



MCB FUNDS
Investments for Life

ANNUAL REPORT 2026

Funds Under Management of
MCB Investment Management Limited



MCB PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Muhammad Nauman Chughtai Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Ms. Sadia Muzaffar Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Ms. Sadia Muzaffar Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah Mr. Muhammad Nauman Chughtai	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Ms. Sadia Muzaffar Mr. Khawaja Khalil Shah	Member Member Member Member
IT & Digital Risk Management Committee	Ms. Mavra Adil Khan Mr. Ahmed Jahangir Mr. Khawaja Khalil Shah Mr. Syed Sohail Ahmed Mr. Shabbir Hussain Mr. Muhammad Arsalan Mr. Raheel Iqbal (CISO)	Chairman Member Member Member Member Member Member
Chief Executive Officer	Mr. Khawaja Khalil Shah	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary & Financial Controller	Mr. Muhammad Rehan Khan	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcPakistan.com	
Bankers	MCB Bank Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited	Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqati Bank Limited Js Bank Limited National Bank Of Pakistan
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Rating	AM1 Asset Manager Rating assigned by PACRA	
Transfer Agent	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the year ended June 30, 2026.

Economy Review

The country posted a current account deficit of USD 139 million in fiscal year 2026 (FY26) compared to a surplus of USD 1,838 million in the corresponding period last year. Trade Deficit increased by 25.4% YoY as exports declined by 4.6% while imports increased by 9.0%. The remittances inflows grew at a healthy rate of 8.6% to USD 41.6 billion. The country's external position remained robust as SBP's foreign exchange reserves increased to around USD 18.4 billion compared to USD 14.5 billion at the end of the last fiscal year. The local currency depicted strength against the greenback as the USD/PKR appreciated by 2.0% to 278.2 during the period.

Headline inflation, as measured by the Consumer Price Index, averaged 7.0% during FY26, compared with 4.5% in the previous year. The acceleration was primarily driven by higher global oil prices, which translated into increased domestic fuel prices and generated broader second-round inflationary pressures across transportation, energy-intensive goods, and other components of the consumer basket.

Pakistan's provisional GDP growth clocked at 3.7% in FY26 with Agricultural, Industrial and Services sectors increasing by 2.9%, 3.5% and 4.1% respectively. On the fiscal front, FBR tax collection increased by 10.7% during FY26 to PKR 13,004 billion, exceeding the twice downward-revised target by PKR 21 billion. Meanwhile, the fiscal deficit narrowed substantially to PKR 3,778 billion (3.0% of GDP) from PKR 6,168 billion (5.4% of GDP) in the previous year. This marked improvement was primarily supported by lower financing costs, stronger revenue mobilization, and continued fiscal discipline.

FUND PERFORMANCE

During the period under review, the fund generated a return of 8.21% as against its benchmark return of 10.82%. At period-end, the fund exposure towards cash was 12%.

The Net Assets of the Fund as at June 30, 2026 stood at Rs. 13,881 million as compared to Rs. 28,813 million as at June 30, 2025 registering a decrease of 51.82%.

The Net Asset Value (NAV) per unit as at June 30, 2026 was Rs. 55.36 as compared to opening NAV of Rs. 55.03 per unit as at June 30, 2025 registering an increase of Rs 0.33 per unit.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

Economy & Market – Future Outlook

The renewed escalation in the Iran–US conflict has triggered a sharp increase in global oil prices, with Brent crude trading at around USD 100 per barrel at the time of writing amid concerns over potential supply disruptions through the Strait of Hormuz and the Bab al-Mandab Strait. This has immediate macroeconomic implications, particularly for oil-importing economies like Pakistan, as higher oil prices raise the import bill, fuel inflation, and exert pressure on the currency.

However, the situation remains highly fluid, with outcomes dependent on the duration and intensity of the conflict. If tensions do not escalate further, the impact on macros is likely to remain manageable, but a prolonged conflict could keep oil prices elevated and pose additional risks to inflation, external balances, and overall economic stability.

Given the increase in global oil prices and refinery margins, we now expect Pakistan’s current account deficit to widen to approximately USD 2.5 billion, or 0.5% of GDP, in FY27, compared with USD 139 million, or 0.03% of GDP, in FY26. Elevated oil prices remain the key downside risk to the external account. Based on our estimates, every USD 10 per barrel increase above our base-case oil price assumption of USD 80 per barrel could add approximately USD 2.0 billion to the import bill and, by extension, the current account deficit. Nevertheless, the continuation of the IMF program remains an important source of external stability, as it should facilitate Pakistan’s access to multilateral, bilateral and commercial financing. Pakistan’s continued geopolitical relevance may also support additional inflows from friendly countries. In this regard, Saudi Arabia has recently provided an additional USD 3.0 billion in deposits and extended its existing USD 5.0 billion facility for a further three years. The currency outlook will remain closely linked to the trajectory of international oil prices, external financing flows and broader geopolitical conditions. Under our base case, we have assumed approximately 5.0% depreciation in the Pakistani rupee and expect the USD/PKR exchange rate to close at around 292 by June 2027.

Higher international oil prices, together with corresponding adjustments in domestic fuel prices, are also expected to keep inflationary pressures elevated in the near term. We now project average CPI inflation of approximately 8.4% in FY27, compared with 7.0% in FY26. On the growth front, GDP is expected to expand by between 3.5% and 4.0% in FY27, although any further escalation in the Middle East conflict would pose a downside risk to this forecast. On the fiscal front, we expect the fiscal deficit to normalize to 3.6% of GDP in FY27 compared to 3.0% GDP in FY26. Fiscal deficit is expected to remain contained due to IMF strict requirement to generate a primary surplus of PKR 2.8 trillion (2.0% of GDP).

The Monetary Policy Committee increased the policy rate by 100 basis points to 11.5% at its April 2026 meeting, following an extended period of monetary easing, and subsequently maintained the rate at its June 2026 meeting. Going forward, developments in the Middle East are likely to remain a key driver of macroeconomic variables and, by extension, the monetary policy outlook. We expect the central bank to maintain a data-dependent approach in shaping upcoming policy decisions.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

Mutual Fund Industry Review

The Net Assets of the open-end mutual funds industry increased by about 14.3% during FY26 to PKR 4,209 billion. Total money market funds declined by 0.9% since June 2025. Within the money market sphere, conventional funds showed a decrease of 6.5% to PKR 914 billion while Islamic funds increased by 5.0% to PKR 957 billion. In addition, the total fixed Income and Fixed Rate funds increased by about 15.9% since June 2025 to PKR 1,440 billion while Equity and related funds increased by 62.3% to PKR 797 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 44.5%, followed by Income and fixed return funds with 34.2% and Equity and Equity related funds having a share of 18.9% as at the end of June 2026.

Mutual Fund Industry Outlook

Money market funds should benefit from higher liquidity as they are ideal for investors with a short-term horizon and low risk profile. For medium to long term investors the interest in capital markets particularly equities will continue to remain strong. 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.

HOLDING 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.

CORPORATE GOVERNANCE

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 2 female and 6 male directors, categorized as follows:

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

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Muhammad Nauman Chughtai	Non-Executive Director	HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	HR&R* Committee Audit Committee IT&DRMC**Committee
4.	Mr. Manzar Mushtaq	Non-Executive Director	Audit Committee
5.	Ms. Sadia Muzaffar	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 IT&DRMC**Committee (Chairman)
8.	Mr. Khawaja Khalil Shah	Executive Director	HR&R* Committee IT&DRMC**Committee

* HR&R stands for Human Resource and Remuneration

** IT&DRMC stands for IT & Digital Risk Management Committee

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.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

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;
- 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, 2026, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2026 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;

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

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, 2026:

1. Meeting of the Audit Committee.

During the year, eight (8) 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. Sadia Muzaffar*	8	2	2	-
2. Syed Savail Meekal Hussain**	8	6	6	-
3. Mr. Ahmed Jahangir	8	8	8	-
4. Mr. Manzar Mushtaq	8	8	8	-

* Appointed on February 07, 2026

** Resigned on February 06, 2026

2. Meeting of the Human Resource and Remuneration Committee.

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

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Fahd Kamal Chinoy	2	2	2	-
2. Mr. Khawaja Khalil Shah	2	2	2	-
3. Mr. Muhammad Nauman Chughtai	2	2	2	-
4. Mr. Ahmed Jahangir	2	2	2	-
5. Ms. Mavra Adil Khan	2	2	2	-

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2026

3. Meeting of the IT & Digital Risk Management Committee.

During the year, one (1) meeting of the IT & Digital Risk Management 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. Ms. Mavra Adil Khan	1	1	1	-
2. Mr. Ahmed Jahangir	1	1	1	-
3. Mr. Khawaja Khalil Shah	1	1	1	-
4. Syed Sohail Ahmed	1	1	1	-
5. Mr. Shabbir Hussain	1	1	1	-
6. Mr. Muhammad Arsalan	1	1	1	-
7. Mr. Raheel Iqbal (CISO)*	1	1	1	-

* The Company has outsourced its Information Security function to Risk Associates. Pursuant to the outsourcing arrangement, Risk Associates has nominated Mr. Raheel Iqbal to perform the duties of the Chief Information Security Officer (CISO) on behalf of Risk Associates.

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.

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2026**

S.No.	Name	Designation	Investment	Redemption	Dividend Distribution
			No. of Units		
1	Muhammad Nauman Chughtai	Director	2,366,191.73	3,291,325.71	-
2	Haroun Rashid	Director/ Chairman	1,888,239.69	835,098.58	-

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, 2026. 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, 2027 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
August 04, 2026



Manzar Mushtaq
Director
August 04, 2026

ڈائریکٹرز رپورٹ

n. دوران سال مینجمنٹ کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانسئل آفیسر، کمپنی سیکریٹری اور چیف انٹرنل آڈیٹر اور ان کے شریک حیات اور نابالغ بچوں نے فنڈ کے یونٹس میں خرید و فروخت کی۔

نمبر شمار	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
یونٹس کی تعداد					
1.	محمد نعمان چغتائی	ڈائریکٹر	2,366,191.73	3,291,325.71	-
2.	ہارون رشید	ڈائریکٹر / چیئر مین	1,888,239.69	835,098.58	-

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز M/s اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس مالی سال مختتمہ 30 جون 2026ء کے آڈٹ کی تکمیل کے بعد ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی نے 30 جون 2027ء کو ختم ہونے والے مالی سال کے لیے کمپنی کے خارجی آڈیٹرز کے طور پر M/s اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی تجویز پیش کی ہے، اور بورڈ نے بھی اس تجویز کی توثیق کی ہے۔ M/s اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے خارجی آڈیٹرز کے طور پر کام کرنے کے لیے رضامندی کا اظہار کیا ہے۔

اظہار تشکر

فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور حمایت کے لیے بورڈ اُن کا شکریہ ادا کرتا ہے۔ مزید برآں، ڈائریکٹرز مینجمنٹ ٹیم کی کاوشوں کو خراج تحسین پیش کرتے ہیں۔

منجانب ڈائریکٹرز،

Manzar Mushtaq

منظر مشتاق

ڈائریکٹر

04 اگست 2026ء

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

04 اگست 2026ء

ڈائریکٹر رپورٹ

2. ہیومن ریسورس اور ریمپوزیشن کمیٹی کی میٹنگز

دوران سال، ہیومن ریسورس اور ریمپوزیشن کمیٹی کی دو (2) میٹنگ ہوئیں۔ شرکاء کی حاضری مندرجہ ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ چھٹی	حاضری	مطلوبہ حاضری		
-	2	2	2	1. جناب فہد کمال چنائے
-	2	2	2	2. جناب خواجہ خلیل شاہ
-	2	2	2	3. جناب محمد نعمان چغتائی
-	2	2	2	4. جناب احمد جہانگیر
-	2	2	2	5. محترمہ ماوراء عادل خان

3. آئی ٹی اینڈ ڈیجیٹل رسک مینجمنٹ کمیٹی کی میٹنگز

دوران سال آئی ٹی اینڈ ڈیجیٹل رسک مینجمنٹ کمیٹی کی ایک (1) میٹنگ ہوئی۔ شرکاء کی حاضری مندرجہ ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ چھٹی	حاضری	مطلوبہ حاضری		
-	1	1	1	1. محترمہ ماوراء عادل خان
-	1	1	1	2. جناب احمد جہانگیر
-	1	1	1	3. جناب خواجہ خلیل شاہ
-	1	1	1	4. سید سہیل احمد
-	1	1	1	5. جناب شبیر حسین
-	1	1	1	6. جناب محمد ارسلان
-	1	1	1	7. جناب راحیل اقبال (سی آئی ایس او)*

* کمپنی نے انفارمیشن سکیورٹی (معلومات کی حفاظت) کے شعبے کو آؤٹ سورس کر کے رسک ایسو سیٹس کو سوئپ دیا ہے۔ اس انتظام کے تحت رسک ایسو سیٹس نے اپنی جانب سے جناب راحیل اقبال کو چیف انفارمیشن سکیورٹی آفیسر (سی آئی ایس او) کے طور پر نامزد کیا ہے۔

ڈائریکٹرز رپورٹ

k. 30 جون 2026ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛

l. بورڈ اور اس کے ارکان اور کمیٹیوں کی کارکردگی کی سالانہ جانچ کے لیے ایک باضابطہ اور مؤثر طریقہ کار نافذ کیا گیا ہے؛

m. بورڈ آف ڈائریکٹرز کی میٹنگ میں حاضری کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ سالِ مختتمہ 30 جون 2026 کے دوران کمیٹی میٹنگز کی تفصیلات درج ذیل ہیں:

1. آڈٹ کمیٹی کی میٹنگز

دورانِ سال، آڈٹ کمیٹی کی آٹھ (8) میٹنگ ہوئیں۔ شرکاء کی حاضری مندرجہ ذیل ہے:

میٹنگز کی تعداد			منعقدہ میٹنگز کی تعداد	نام
منظور شدہ چھٹی	حاضری	مطلوبہ حاضری		
-	2	2	8	1. محترمہ سعدیہ مظفر*
-	6	6	8	2. جناب سید ساویل میکان حسین**
-	8	8	8	3. جناب احمد جہانگیر
-	8	8	8	4. جناب منظر مشتاق

* 07 فروری 2026ء کو تقرری ہوئی

** 06 فروری 2026ء کو مستعفی ہو گئے

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم معاملات کا جائزہ لیتے ہیں۔ اس میں مندرجہ ذیل معاملات شامل ہیں، لیکن صرف ان تک محدود نہیں: کمپنی کی حکمت عملی کی سمت، سالانہ کاروباری منصوبے اور اہداف، طویل المیعاد سرمایہ کاریوں کے فیصلے۔ بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیار برقرار رکھنے کے لیے پُر عزم ہیں۔

بورڈ آف ڈائریکٹرز کو خوشی ہے کہ وہ مندرجہ ذیل امور رپورٹ کر رہے ہیں:

a. مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور اس کی ایکویٹی میں تبدیلیوں کو منصفانہ انداز میں پیش کرتے ہیں؛

b. کمپنی کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے، جو مالیاتی گوشواروں سے منسلک اہم نکات میں مذکور ہیں، اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات (جس حد تک ان کا پاکستان میں اطلاق ہوتا ہے) نان-بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز 2003، نان-بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینسٹیز ریگولیشنز 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضوں اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے؛

e. انٹرئل کنٹرول کا نظام مضبوط خطوط پر استوار ہے اور اس کا موثر نفاذ اور نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. کمپنی کے کاروبار جاری رکھنے کی صلاحیت میں کوئی بڑے شبہات نہیں ہیں؛

g. لسٹنگ ضوابط میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے؛

h. واجب الاداء ٹیکسز، قانونی چارہ جز اور ڈیوٹیز، اگر کوئی ہیں تو، کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کر دیا گیا ہے؛

i. پراویڈنٹ / گریپچوٹی اور پینشن فنڈ کی سرمایہ کاریوں کی قدر کے بیان کا اطلاق فنڈ پر نہیں ہوتا لیکن مینجمنٹ کمپنی پر ہوتا ہے، چنانچہ ڈائریکٹرز رپورٹ میں اس حوالے سے کوئی بیان شامل نہیں کیا گیا ہے؛

j. 30 جون 2026ء کو کمپنی ضابطہء اخلاق کے ریگولیشن نمبر 19 میں بیان کردہ ڈائریکٹرز ٹریننگ پروگرام کے تقاضوں پر عمل پیرا ہے؛

ڈائریکٹرز رپورٹ

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار کے لئے پرعزم ہے۔

بورڈ آف (8) ارکان پر مشتمل ہے، بشمول چیف ایگزیکٹو آفیسر (سی ای او)۔ یہ ارکان صنف اور علم کا ایک متنوع امتزاج ہیں۔
بورڈ میں 2 خاتون اور 6 مرد ڈائریکٹرز شامل ہیں، جن کی زمرہ بندی درج ذیل ہے:

* 4 نان-ایگزیکٹو ڈائریکٹرز؛

* 3 انڈپنڈنٹ ڈائریکٹرز؛ اور

* 1 ایگزیکٹو ڈائریکٹر (سی ای او)

تفصیل درج ذیل ہے:

نمبر شمار	نام	حیثیت	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون رشید	نان-ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب محمد نعمان چغتائی	نان-ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی
3.	جناب احمد جہانگیر	نان-ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی، آڈٹ کمیٹی، آئی ٹی اینڈ ڈی آر ایم سی ** کمیٹی
4.	جناب منظر مشتاق	نان-ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	محترمہ سعدیہ مظفر	انڈپنڈنٹ ڈائریکٹر	آڈٹ کمیٹی (چیرمین)
6.	جناب فہد کمال چنائے	انڈپنڈنٹ ڈائریکٹر	ایچ آر اینڈ آر کمیٹی * (چیرمین)
7.	محترمہ ماوراء عادل خان	انڈپنڈنٹ ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی، آئی ٹی اینڈ ڈی آر ایم سی ** کمیٹی (چیرمین)
8.	جناب خواجہ خلیل شاہ	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر * کمیٹی، آئی ٹی اینڈ ڈی آر ایم سی ** کمیٹی

* ہیومن ریسورس اینڈ ریمونریشن

** آئی ٹی اینڈ ڈیجیٹل رسک مینجمنٹ کمیٹی

برائے، جون 2025 کے بعد سے فکسڈ انکم اور فکسڈ ریٹ فنڈ کے مجموعی حجم میں تقریباً 15.9 فیصد اضافہ ہوا اور یہ 1,440 بلین روپے تک پہنچ گئے، جبکہ ایکویٹی اور اس سے متعلقہ فنڈز میں 62.3 فیصد اضافہ ہوا اور ان کی مالیت 797 بلین روپے ہو گئی۔

جون 2026 کے اختتام پر مختلف زمروں میں حصص (Segment Share) کے اعتبار سے منی مارکیٹ فنڈز تقریباً 44.5 فیصد حصص کے ساتھ سرفہرست رہے، اس کے بعد انکم اور فکسڈ ریٹ فنڈز کے حصص 34.2 فیصد، اور ایکویٹی اور ایکویٹی سے منسلک فنڈز کے حصص 18.9 فیصد رہے۔

میوچل فنڈز صنعت کے مستقبل کا منظر نامہ

منی مارکیٹ فنڈز کو بہتر نقدیت کا فائدہ اٹھانا چاہیے کیونکہ یہ درمیانی سے طویل مدت کے لیے اور کم رسک کے ساتھ سرمایہ کاری کرنے والوں کے لیے موزوں ترین ہوتے ہیں۔ معاشی بحالی کے تیز تر اور وسیع تر ہونے کے ساتھ ساتھ کیپیٹل مارکیٹس، خصوصاً ایکویٹیز، میں گہری دلچسپی برقرار رہے گی۔ ہمارے آپریشنز بلاؤ کاؤٹ جاری رہے، اور ڈیجیٹل رسائی اور صارفین کو اچھا تجربہ فراہم کرنے کے معاملے میں ہماری بہتر استعداد کی بدولت ہم آئن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے فائدہ اٹھانے کے لیے تیار ہیں۔

ہولڈنگ کمپنی

18 اپریل 2023ء کو ایم سی بی بینک لمیٹڈ (ایم سی بی) نے، ایم سی بی-عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی-اے ایچ) کی پیرنٹ (سرپرست) کمپنی کی حیثیت میں، عارف حبیب کارپوریشن لمیٹڈ (اے ایچ سی ایل) سے ایم سی بی-اے ایچ کے 21,664,167 (یعنی 30.09 فیصد) حصص خرید لیے۔ اس سودے کے ذریعے ایم سی بی بینک لمیٹڈ کی ایم سی بی-اے ایچ میں حاملیت حصص 36,956,768 (یعنی 51.33 فیصد) حصص سے بڑھ کر 58,620,935 (یعنی 81.42 فیصد) ہو گئی ہے اور اے ایچ سی ایل اب ایم سی بی-اے ایچ میں حصص کی حامل نہیں ہے۔ اس کے نتیجے میں کمپنی کا نام ایم سی بی-اے ایچ سے تبدیل کر کے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ کر دیا گیا۔

کثیر الملکی، دو طرفہ اور تجارتی مالی معاونت تک رسائی حاصل ہونے میں سہولت ملنی چاہیے۔ پاکستان کی مسلسل جغرافیائی و سیاسی اہمیت بھی دوست ممالک سے مزید رقوم کی آمد میں معاون ثابت ہو سکتی ہے۔ اس حوالے سے سعودی عرب نے حال ہی میں مزید 3.0 بلین ڈالر کے ڈپازٹس فراہم کیے ہیں اور اپنی موجودہ 5.0 بلین ڈالر کی سہولت کی مدت میں مزید تین سال کی توسیع کی ہے۔ کرنسی کے مستقبل کے امکانات بدستور عالمی سطح پر تیل کی قیمتوں کے رجحان، بیرونی مالی معاونت کی آمد اور وسیع تر جغرافیائی و سیاسی حالات سے گہرا تعلق رکھیں گے۔ ہماری بنیادی صورتحال کے مفروضے کے تحت ہم نے روپے کی قدر میں تقریباً 5.0 فیصد کی فرض کی ہے، اور توقع ہے کہ جون 2027 تک ڈالر اور روپے کا تناسب تقریباً 292 روپے پر پہنچ جائے گا۔

عالمی سطح پر تیل کی بڑھی ہوئی قیمتیں اور ان کے مطابق ملکی سطح پر ایندھن کی قیمتوں میں کی جانے والی تبدیلیاں قلیل مدت میں مہنگائی کے دباؤ کو بلند رکھنے کا باعث بنیں گی۔ اب ہماری توقع ہے کہ مالی سال 2027 میں 'سی پی آئی' افراط زر تقریباً 8.4 فیصد رہے گی، جبکہ مالی سال 2026 میں یہ 7.0 فیصد تھی۔ شرح نمو کے حوالے سے مالی سال 2027 میں 'جی ڈی پی' میں 3.5 فیصد سے 4.0 فیصد کے درمیان اضافے کی توقع ہے۔ تاہم مشرق وسطیٰ کے تنازعے میں مزید کسی بھی اضافے سے اس شرح نمو کی پیش گوئی پر خطرہ پیدا ہو سکتا ہے۔ مالیاتی محاذ پر ہماری توقع ہے کہ مالی سال 2027 میں مالیاتی خسارہ 'جی ڈی پی' کے 3.6 فیصد تک معقول پر آجائے گا، جبکہ مالی سال 2026 میں یہ 'جی ڈی پی' کا 3.0 فیصد تھا۔ مالیاتی خسارہ محدود رہنے کی توقع ہے کیونکہ آئی ایم ایف کی جانب سے 2.8 ٹریلین روپے (جی ڈی پی کے 2.0 فیصد) کے بنیادی سرپلس کے حصول کی سخت شرط عائد ہے۔

مانیٹری پالیسی کمیٹی (ایم پی سی) نے طویل عرصے تک جاری رہنے والی مالیاتی تسہیل کے بعد اپریل 2026 کے اجلاس میں پالیسی شرح میں 100 بیس پوائنٹس کا اضافہ کرتے ہوئے اسے 11.5 فیصد کر دیا، اور بعد ازاں جون 2026 کے اجلاس میں اس شرح کو برقرار رکھا۔ مستقبل میں مشرق وسطیٰ میں ہونے والی پیش رفت مجموعی معاشی عوامل اور اس کے نتیجے میں مانیٹری پالیسی کے مستقبل کے امکانات کو متاثر کرنے والا ایک اہم عنصر رہنے کا امکان ہے۔ ہماری توقع ہے کہ مرکزی بینک آئندہ پالیسی فیصلے کرتے وقت اعداد و شمار اور معاشی صورتحال پر منحصر حکمت عملی اختیار کرے گا۔

حاملین قرض کے لیے ہمیں اُمید ہے کہ منی مارکیٹ فنڈ سال بھر پالیسی شرحوں کی بلا رُکاوٹ عکاسی جاری رکھیں گے۔

میوچل فنڈ صنعت کا جائزہ

اوپن-اینڈ میوچل فنڈز کی صنعت کے net اثاثہ جات مالی سال 2026ء کے دوران تقریباً 14.3 فیصد بڑھ کر 4,209 بلین روپے ہو گئے۔ منی مارکیٹ کے کل فنڈز میں جون 2025ء کے بعد سے 0.9 فیصد کمی ہوئی۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز 6.5 فیصد کم ہو کر 914 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 5.0 فیصد بڑھ کر 957 بلین روپے ہو گئے۔ مزید

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 8.21 فیصد منافع بنایا، جبکہ اس کے بالمقابل بیچ مارک منافع 10.82 فیصد تھا۔ اختتام مدت پر فنڈ کی نقد میں سرمایہ کاری 12 فیصد تھی۔

30 جون 2026ء کو فنڈ کے net اثاثہ جات 13,881 ملین روپے تھے، جبکہ اس کے بالمقابل 30 جون 2025ء کو 28,813 ملین روپے تھے، چنانچہ 51.82 فیصد کمی تھی۔

30 جون 2026ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 55.36 روپے تھی، اور اس کے بالمقابل 30 جون 2025 کو ابتدائی این اے وی فی یونٹ بھی 55.03 روپے تھی، چنانچہ 0.33 روپے فی یونٹ اضافہ ہوا۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

ایران اور امریکا کے درمیان تنازعے میں حالیہ دوبارہ پیدا ہونے والی کشیدگی نے عالمی سطح پر تیل کی قیمتوں میں نمایاں اضافہ کر دیا ہے۔ برینٹ خام تیل کی قیمت تقریباً 100 ڈالر فی بیرل کے قریب رہی، جبکہ آبنائے ہرمز اور آبنائے باب المندب کے ذریعے تیل کی ترسیل میں ممکنہ رکاوٹوں کے خدشات موجود ہیں۔ اس صورتحال کے فوری مجموعی معاشی اثرات مرتب ہوتے ہیں، خاص طور پر پاکستان جیسی تیل درآمد کرنے والی معیشتوں پر تیل کی بڑھی ہوئی قیمتیں درآمدی بل پر بوجھ، مہنگائی میں اضافے اور کرنسی پر دباؤ کا سبب بنتی ہیں۔ تاہم صورتحال ابھی تک انتہائی غیر یقینی اور تیزی سے تبدیلی کی طرف مائل ہے، اور اس کے نتائج کا انحصار تنازعے کی مدت اور شدت پر رہے گا۔ اگر کشیدگی میں مزید اضافہ نہ ہو تو مجموعی معاشی اثرات پر قابو پانا ممکن ہوگا، تاہم اگر تنازعہ طویل عرصے تک جاری رہا تو تیل کی قیمتیں بلند سطح پر برقرار رہ سکتی ہیں اور مہنگائی، بیرونی مالیاتی توازن اور مجموعی معاشی استحکام کے لیے مزید خطرات پیدا ہو سکتے ہیں۔

عالمی سطح پر تیل کی قیمتوں اور ریفرنسری کے منافعوں کے فرق میں اضافے کے پیش نظر اب ہماری توقع ہے کہ پاکستان کا کرنٹ اکاؤنٹ خسارہ مالی سال 2027 میں بڑھ کر تقریباً 2.5 بلین ڈالر (جی ڈی پی کا 0.5 فیصد) ہو جائے گا، جبکہ مالی سال 2026 میں یہ 139 ملین ڈالر (جی ڈی پی کا 0.03 فیصد) تھا۔ تیل کی بڑھی ہوئی قیمتیں بیرونی کھاتے کے لیے بدستور سب سے بڑا منفی پہلو ہے۔ ہمارے اندازوں کے مطابق اگر ہماری بنیادی مفروضہ کردہ قیمت 80 ڈالر فی بیرل سے اوپر تیل کی قیمت میں ہر 10 ڈالر فی بیرل اضافہ ہوتا ہے تو درآمدی بل میں تقریباً 2.0 بلین ڈالر کا اضافہ ہو سکتا ہے، اور اس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ بھی اتنی ہی حد تک بڑھ سکتا ہے۔ اس کے باوجود آئی ایم ایف پروگرام کا جاری رہنا بیرونی معاشی استحکام کا ایک اہم ذریعہ ہے، کیونکہ اس سے پاکستان کو

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان سوورن فنڈ کے اکاؤنٹس برائے سال مختتمہ 30 جون 2026ء کا جائزہ پیش خدمت ہے۔

معیشیت کا جائزہ

ملک نے مالی سال 2026 میں 139 ملین ڈالر کا کرنٹ اکاؤنٹ خسارہ ریکارڈ کیا، جبکہ گزشتہ سال اسی مدت میں 1,838 ملین ڈالر کا سرپلس تھا۔ برآمدات میں 4.6 فیصد کمی، جبکہ درآمدات میں 9.0 فیصد اضافہ ہونے کے باعث تجارتی خسارے میں سال در سال (YoY) 25.4 فیصد اضافہ ہوا۔ ترسیلات زر میں 8.6 فیصد کمی اچھی شرح سے اضافہ ہوا اور یہ 41.6 بلین ڈالر تک پہنچ گئیں۔ ملک کی بیرونی مالیاتی صورتحال مضبوط رہی کیونکہ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے زرمبادلہ کے ذخائر گزشتہ مالی سال کے اختتام پر 14.5 بلین ڈالر کے مقابلے میں بڑھ کر تقریباً 18.4 بلین ڈالر ہو گئے۔ مقامی کرنسی نے امریکی ڈالر (گرین بیک) کے مقابلے میں استحکام کا مظاہرہ کیا اور اس عرصے کے دوران USD/PKR شرح 2.0 فیصد کی بہتری کے ساتھ 278.2 تک پہنچ گئی۔

ہیڈ لائن افراط زر، جس کی پیمائش کنزیومر پرائس انڈیکس (سی پی آئی) کے ذریعے کی جاتی ہے، مالی سال 2026 کے دوران اوسطاً 7.0 فیصد رہی، جبکہ گزشتہ سال یہ 4.5 فیصد تھی۔ مہنگائی میں یہ اضافہ بنیادی طور پر عالمی سطح پر تیل کی بڑھتی ہوئی قیمتوں کے باعث ہوا، جس کے نتیجے میں ملک میں ایندھن کی قیمتوں میں اضافہ ہوا اور ٹرانسپورٹ، زیادہ توانائی استعمال کرنے والی اشیاء اور دیگر اشیاء صرف پر بھی بالواسطہ اضافی مہنگائی کا دباؤ پیدا ہو گیا۔

پاکستان کی عارضی جی ڈی پی شرح نمو مالی سال 2026 میں 3.7 فیصد رہی، جبکہ زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 2.9 فیصد، 3.5 فیصد اور 4.1 فیصد اضافہ ہوا۔ مالیاتی محاذ پر مالی سال 2026 کے دوران ایف بی آر کی ٹیکس وصولیوں میں 10.7 فیصد اضافہ ہوا، اور یہ 13,004 بلین روپے تک پہنچ گئیں، جو دو مرتبہ کم کیے گئے نظر ثانی شدہ ہدف سے بھی 21 بلین روپے زیادہ ہے۔ دریں اثناء مالیاتی خسارہ گزشتہ سال 6,168 بلین روپے (جی ڈی پی کا 5.4 فیصد) کے مقابلے میں کم ہو کر 3,778 بلین روپے (جی ڈی پی کا 3.0 فیصد) رہ گیا۔ اس نمایاں بہتری کی بنیادی وجوہات میں کم مالیاتی اخراجات، محصولات کی بہتر وصولی اور مسلسل مالیاتی نظم و ضبط شامل تھے۔

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2026

Fund Type and Category

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

Fund Benchmark

90% six (6) months PKRV rates + 10% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled banks as selected by MUFAP.

Investment Objective

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

Investment Strategy

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

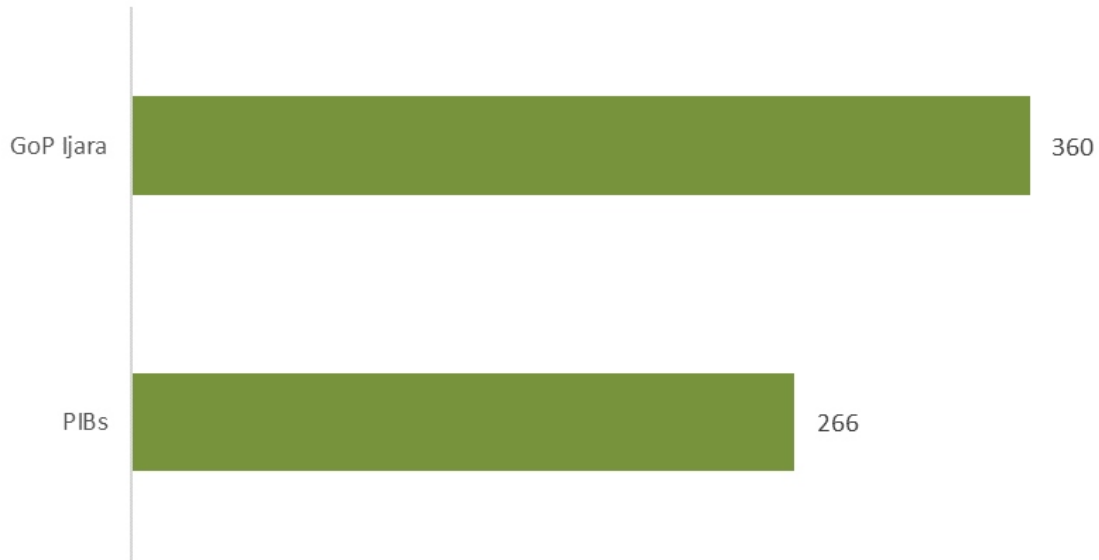
Manager's Review

During the period under review, the fund generated a return of 8.21% as against its benchmark return of 10.82%. At period-end, the fund was invested 84.4% in PIBs, 2.4% in GOP Ijara Sukuk, and 0.0% in T-Bills.

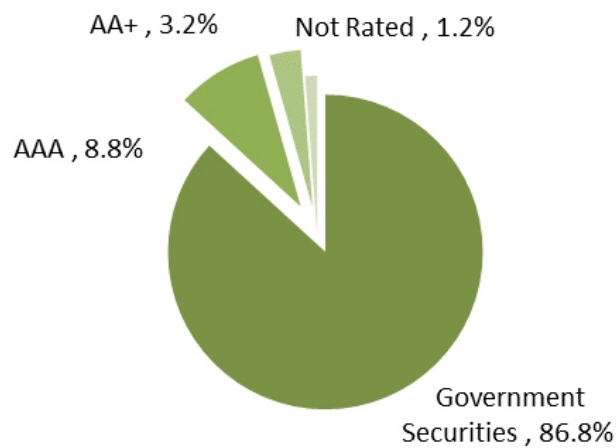
The Net Assets of the Fund as at June 30, 2026 stood at Rs. 13,881 million as compared to Rs. 28,813 million as at June 30, 2025 registering an decrease of 51.82%. The Net Asset Value (NAV) per unit as at June 30, 2026 was Rs. 55.36 as compared to opening NAV of Rs. 55.03 per unit as at June 30, 2025 registering an increase of Rs. 0.33 per unit.

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2026

Asset-wise Maturity (No. of Days)



Asset Quality as of June 30, 2026 (% of total assets)



REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2026

Asset Allocation as of June 30, 2026 (%age of Total Assets)

Asset Allocation (%age of Total Assets)	Jun-26
Cash	12.0%
T-Bills	0.0%
PIBs	84.4%
Others including Receivables	1.2%
GOP Ijara sukuk	2.4%

Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main 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

MCB PAKISTAN SOVEREIGN FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Sovereign Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2026 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 17, 2026



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Pakistan Sovereign fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Pakistan Sovereign fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, statement of movements 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, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 5 & 6 to the financial statements) Balances with banks and investments constitute the most significant components of the net asset value. Balances with banks aggregated to Rs. 1,695.463 million and investments of the Fund amounted to Rs. 12,241.675 million as at June 30, 2026. The existence of balances with banks and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2026 were considered high risk areas and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2026 and traced them 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; and - Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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A.F. FERGUSON & Co.

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

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

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

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

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

The Management Company (MCB Investment Management Limited) 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, the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management 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.
- 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 Company.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

3



A.F. FERGUSON & CO.

- Conclude on the appropriateness of Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements have been properly prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) proper books and records have been kept by the Collective Investment Scheme or the financial statements prepared are in agreement with the books and records of Collective Investment Scheme; and
- c) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

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

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 28, 2026

UDIN: AR202610611qtboHDJPG

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2026

	Note	June 30, 2026 ----- (Rupees in '000) -----	June 30, 2025 ----- (Rupees in '000) -----
ASSETS			
Balances with banks	5	1,695,463	4,552,352
Investments	6	12,241,675	24,037,384
Profit receivables	7	57,434	621,039
Advances, deposits, prepayments and other receivables	8	111,448	50,074
Total assets		14,106,020	29,260,849
LIABILITIES			
Payable to MCB Investment Management Limited - Management Company	9	18,464	42,427
Payable to Central Depository Company of Pakistan Limited - Trustee	10	677	299
Payable to the Securities and Exchange Commission of Pakistan	11	803	1,577
Accrued expenses and other liabilities	12	204,941	403,404
Total liabilities		224,885	447,707
NET ASSETS		<u>13,881,135</u>	<u>28,813,142</u>
Unit holders' fund (as per statement attached)		<u>13,881,135</u>	<u>28,813,142</u>
Contingencies and Commitments	13		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		<u>250,722,947</u>	<u>523,550,894</u>
		(Rupees)	
NET ASSET VALUE PER UNIT		<u>55.36</u>	<u>55.03</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

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2026

	Note	June 30, 2026	June 30, 2025
		----- (Rupees in '000) -----	
INCOME			
Income from government securities		2,574,591	3,714,778
Profit on savings accounts with banks		231,199	201,051
Net realised (loss) / gain on sale of investments		(264,860)	1,076,037
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.5	(94,909)	106,821
Other income		1,994	1,427
Total income		2,448,015	5,100,114
EXPENSES			
Remuneration of MCB Investment Management Limited - Management Company	9.1	305,187	455,908
Sindh sales tax on remuneration of the Management Company	9.2	45,778	68,386
Allocated expenses		-	7,588
Sindh sales tax on allocated expenses		-	1,138
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	14,384	15,592
Sindh sales tax on remuneration of the Trustee	10.2	2,158	2,339
Fee to the Securities and Exchange Commission of Pakistan	11.1	19,615	21,262
Auditor's remuneration	14	1,499	1,155
Fees and subscription		691	622
Legal and professional charges		207	204
Brokerage and settlement charges		3,571	12,478
Bank charges		444	2,215
Total expenses		393,534	588,887
Net income for the year before taxation		2,054,481	4,511,227
Taxation	15	-	-
Net income for the year after taxation		2,054,481	4,511,227
Allocation of net income for the year			
Net income for the year after taxation		2,054,481	4,511,227
Income already paid on units redeemed		(1,903,633)	(4,155,439)
		150,848	355,788
Accounting income available for distribution			
- Relating to capital gains		-	113,191
- Excluding capital gains		150,848	242,597
		150,848	355,788

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, 2026

	June 30, 2026 ----- (Rupees in '000) -----	June 30, 2025 -----
Net income for the year after taxation	2,054,481	4,511,227
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>2,054,481</u>	<u>4,511,227</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, 2026

	June 30, 2026			June 30, 2025		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	----- (Rupees in '000) -----					
Net assets at the beginning of the year	29,364,332	(551,190)	28,813,142	11,746,432	(664,703)	11,081,729
Issuance of 749,659,944 units (2025: 1,912,854,934 units)						
- Capital value (at net asset value per unit at the beginning of the year)	41,253,787	-	41,253,787	103,408,938	-	103,408,938
- Element of income	1,284,560	-	1,284,560	7,429,557	-	7,429,557
Total proceeds on issuance of units	42,538,347	-	42,538,347	110,838,495	-	110,838,495
Redemption of 1,022,487,891 units (2025: 1,594,300,066 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(56,267,509)	-	(56,267,509)	(86,187,862)	-	(86,187,862)
- Element of loss	(761,399)	(1,903,633)	(2,665,032)	(6,816,626)	(4,155,439)	(10,972,065)
Total payments on redemption of units	(57,028,908)	(1,903,633)	(58,932,541)	(93,004,488)	(4,155,439)	(97,159,927)
Total comprehensive income for the year	-	2,054,481	2,054,481	-	4,511,227	4,511,227
Distribution for the year ended June 30, 2025						
@ Re. 0.06 per unit on July 1, 2024	-	-	-	-	(12,300)	(12,300)
Distribution for the year ended June 30, 2025						
@ Rs. 8.91 per unit on June 21, 2025	-	-	-	-	(229,975)	(229,975)
Distribution for the year ended June 30, 2026						
@ Rs. 4.16 per unit on June 17, 2026	-	(87,063)	(87,063)	-	-	-
Refund of capital	(505,231)	-	(505,231)	(216,107)	-	(216,107)
Net income for the year less distribution	(505,231)	1,967,418	1,462,187	(216,107)	4,268,952	4,052,845
Net assets at the end of the year	<u>14,368,540</u>	<u>(487,405)</u>	<u>13,881,135</u>	<u>29,364,332</u>	<u>(551,190)</u>	<u>28,813,142</u>
Accumulated losses brought forward						
- Realised loss		(658,011)			(697,867)	
- Unrealised gain		106,821			33,164	
		<u>(551,190)</u>			<u>(664,703)</u>	
Accounting income available for distribution						
- Relating to capital gains	-			113,191		
- Excluding capital gains	150,848			242,597		
	<u>150,848</u>			<u>355,788</u>		
Distributions made during the year		(87,063)			(242,275)	
Accumulated losses carried forward		<u>(487,405)</u>			<u>(551,190)</u>	
Accumulated losses carried forward						
- Realised loss		(392,496)			(658,011)	
- Unrealised (loss) / income		(94,909)			106,821	
		<u>(487,405)</u>			<u>(551,190)</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year	<u>55.03</u>			<u>54.06</u>		
Net asset value per unit at the end of the year	<u>55.36</u>			<u>55.03</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

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2026

	Note	June 30, 2026	June 30, 2025
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		2,054,481	4,511,227
Adjustments for:			
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.5	94,909	(106,821)
Profit on savings accounts with banks and debt securities		(1,325,526)	(2,423,309)
		823,864	1,981,097
Increase / (decrease) in assets			
Investments - net		9,930,352	(12,586,638)
Receivable against sale of investments		-	1,541,304
Advances, deposits, prepayments and other receivables		(61,374)	(44,203)
		9,868,978	(11,089,537)
Decrease in liabilities			
Payable to MCB Investment Management Limited - Management Company		(23,963)	23,503
Payable to Central Depository Company of Pakistan Limited - Trustee		378	(217)
Payable to the Securities and Exchange Commission of Pakistan		(774)	954
Payable against purchase of investments		-	(3,225,183)
Accrued expenses and other liabilities		(198,463)	331,290
		(222,822)	(2,869,653)
Profit received on savings accounts with banks and debt securities		1,889,131	2,232,776
Net cash generated from / (used in) operating activities		12,359,151	(9,745,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		42,033,116	110,622,388
Payments against redemption and conversion of units		(58,932,541)	(97,159,927)
Dividend paid		(87,063)	(242,275)
Net cash (used in) / generated from financing activities		(16,986,488)	13,220,186
Net (decrease) / increase in cash and cash equivalents during the year		(4,627,337)	3,474,869
Cash and cash equivalents at the beginning of the year		6,322,800	2,847,931
Cash and cash equivalents at the end of the year	16	1,695,463	6,322,800

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, 2026

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Sovereign Fund (the Fund) was established through a Trust Deed executed between MCB Investment Management Limited (formerly was: MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed of the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated December 20, 2002 consequent to which Trust Deed was executed on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was registered under the Sindh Trust Act on August 12, 2021.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual fund and is listed on the Pakistan Stock Exchange Limited. MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund. The units of the Funds are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering to the Fund. The Fund has been categorised as 'Income scheme' by the Board of Directors of Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP.
- 1.4 The Fund has a policy of investing in debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned asset manager quality rating of "AM1" dated October 03, 2025 (June 30, 2025: "AM1" dated October 04, 2024) to the Management Company and "AA-(f)" as stability rating dated April 24, 2026 (June 30, 2025: "AA-(f)" as stability rating dated May 27, 2025) to the Fund. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2025. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, not been disclosed in these financial statements.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2026. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statement of the Fund.

2.4 Critical accounting estimates and judgments

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

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.2 and 6).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 18.

2.6 Functional and presentation currency

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

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

3.2 Financial assets

3.2.1 Initial recognition and measurement

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

3.2.2 Classification and subsequent measurement

Debt instruments

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

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

based on the business model of the entity.

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

3.2.3 Impairment loss on debt securities

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

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

3.2.4 Impairment

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

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

The 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

3.2.5 Regular way contracts

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

Up to February 8, 2026, regular way purchases / sales of assets required delivery of securities within two days from the transaction date (T+2) as per the Pakistan Stock Exchange (PSX) Regulations. Effective from February 9, 2026, in accordance with the revised regulations of the Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL), the settlement cycle has transitioned to a Trade plus one day (T+1) basis, requiring delivery of securities within one day from the transaction date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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, the Fund has transferred substantially all the risks and rewards of ownership or the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Any gain or loss on derecognition of financial assets is taken to the "Income Statement".

3.3 Financial liabilities

3.3.1 Classification and subsequent measurement

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

3.3.2 Derecognition

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

3.4 Offsetting of financial assets and financial liabilities

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

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

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

3.6 Net asset value per unit

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

3.7 Issuance and redemption of units

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

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

3.8 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.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

3.10 Revenue recognition

- Gains / (losses) arising on sale of investments on financial assets at 'FVPL' are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on government securities is recognised on a time proportionate basis using the effective yield method; and
- Profit on savings accounts with bank is recognised on time proportion basis using the effective yield method;

3.11 Expenses

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

3.12 Taxation

Current

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

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

Deferred

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

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

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

	Note	June 30, 2026	June 30, 2025
4	BALANCES WITH BANKS	----- (Rupees in '000) -----	
- In savings accounts	5.1	1,688,775	4,546,738
- In current accounts	5.2	6,688	5,614
		<u>1,695,463</u>	<u>4,552,352</u>

4.1 These carry profit at the rates ranging from 8.5% to 13.10% (2025: 8.5% to 10.5%) per annum and include Rs. 186.070 million (2025: Rs. 8.29 million) maintained with MCB Bank Limited, a related party, which carries profit at the rate ranging from 10% to 10.92% (2025: 9.50%) per annum.

4.2 This includes balance held with MCB Bank Limited (a related party) of Rs. 5.1 million (2025: Rs. 5.61 million).

	Note	June 30, 2026	June 30, 2025
5	INVESTMENTS	----- (Rupees in '000) -----	

Investments at 'fair value through profit or loss'

Government securities

Market Treasury Bills	6.1	-	2,711,640
Pakistan Investment Bonds	6.2	11,712,087	12,211,659
Pakistan Investment Bonds - Floating Rate Bond (FRB)	6.3	191,390	7,211,081
GoP Ijarah Sukuks	6.4	338,198	1,903,004
		<u>12,241,675</u>	<u>24,037,384</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

5.1 Market Treasury Bills

Name of security	Tenor	Issue date	Maturity date	At July 01, 2025	Purchased during the year	Sold / matured during the year	At June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation / (diminution) as at June 30, 2026	Market value as a percentage of	
											Net assets of the Fund	Total investments of the fund
Face value ('000)							(Rupees '000)			%		
Market Treasury Bills	1 month	August 21, 2025	September 18, 2025	-	7,750,000	7,750,000	-	-	-	-	-	-
Market Treasury Bills	1 month	July 10, 2025	August 7, 2025	-	3,500,000	3,500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	May 29, 2025	August 21, 2025	1,300,000	8,500,000	9,800,000	-	-	-	-	-	-
Market Treasury Bills	3 months	January 22, 2026	April 16, 2026	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	July 10, 2025	October 2, 2025	-	1,100,000	1,100,000	-	-	-	-	-	-
Market Treasury Bills	3 months	January 8, 2026	April 2, 2026	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	June 12, 2025	September 4, 2025	500,000	-	500,000	-	-	-	-	-	-
Market Treasury Bills	3 months	August 21, 2025	November 13, 2025	-	640,000	640,000	-	-	-	-	-	-
Market Treasury Bills	6 months	January 8, 2026	July 9, 2026	-	1,000,000	1,000,000	-	-	-	-	-	-
Market Treasury Bills	6 months	July 10, 2025	January 8, 2026	-	3,100,000	3,100,000	-	-	-	-	-	-
Market Treasury Bills	6 months	August 21, 2025	February 19, 2026	-	2,000,000	2,000,000	-	-	-	-	-	-
Market Treasury Bills	6 months	February 19, 2026	August 20, 2026	-	3,275,075	3,275,075	-	-	-	-	-	-
Market Treasury Bills	6 months	January 22, 2026	July 23, 2026	-	1,000,000	1,000,000	-	-	-	-	-	-
Market Treasury Bills	6 months	September 4, 2025	March 5, 2026	-	2,000,000	2,000,000	-	-	-	-	-	-
Market Treasury Bills	12 months	May 15, 2025	May 14, 2026	500,000	2,000,000	2,500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	October 17, 2024	October 16, 2025	500,000	3,500,000	4,000,000	-	-	-	-	-	-
Market Treasury Bills	12 months	January 22, 2026	January 21, 2027	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	July 10, 2025	July 9, 2026	-	1,500,000	1,500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	January 8, 2026	January 7, 2027	-	500,000	500,000	-	-	-	-	-	-
Market Treasury Bills	12 months	January 22, 2026	January 21, 2027	-	500,000	500,000	-	-	-	-	-	-

As at June 30, 2026

As at June 30, 2025

-	-	-
2,710,366	2,711,640	1,274

5.2 Pakistan Investment Bonds

Name of security	Tenor	Issue date	Maturity date	Coupon rate (%)	At July 01, 2025	Purchased during the year	Sold / matured during the year	At June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation/ (diminution) as at June 30, 2026	Market value as a percentage of	
												Net assets of the Fund	Total investments of the fund
					Face value ('000)				(Rupees '000)		%		
Pakistan Investment Bonds													
Pakistan Investment Bonds	2 years	January 16, 2025	January 16, 2027	0.00%	6,350,000	5,000,000	-	11,350,000	10,758,066	10,670,044	(88,022)	76.87	87.16
Pakistan Investment Bonds	3 years	January 15, 2026	January 15, 2029	10.25%	-	200,000	-	200,000	192,747	193,799	1,053	1.40	1.58
Pakistan Investment Bonds	3 years	July 4, 2023	July 4, 2026	11.09%	3,383,000	2,883,000	6,266,000	-	-	-	-	-	-
Pakistan Investment Bonds	5 years	September 20, 2024	September 20, 2029	14.00%	500,000	200,000	500,000	200,000	219,506	211,933	(7,573)	1.53	1.73
Pakistan Investment Bonds	5 years	October 13, 2022	October 13, 2027	10.50%	300,000	-	-	300,000	298,111	295,960	(2,151)	2.13	2.42
Pakistan Investment Bonds	5 years	January 16, 2025	January 16, 2030	11.28%	1,000,000	2,020,000	3,020,000	-	-	-	-	-	-
Pakistan Investment Bonds	5 years	January 17, 2024	January 17, 2029	12.82%	317,000	-	317,000	-	-	-	-	-	-
Pakistan Investment Bonds	5 years	January 15, 2026	January 15, 2031	15.48%	-	1,500,000	1,500,000	-	-	-	-	-	-
Pakistan Investment Bonds	5 years	July 17, 2025	July 17, 2030	12.66%	-	5,000,000	5,000,000	-	-	-	-	-	-
Pakistan Investment Bonds	10 years	July 12, 2018	July 12, 2028	8.75%	1,259,000	1,259,000	2,159,000	359,000	340,994	340,350	(644)	2.45	2.78

As at June 30, 2026

As at June 30, 2025

11,809,423	11,712,087	(97,336)
12,152,388	12,211,659	59,271

5.3 Pakistan Investment Bonds - Floating Rate Bond (FRB)

Name of security	Tenor	Issue date	Maturity date	Coupon rate (%)	At July 01, 2025	Purchased during the year	Sold / matured during the year	At June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation / (diminution) as at June 30, 2026	Market value as a percentage of	
												Net assets of the Fund	Total investments of the fund
					Face value ('000)			Rupees '000			%		
Pakistan Investment Bonds													
Pakistan Investment Bonds - FRB	5 years	September 5, 2024	September 5, 2029	12.18%	1,208,000	-	1,208,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	April 17, 2025	April 17, 2035	12.24%	750,000	-	750,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	October 3, 2024	October 3, 2029	12.09%	2,750,000	-	2,750,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	December 14, 2023	December 14, 2033	12.48%	-	1,000,000	1,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	January 8, 2026	January 8, 2036	12.77%	-	250,000	250,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	August 22, 2019	August 22, 2029	11.17%	90,000	-	-	90,000	89,679	90,630	951	0.65	0.74
Pakistan Investment Bonds - FRB	10 years	November 14, 2024	November 14, 2029	20.22%	1,000,000	-	1,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	April 18, 2024	April 18, 2029	18.19%	500,000	-	500,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	May 29, 2025	May 29, 2035	12.61%	1,000,000	-	1,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	July 10, 2025	July 10, 2035	12.88%	-	1,000,000	1,000,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB	10 years	July 25, 2019	July 25, 2029	10.60%	100,000	-	-	100,000	99,291	100,760	1,469	0.73	0.82
As at June 30, 2026								188,970		191,390	2,420		
As at June 30, 2025								7,211,762		7,211,081	(681)		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

5.4 GoP Ijarah Sukuks

Name of the security	Tenor	Issue date	Maturity date	Profit/Yield Rate (%)	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Balance as at June 30, 2026			Market value as a percentage of	
									Carrying value	Market value	Unrealised appreciation	Net assets of the	Total investm ents of
Number of sukuk									(Rupees '000)			%	
GoP Ijarah Sukuk FRR (note 6.4.2)	1 year	January 22, 2026	January 21, 2027	0%	-	250,000	250,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR (note 6.4.2)	1 year	August 21, 2025	August 20, 2026	0%	-	125,000	125,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR (note 6.4.2)	1 year	June 24, 2026	June 23, 2027	0%	-	375,000	-	375,000	336,606	336,675	69	2.43	2.75
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	1 year	April 16, 2026	April 15, 2027	0%	-	250,005	250,005	-	-	-	-	-	-
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	1 year	June 26, 2025	June 25, 2026	0%	187,500	11,500,000	11,687,500	-	-	-	-	-	-
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	1 year	February 9, 2026	February 8, 2027	0%	-	125,000	125,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR (note 6.4.2)	3 years	January 22, 2026	January 22, 2029	9.63%	-	875,000	873,510	1,490	1,490	1,430	(60)	0.01	0.01
GoP Ijarah Sukuk VRR - PSX (note 6.4.1)	3 years	December 4, 2023	December 4, 2026	Weighted Average 6 month T Bill	200,000	-	200,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	3 years	May 30, 2025	May 30, 2028	10.85%	100,000	62,500	162,500	-	-	-	-	-	-
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	3 years	January 9, 2025	January 9, 2028	11.50%	62,500	-	62,500	-	-	-	-	-	-
GoP Ijarah Sukuk VRR - PSX (note 6.4.2)	3 years	January 9, 2025	January 9, 2028	Weighted Average 6 month T Bill	62,500	-	62,500	-	-	-	-	-	-
Name of the security	Tenor	Issue date	Maturity date	Profit/Yield Rate (%)	As at July 1, 2025	Purchased during the period	Sold / matured during the period	As at June 30, 2026	Balance as at June 30, 2026			Market value as a percentage of	
									Carrying value	Market value	Unrealised appreciation	Net assets of the	Total investm ents of
Number of sukuk									(Rupees '000)			%	
GoP Ijarah Sukuk VRR - PSX (note 6.4.2)	5 years	January 9, 2025	January 9, 2030	Weighted Average 6 - Month T Bills	62,595	-	62,500	95	95	93	(2)	0.00	0.00
GoP Ijarah Sukuk FRR - PSX (note 6.4.1)	5 years	December 4, 2023	December 4, 2028	10.90%	250,000	-	250,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR (note 6.4.2)	5 years	January 22, 2026	January 22, 2031	9.87%	-	750,000	750,000	-	-	-	-	-	-
GoP Ijarah Sukuk VRR - PSX (note 6.4.2)	5 years	May 30, 2025	May 30, 2030	Weighted Average 6 - Month T Bills	125,000	-	125,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	5 years	May 30, 2025	May 30, 2030	10.87%	62,500	562,500	625,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR (note 6.4.2)	5 years	October 21, 2024	October 21, 2029	12.53%	85,000	-	85,000	-	-	-	-	-	-
GoP Ijarah Sukuk VRR - PSX (note 6.4.2)	5 years	December 4, 2023	December 4, 2028	Weighted Average 6 - Month T Bills	250,000	-	250,000	-	-	-	-	-	-
GoP Ijarah Sukuk VRR - PSX (note 6.4.2)	10 year	May 30, 2025	May 30, 2035	Weighted Average 6 - Month T Bills	65,000	125,000	190,000	-	-	-	-	-	-
GoP Ijarah Sukuk VRR - PSX (note 6.4.2)	10 year	January 22, 2026	January 22, 2036	Weighted Average 6 - Month T Bills	-	750,000	750,000	-	-	-	-	-	-
GoP Ijarah Sukuk FRR - PSX (note 6.4.2)	10 year	January 22, 2026	January 22, 2036	9.52%	-	750,000	750,000	-	-	-	-	-	-
Total as at June 30, 2026									338,190	338,198	8		
Total as at June 30, 2025									1,856,047	1,903,004	46,957		

5.4.1 The nominal value of these sukuk is Rs. 100,000 each.

5.4.2 The nominal value of these sukuk is Rs. 5,000 each.

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

	Note	June 30, 2026	June 30, 2025
		----- (Rupees in '000) -----	
Market value of investments	6.1, 6.2, 6.3 & 6.4	12,241,675	24,037,384
Carrying value of investments	6.1, 6.2, 6.3 & 6.4	12,336,584	23,930,563
		<u>(94,909)</u>	<u>106,821</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

6 PROFIT RECEIVABLES

Profit receivable on:

-Pakistan Investment Bonds	38,848	353,000
-Pakistan Investment Bonds - Floating Rate Bond (FRB)	8,214	188,480
-GoP ijarah sukuks	67	20,839
-Savings accounts	10,305	58,720
	<u>57,434</u>	<u>621,039</u>

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	8.1	81,625	15,710
Security deposits with:			
- Central Depository Company of Pakistan Limited (CDC)		100	100
Prepayments		365	332
Receivable from National Clearing Company of Pakistan Limited (NCCPL)		28,345	28,345
Other receivables		1,013	5,587
		<u>111,448</u>	<u>50,074</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 sections 151 and 150 of the Income Tax Ordinance, 2001. However, during prior years, withholding tax on interest on debt securities and profit 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on interest on debt securities and profit on savings accounts with banks amounts to Rs. 81.63 million (June 30, 2025: Rs. 15.71 million).

	Note	June 30, 2026	June 30, 2025
8 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		----- (Rupees in '000) -----	
Management remuneration payable	9.1	16,056	36,236
Sindh sales tax payable on remuneration of the Management Company	9.2	2,408	5,435
Sales load payable		-	756
		<u>18,464</u>	<u>42,427</u>

- 8.1 In accordance with the NBFC Regulations, 2008, as amended by the SECP vide SRO No. 600(I)/2025 dated April 10, 2025, the Fund may charge a management fee up to 1.5% per annum on average daily net assets of the Fund, applicable to 'Income Scheme', with effect from July 01, 2025. Accordingly, the Fund has charged management fee at 1.5% per annum of average daily net assets of the Fund during the current year. (2025: 1.25% to 10% per annum of average daily net assets). The remuneration is payable to the Management Company monthly in arrears.
- 8.2 Sindh sales tax on remuneration of the Management Company has been charged at the rate of 15% (June 30, 2025: 15%). Accordingly, during the year an amount of Rs. 45.78 million (2025: 68.39 million) has been charged on account of sales tax and an amount of Rs. 48.81 million (2025: 64.14 million) has been paid to the management company which acts as a collecting agent.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	June 30, 2026 ----- (Rupees in '000) -----	June 30, 2025 ----- (Rupees in '000) -----
	Trustee remuneration payable	10.1	589	260
	Sindh sales tax payable on Trustee remuneration	10.2	88	39
			<u>677</u>	<u>299</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 0.055% (2025: 0.055%) per annum of the average annual net assets of the Fund.			
9.2	Sindh sales tax on remuneration of the Trustee has been charged at the rate of 15% (June 30, 2025: 15%). Accordingly, during the year an amount of Rs. 2.16 million (2025: 2.34 million) has been charged on account of sales tax and an amount of Rs. 2.11 million (2025: 2.36 million) has been paid to the management company which acts as a collecting agent.			
10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	June 30, 2026 ----- (Rupees in '000) -----	June 30, 2025 ----- (Rupees in '000) -----
	Fee payable	11.1	803	1,577
10.1	In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to an "Income Scheme". Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2025: 0.075%) per annum of the daily net assets during the year. Further, the Fund is required to pay SECP fee			
11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	June 30, 2026 ----- (Rupees in '000) -----	June 30, 2025 ----- (Rupees in '000) -----
	Provision for federal excise duty payable on			
	- Remuneration of the Management Company	12.1	29,028	29,028
	- Sales load		4,170	4,170
	Brokerage payable		86	693
	Withholding tax payable		170,537	368,549
	Auditors' remuneration payable		913	760
	Other payable		207	204
			<u>204,941</u>	<u>403,404</u>
11.1	The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 33.198 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2026 would have been higher by Re. 0.13 (2025: Re. 0.07) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and June 30, 2025.

	June 30, 2026	June 30, 2025
	----- (Rupees in '000) -----	
13 AUDITOR'S REMUNERATION		
Annual audit fee	644	525
Fee for half yearly review of condensed interim financial statements	365	314
Fee for other certifications	125	125
Out of pocket expenses	255	105
	<u>1,388</u>	<u>1,069</u>
Sindh sales tax	111	86
	<u>1,499</u>	<u>1,155</u>

14 TAXATION

The Fund's income is exempt from income tax as per clause 99 of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the NBFC Regulations, the Fund is required to distribute not less than 90 percent of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2026 to the unit holders in a manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

	June 30, 2026	June 30, 2025
	----- (Rupees in '000) -----	
15 CASH AND CASH EQUIVALENTS		
Balances with banks	1,695,463	4,552,352
Market Treasury Bills	-	1,770,448
	<u>1,695,463</u>	<u>6,322,800</u>

16 TOTAL EXPENSE RATIO

The SECP, vide S.R.O. 600(I)/2025 dated April 10, 2025, has removed the Total Expense Ratio (TER) limit with effect from July 1, 2025. The TER limit of 2.5% for a collective investment scheme categorised as an 'Income Scheme', applicable previously, has been replaced with the management fee cap as disclosed in note 9.1 to these financial statements for a collective investment scheme categorised as an 'Income Scheme'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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

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

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

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

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

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

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

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

	For the year ended	
	June 30, 2026	June 30, 2025
	----- (Rupees in '000) -----	
MCB Investment Management Limited - Management Company		
Remuneration (including indirect taxes)	350,965	524,294
Allocated expenses (including indirect taxes)	-	8,726
Units issued to unitholder on behalf of the Management Company*	-	582
Central Depository Company of Pakistan Limited - Trustee		
Remuneration (including indirect taxes)	16,542	17,931
MCB Bank Limited - Parent of the Management Company		
Profit on savings account with bank	2,962	1,142
Bank charges	37	46

* This represents amount reimbursed by the Management Company in the form of dividend to identified unit holders of the Fund in relation to reversal of excess amount charged against reimbursement of selling and marketing expenses as per the direction of Securities and Exchange Commission of Pakistan.

17.2 Balances outstanding at year end:

	June 30, 2026	June 30, 2025
	----- (Rupees in '000) -----	
MCB Investment Management Limited - Management Company		
Management remuneration payable	16,056	36,236
Sindh sales tax payable on remuneration of the Management Company	2,408	5,435
Sales load payable	-	756
Central Depository Company of Pakistan Limited - Trustee		
Trustee remuneration payable	589	260
Sindh sales tax payable on Trustee remuneration	88	39
MCB Bank Limited - Parent of the Management Company		
Balances with bank	191,170	13,897

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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

	For the year ended June 30, 2026							
	As at July 01, 2025	Issued for cash	Redeemed	As at June 30, 2026	As at July 01, 2025	Issued for cash	Redeemed	As at June 30, 2026
	(Units)				(Rupees in '000)			
Associated / group companies								
MCB INVESTMENT MANAGEMENT LIMITED	0	48,293,302	37,286,169	11,007,133	0	2,689,591	2,102,751	609,355
CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED*	5,724,804	347,492	6,072,295	-	315,036	20,178	355,108	-
LALPIR STAFF PROVIDENT FUND	1,352,121	-	1,352,121	-	74,407	-	74,880	-
D.G. KHAN CEMENT COMPANY LTD	10	1	-	11	1	-	-	1
ADAMJEE INSURANCE CO.LTD. EMPLOYEES GRATUITY FUND	2	-	-	2	0	-	-	0
SECURITY GENERAL INSURANCE CO. LTD. EMPLOYEES PROVIDENT FUND TRUST	54	4	-	58	3	-	-	3
ADAMJEE LIFE ASSURANCE COMPANY LIMITED - DSF	85,127	6,435	-	91,562	4,685	354	-	5,069
PAKGEN POWER LIMITED	70,458,417	93,007,148	119,509,298	43,956,267	3,877,327	5,142,958	6,956,543	2,433,419
NISHAT POWER LIMITED	57,642,941	40,053,595	97,696,536	-	3,172,091	2,224,065	5,585,306	-
NISHAT CHUNIAN POWER LIMITED*	36,724,617	23,473,884	60,198,500	-	2,020,956	1,302,731	3,462,505	-
LALPIR POWER LIMITED*	36,274,716	73,552,762	58,670,712	51,156,766	1,996,198	4,057,990	3,449,906	2,832,039
ADAMJEE LIFE ASSURANCE CO. LTD-SHF	3,691,966	-	3,691,966	-	203,169	-	204,978	-
NISHAT HOTELS AND PROPERTIES LIMITED	-	12,818,322	12,818,322	-	-	750,000	749,744	-
Mandate under discretionary portfolio services	8	554	104	458	0	31	6	25
Key management personnel	1,208,102	5,014,160	5,086,004	1,136,258	66,482	287,577	292,980	62,903

*Current period balance and transactions have been presented as the person was classified as a related party / connected person of the Fund from 01 July 2025 onwards.

	For the year ended June 30, 2025							
	As at July 01, 2024	Issued for cash	Redeemed	As at June 30, 2025	As at July 01, 2024	Issued for cash	Redeemed	As at June 30, 2025
	(Units)				(Rupees in '000)			
Associated / group companies								
MCB Investment Management Limited	6,565,796	63,476,380	70,042,177	-	354,947	3,823,650	4,244,324	-
Lalpir Staff Provident Fund	-	2,489,042	1,136,921	1,352,121	-	139,513	69,500	74,407
MCB Employees Provident Fund	16,098,714	17,887	16,116,601	-	870,296	966	973,282	-
Adamjee Insurance Company Limited	-	1,338,808	1,338,808	-	-	75,000	79,498	-
Adamjee Life Assurance Company Limited- Employees Gratuity Fund	421,385	8,239,778	8,661,163	-	22,780	463,455	504,129	-
Adamjee Insurance Company Limited Employees Provident Fund	-	4	-	4	-	0	-	0
Adamjee Life Assurance Company Limited	-	756,547	756,547	-	-	44,900	44,900	-
Adamjee Life Assurance Company Limited - DSF	113,194	12,151	40,218	85,127	6,119	656	2,500	4,685
Adamjee Life Assurance Company Limited - Conventional Business	-	8,509,460	8,509,459	1	-	501,180	511,039	0
Adamjee Insurance Company Limited Employees Gratuity Fund	-	2	-	2	-	0	-	0
Adamjee Life Assurance Company Limited - SHF	-	3,751,308	59,342	3,691,966	-	203,640	3,646	203,169
Nishat Mills Limited Employees Provident Fund	-	52,629,753	52,629,753	-	-	3,127,500	3,162,717	-
D.G. Khan Cement Company Limited	9	1	-	10	1	0	-	1
Security General Insurance Company Limited Employees Provident Fund Trust	-	54	-	54	-	3	-	3
Pakgen Power Limited	-	131,592,218	61,133,801	70,458,417	-	7,653,997	3,888,721	3,877,327
Nishat Power Limited	-	125,940,612	68,297,672	57,642,940	-	7,342,744	4,272,592	3,172,091
								-
Mandate under discretionary portfolio services	4,149,701	16,702,516	20,852,209	8	224,333	962,691	1,203,185	0
								-
Key management personnel	293,842	15,361,360	14,447,100	1,208,102	15,885	815,864	862,496	66,482

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

18 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks
Investments
Profit receivables
Deposits and other receivables

Financial liabilities

Payable to MCB Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

June 30, 2026		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
1,695,463	-	1,695,463
-	12,241,675	12,241,675
57,434	-	57,434
1,113	-	1,113
<u>1,754,010</u>	<u>12,241,675</u>	<u>13,995,685</u>
18,464	-	18,464
677	-	677
1,206	-	1,206
<u>20,347</u>	<u>-</u>	<u>20,347</u>

Financial assets

Balances with banks
Investments
Profit receivables
Deposits and other receivables

Financial liabilities

Payable to MCB Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

June 30, 2025		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
4,552,352	-	4,552,352
-	24,037,384	24,037,384
621,039	-	621,039
34,032	-	34,032
<u>5,207,423</u>	<u>24,037,384</u>	<u>29,244,807</u>
42,427	-	42,427
299	-	299
1,657	-	1,657
<u>44,383</u>	<u>-</u>	<u>44,383</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

19.1 Market risk

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

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

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

(i) Currency risk

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

(ii) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market yield / interest rates. As at June 30, 2026, the Fund is exposed to such risk on its balances held with banks and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2026, the Fund holds balances with banks and government securities exposing the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 18.8 million (2025: Rs. 124.65 million).

The composition of the Fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2026 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, 2026 and June 30, 2025 can be determined as follows:

June 30, 2026					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		
----- Rupees in ('000) -----					

On-balance sheet financial instruments

Financial Assets

Balances with banks	8.50% - 13.10%	1,688,775	-	-	6,688	1,695,463
Investments						

'at fair value through profit and loss' - net

Market Treasury Bills	11.07% - 11.09%	-	-	-	-	-
Pakistan Investment Bonds	11.09% - 15.48%	-	-	11,712,087	-	11,712,087
Pakistan Investment Bonds - floating rate bond (FRB)	12.09% - 20.22%	-	-	191,390	-	191,390
GoP Ijarah Sukuks	10.00% - 22.70%	-	-	338,198	-	338,198

Profit receivables		-	-	12,241,675	-	12,241,675
Deposits and other receivables		-	-	-	57,434	57,434
		-	-	-	1,113	1,113
		1,688,775	-	12,241,675	65,235	13,995,685

Financial Liabilities

Payable to MCB Investment Management Limited - Management Company		-	-	-	18,464	18,464
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	677	677
Accrued expenses and other liabilities		-	-	-	1,206	1,206
		-	-	-	20,347	20,347

On-balance sheet gap (a)

1,688,775	-	12,241,675	44,888	13,975,338
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Off-balance sheet financial instruments

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

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

1,688,775	-	12,241,675
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Cumulative interest rate sensitivity gap

1,688,775	1,688,775	13,930,450
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

June 30, 2025					
Yield / effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and upto one year	More than one year		

----- Rupees in ('000) -----

On-balance sheet financial instruments

Financial Assets

Balances with banks	20.50% - 21.85%	4,546,738	-	-	5,614	4,552,352
---------------------	-----------------	-----------	---	---	-------	-----------

Investments

'at fair value through profit and loss' - net

Market Treasury Bills	11.07% - 11.09%	1,770,448	941,192	-	-	2,711,640
Pakistan Investment Bonds	11.09% - 15.48%	-	-	12,211,659	-	12,211,659
Pakistan Investment Bonds						
- floating rate bond (FRB)	12.09% - 20.22%	-	-	7,211,081	-	7,211,081
GoP Ijarah Sukuks	10.00% - 22.70%	62,250	644,716	1,196,038	-	1,903,004
		1,832,698	1,585,908	20,618,778	-	24,037,384
Profit receivables		-	-	-	621,039	621,039
Deposits and other receivables		-	-	-	34,032	34,032
		6,379,436	1,585,908	20,618,778	660,685	29,244,807

Financial Liabilities

Payable to MCB Investment Management

Limited - Management Company

Payable to Central Depository Company

Accrued expenses and other liabilities

-	-	-	42,427	42,427
-	-	-	1,657	1,657
-	-	-	44,383	44,383

On-balance sheet gap (a)

6,379,436	1,585,908	20,618,778	616,302	29,200,424
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Off-balance sheet financial instruments

-	-	-	-	-
---	---	---	---	---

Off-balance sheet gap (b)

-	-	-	-	-
---	---	---	---	---

Total interest rate sensitivity gap (a+b)

6,379,436	1,585,908	20,618,778
-----------	-----------	------------

Cumulative interest rate sensitivity gap

6,379,436	7,965,344	28,584,122
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(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from yield / interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund does not hold any financial instrument that exposes it to price risk.

19.2 Credit risk

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

Credit risk from balances with banks 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:

	2026		2025	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
----- (Rupees in '000) -----				
Balances with banks	1,695,463	1,695,463	4,552,352	4,552,352
Investments	12,241,675	-	24,037,384	-
Profit receivables	57,434	10,305	621,039	58,720
Deposits and other receivables	1,113	1,113	34,032	34,032
	<u>13,995,685</u>	<u>1,706,881</u>	<u>29,244,807</u>	<u>4,645,104</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. 12.24 billion (2025: Rs. 10.76 billion) and profit receivable from these securities of Rs. 47.13 million (2025: Rs. 562.32 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 and profit accrued thereon. The credit rating profile of bank balances and its accrued profit is as follows:

Rating category	% of financial assets exposed to credit risk	
	2026	2025
AAA	72.21	5.59
AA+	26.33	3.04
AA-	1.46	91.37
	<u>98.54</u>	<u>100.00</u>

Since, the balances of the Fund are maintained with credit worthy counter-parties therefore, 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.

Settlement risk

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

19.3 Liquidity risk

Liquidity risk is the risk that the Fund 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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

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

The table below summaries the maturity profile of the Fund's financial liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the liabilities that are payable on demand have been included in the maturity grouping of one month:

June 30, 2026						
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 liabilities with no fixed maturity	Total

Rupees in ('000)

Financial liabilities

Payable to MCB Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Accrued expenses and other liabilities

18,464	-	-	-	-	-	18,464
677	-	-	-	-	-	677
293	913	-	-	-	-	1,206
19,434	913	-	-	-	-	20,347

Financial liabilities

19,434	913	-	-	-	-	20,347
--------	-----	---	---	---	---	--------

June 30, 2025						
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 liabilities with no fixed maturity	Total

Rupees in ('000)

Financial liabilities

Payable to MCB Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against purchase of investments
Accrued expenses and other liabilities

42,427	-	-	-	-	-	42,427
299	-	-	-	-	-	299
897	760	-	-	-	-	1,657
43,623	760	-	-	-	-	44,383

Financial liabilities

43,623	760	-	-	-	-	44,383
--------	-----	---	---	---	---	--------

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:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

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 2026 and June 30, 2025, the Fund held the following financial instruments measured at fair values:

June 30, 2026			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
ASSETS			
Market Treasury Bills	-	-	-
Pakistan Investment Bonds	-	11,712,087	-
Pakistan Investment Bonds - Floating Rate Bond (FRB)	-	191,390	-
GoP Ijarah Sukuks	93	338,105	-
	93	12,241,583	-
			12,241,675

June 30, 2025			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
ASSETS			
Market Treasury Bills	-	2,711,640	-
Pakistan Investment Bonds	-	12,211,659	-
Pakistan Investment Bonds - Floating Rate Bond (FRB)	-	7,211,081	-
GoP Ijarah Sukuks	802,054	1,100,950	-
	802,054	23,235,330	-
			24,037,384

20.2 Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Market Treasury Bills	The fair value of other Market Treasury Bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
Pakistan Investment Bonds	The fair value of other Pakistan Investment Bonds are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters.
Pakistan Investment Bonds - Floating Rate Bond (FRB)	The fair value of other Pakistan Investment Bonds - Floating Rate Bond (FRB) are derived using PKRFV rates. The PKRFV rates are announced by FMA (Financial Market Association) through Reuters.
Government of Pakistan - Ijarah sukuks	The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters.

20.3 There were no transfers between levels during the year.

21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Khawaja Khalil Shah	Chief Executive Officer	MBA	34
2	Mr. Muhammad Asim	Chief Investment Officer	MBA, CFA	23
3	Mr. Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	15
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	20
5	Syed Mohammad Usama Iqbal	Fund Manager - Fixed Income Fund	Graduate	22
6	Raza Inam	Head of Research	BSc, CFA	12

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

- MCB Cash Management Optimizer;
- Pakistan Cash Management Fund;
- MCB DCF Income Fund;
- MCB Government Securities Plan I
- Pakistan Income Enhancement Fund;
- MCB Investment Savings Plan I
- Alhamra Daily Dividend Fund;
- Alhamra Government Securities Plan I;
- Alhamra Islamic Investment Savings Fund;
- Alhamra Cash Management Optimizer.
- Alhamra Islamic Punjab Pension Fund - Money Market Sub Fund
- MCB Punjab Pension Fund - Money Market Sub Fund

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:

		2026 (Percentage)
1	JS Global Capital Limited	19.34%
2	Continental Exchange (Private) Limited	15.04%
3	BMA Capital Management Limited	10.46%
4	Icon Management (Private) Limited	9.78%
5	Vector Capital (Private) Limited	9.32%
6	Currency Market Associates (Private) Limited	9.15%
7	Arif Habib Limited	8.98%
8	C&M Management (Private) Limited	6.45%
9	Invest One Market Limited	5.45%
10	Summit Capital (Private) Limited	2.77%
		2025 (Percentage)
1	JS Global Capital Limited	21.87%
2	Continental Exchange (Private) Limited	14.09%
3	C & M Management (Private) Limited	8.87%
4	Arif Habib Limited	8.21%
5	Vector Capital (Private) Limited	8.21%
6	Invest One Markets (Private) Limited	8.17%
7	Alfalsh Securities (Private) Ltd	7.45%
8	BMA Capital Management Limited	7.08%
9	Paramount Capital (Private) Limited	2.31%
10	Currency Market Associates (Private) Limited	2.15%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

24 PATTERN OF UNITHOLDINGS

----- As at June 30, 2026 -----				
	Number of unit holders	Number of units	Investment amount	Percentage investment
			---- (Rupees in '000)----	---- % ----
Individuals	1,840	112,069,720	6,205,293	44.70%
Associated companies	7	106,211,800	5,879,885	42.36%
Insurance companies	1	23	1	0.00%
Provident and Pension Funds	25	15,575,844	862,279	6.21%
Public Limited Companies	5	683,825	37,857	0.27%
Others	33	16,181,735	895,821	6.45%
	<u>1,911</u>	<u>250,722,947</u>	<u>13,881,135</u>	<u>100.00%</u>

----- As at June 30, 2025 -----				
	Number of unit holders	Number of units	Investment amount	Percentage investment
			---- (Rupees in '000)----	---- % ----
Individuals	2,063	143,404,098	7,892,112	27.39%
Associated companies	8	133,230,642	7,332,226	25.45%
Directors	3	2,449,776	134,821	0.47%
Provident and Pension Funds	26	28,194,543	1,551,661	5.39%
Public Limited Companies	10	123,653,753	6,805,171	23.62%
Others	41	92,618,083	5,097,151	17.69%
	<u>2,151</u>	<u>523,550,894</u>	<u>28,813,142</u>	<u>100.00%</u>

25 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

The 206th, 207th, 208th, 209th, 210th, 211th, 212th, 213th, 214th and 215th meeting of the Board of Directors were held on July 29, 2025, August 04, 2025, August 20, 2025, September 10, 2025, October 10, 2025, October 15, 2025, January 28, 2026, February 02, 2026, April 16, 2026 and April 21, 2026 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. Haroun Rashid	Chairman	10	10	9	1	211th
Mr. Ahmed Jahangir	Director	10	10	10	-	-
Syed Savail Meekal Hussain*	Director	10	8	8	-	-
Ms. Sadia Muzaffar**	Director	10	2	2	-	-
Ms. Mavra Adil Khan	Director	10	10	10	-	-
Mr. Fahd Kamal Chinoy	Director	10	10	8	2	210th and 211th
Mr. Manzar Mushtaq	Director	10	10	10	-	-
Mr. Muhammad Nauman Chughtai	Director	10	10	7	3	208th, 210th and 212th
Mr. Khawaja Khalil Shah	Chief Executive Officer	10	10	10	-	-

* Syed Savail Meekal Hussain resigned from the Board with effect from February 06, 2026.

** Ms. Sadia Muzaffar has been appointed on the Board with effect from February 07, 2026.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2026

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 04 August, 2026 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, 2026**

No. of Unit Holders	Unit holdings	Total units held
1,592	A. 001-10,000	902,159
175	B. 10,001 – 100,000	6,694,656
107	C. 100,001 – 1000,000	35,616,469
37	D. 1000,001 & Above	207,509,662
1,911		250,722,947

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2026

Performance Information	2026	2025	2024	2023	2022
Total Net Assets Value – Rs. in million	13,881.1350	28,813.1413	11081.73	673.621	610.3710
Net Assets value per unit – Rupees	55.36	55.03	54.06	53.82	53.4600
Closing Offer Price	56.31	55.98	54.98	54.73	54.3700
Highest offer price per unit	60.21	64.73	65.92	62.4916	59.4400
Lowest offer price per unit	56	54.95	54.76	54.2848	54.2300
Highest Redemption price per unit	59.19	63.63	64.82	61.45	58.4500
Lowest Redemption price per unit	55.05	54.02	53.85	53.38	53.3300
Distribution per unit – Rs. *					
Interim	4.16	8.91	11	7.88	5.0700
Final		-	-	-	-
Average Annual Return - %					
One year	8.21	18.72	20.98	15.48	9.79
Two year	13.47	19.85	18.23	12.64	7.73
Three year	15.97	18.39	15.42	10.31	10.62
Net Income for the year – Rs. in million	2,054.4810	4,511.2251	1,284.7090	96.9206	65.0408
Distribution made during the year – Rs. in million	1,990.6960	4,385.4140	1,247.8320	92.5910	63.3080
Accumulated Capital Growth – Rs. in million	63.7850	125.8111	36.8770	4.3296	1.7328
Weighted average Portfolio Duration (days)	237	876	986	913	1351

* Date of Distribution

2026	
Date	Rate

June 17, 2026 4.16

2025	
Date	Rate

June 20, 2025 8.91

2024	
Date	Rate

June 22, 2024 11.00

2023	
Date	Rate

June 16, 2023 7.88

2022	
Date	Rate

June 24, 2022 5.07

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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