate Bond (FRB)	-	-	-	-	-	-
- Govt. Ijarah Sukuk	-	18,485	-	-	-	18,485
- Term finance certificates - unlisted	-	-	5,520	463,348	-	481,813
- Corporate Sukuk certificates	-	-	-	-	2,700	2,700
	728,324	18,485	826,358	338,240	463,348	2,374,533
Mark-up receivables	46,456	-	-	-	-	46,456
Deposits and other receivables	189	-	5,610	-	2,700	8,479
Receivable against sale of investments	-	-	-	-	-	-
	1,089,564	18,485	831,766	338,240	463,348	2,744,063
Financial liabilities						
Payable to MCB Investment Management Limited - Management Company	9,243	-	-	-	-	9,243
Payable to Central Depository Company of Pakistan Limited - Trustees	198	-	-	-	-	198
Payable against redemption of units	47	-	-	-	-	47
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	1,234	-	-	-	-	1,234
	10,722	-	-	-	-	10,722

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

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

20.1 Fair value hierarchy

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

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

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

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

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

June 30, 2024				
Level 1	Level 2	Level 3	Total	
(Rupees in '000')				
ASSETS				
Market Treasury Bills	-	501,294	-	501,294
Pakistan Investment Bonds	-	330,647	-	330,647
Pakistan Investment Bonds - Floating Rate Bond (FRB)	-	579,480	-	579,480
GoP Ijarah Sukuks	194,667	150,035	-	344,702
Term finance certificates-unlisted	-	404,200	-	404,200
Corporate Sukuk certificates	-	-	-	-
194,667	1,965,656	-	2,160,323	

June 30, 2023				
Level 1	Level 2	Level 3	Total	
(Rupees in '000')				
ASSETS				
Market Treasury Bills	-	1,548,960	-	1,548,960
Pakistan Investment Bonds - Floating Rate Bond (FRB)	-	338,240	-	338,240
Term finance certificates-unlisted	-	481,813	-	481,813
Corporate Sukuk certificates	-	5,520	-	5,520
-	2,374,533	-	2,374,533	

There have been no transfers between Level 1 and Level 2 fair value measurements during the year.

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

21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 20, 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.

22 PATTERN OF UNITHOLDINGS

As at June 30, 2024				
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000')	%
Individuals	2,119	17,920,219	984,630	51.84
Insurance companies	8	7,680,710	422,018	22.22
Provident and Pension Funds	31	6,135,980	337,143	17.75
Public Limited Companies	3	22,392	1,230	0.06
Associated company	1	154,449	8,486	0.45
Others	40	2,653,968	145,823	7.68
	<u>2,202</u>	<u>34,567,718</u>	<u>1,899,330</u>	<u>100.00</u>

As at June 30, 2023				
	Number of unit holders	Number of units	Investment amount	Percentage investment
			(Rupees in '000')	%
Individuals	2,084	30,702,419	1,677,712	61.59
Insurance companies	9	6,878,753	375,885	13.80
Associated companies	4	4,224,225	230,830	8.47
Provident and Pension Funds	38	5,982,836	326,926	12.00
Others	43	2,058,631	112,492	4.13
	<u>2,178</u>	<u>49,846,864</u>	<u>2,723,845</u>	<u>100.00</u>

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

23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

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

		2024 (Percentage)
1	Continental Exchange (Private) Limited	15.66%
2	Invest One Markets Limited	14.37%
3	Alfalah CLSA Securities (Private) Limited	13.60%
4	AKD Securities Limited	11.00%
5	Paramount Capital (Private) Limited	10.11%
6	Vector Capital (Private) Limited	8.79%
7	JS Global Capital Limited	7.88%
8	Arif Habib Limited	7.32%
9	C & M Management (Private) Limited	7.47%
10	Summit Capital (Private) Limited	3.80%
		2023 (Percentage)
1	Continental Exchange (Private) Limited	30.91%
2	C & M Management (Private) Limited	14.03%
3	Optimus Market (Private) Limited	12.01%
4	Paramount Capital (Private) Limited	7.91%
5	BIPL Securities Limited	6.88%
6	Vector Capital (Private) Limited	6.55%
7	Alfalah CLSA Securities (Private) Limited	6.36%
8	AKD Securities Limited	5.13%
9	Invest One Markets (Private) Limited	2.46%
10	Arif Habib Limited	2.44%

24 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 below:

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

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

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

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. Awaiz 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

*Mr. Khawaja Khalil Shah was appointed as the Chief Executive Officer with effect from November 01, 2023.

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

- MCB Pakistan fixed return plan XVI;
- MCB Pakistan fixed return plan XVII;
- MCB Pakistan fixed return plan XVIII;
- MCB Pakistan fixed return plan XIX;
- MCB DCF fixed return plan I;
- MCB DCF fixed return plan II;
- MCB DCF fixed return plan III;
- Alhamra Islamic Money Market fund;
- Alhamra Islamic Income fund;
- Alhamra Wada plan VIII;
- Alhamra Wada plan IX;
- Alhamra Wada plan X; and
- Alhamra Wada plan XI.

26 CORRESPONDING FIGURES

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

27 GENERAL

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

28 DATE OF AUTHORISATION FOR ISSUE

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

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

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

No. of Unit Holders	Unit holdings	Total units held
1,290	A. 001-10,000	49,469
401	B. 10,001 – 100,000	257,326
289	C. 100,001 – 1000,000	2,207,199
222	D. 1000,001 & Above	32,053,724
<u>2,202</u>		<u>34,567,718</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

Performance Information	2024	2023	2022	2021	2020
Total Net Assets Value – Rs. in million	1899.3297	2,723.8450	3,210.0250	9,595.3546	2,103.3400
Net Assets value per unit – Rupees	54.9452	54.6443	54.3657	54.2828	54.2070
Closing Offer Price	56.187	55.8793	55.5944	55.5096	55.4321
Closing Repurchase Price	54.9452	54.6443	54.3657	54.2828	54.2070
Highest offer price per unit	67.5289	64.2926	60.7626	59.4913	62.8085
Lowest offer price per unit	55.9076	55.6145	55.5410	54.7855	55.0580
Highest Redemption price per unit	66.0365	62.8717	59.4197	58.1765	61.4204
Lowest Redemption price per unit	54.672	54.3854	54.3135	54.2148	53.8412
Distribution per unit – Rs. *	11.3876	8.4790	5.1073	3.9065	7.1414

Average Annual Return - %					
One year	21.5	16.18	9.57	7.35	13.96
Two year	18.84	12.88	8.46	10.66	11.05
Three year	15.75	11.03	10.29	9.81	8.95
Net Income for the year – Rs. in million	447.2426	484.555	611.3030	372.9311	212.0180
Distribution made during the year – Rs. in million	437.091	477.3660	627.2130	366.1100	204.7820
Accumulated Capital Growth – Rs. in million	10.1516	7.1890	(15.9100)	6.8211	7.2360
Weighted average Portfolio Duration (years)	3.6	1.9	2.8	0.58	1.6

* Date of Distribution

2024	
Date	Rate
June 21, 2024	11.3876

2023	
Date	Rate
June 16, 2023	8.479

2022	
Date	Rate
June 24, 2022	5.1073

2021	
Date	Rate
June 25, 2021	3.9065

2020	
Date	Rate
June 26, 2020	7.1414

Disclaimer

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

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