

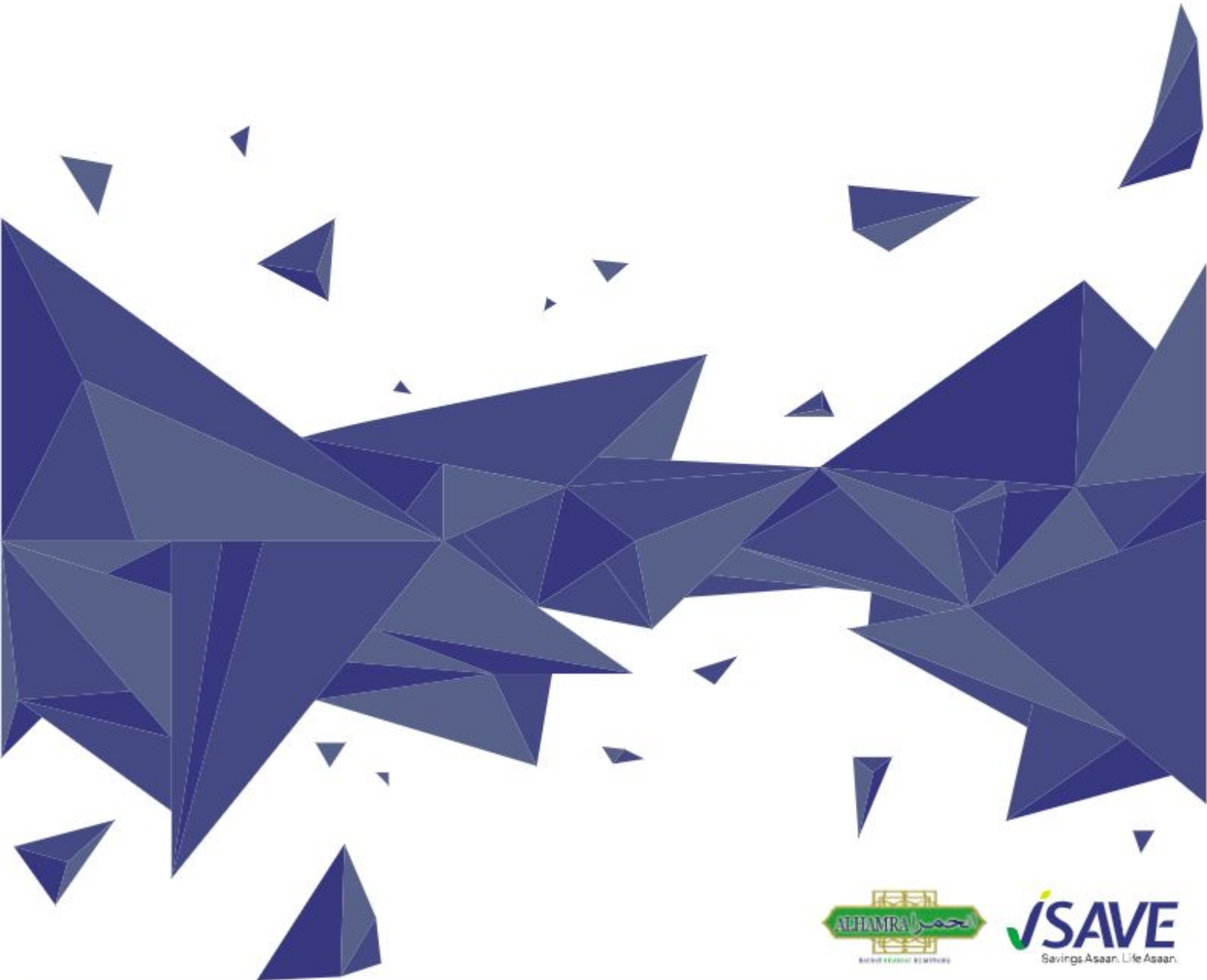


MCB FUNDS
Investments for Life

QUATERLY REPORT

SEPTEMBER
2024
(UNAUDITED)

Funds Under Management of
MCB Investment Management Limited



MCB DCF FIXED RETURN FUND-III

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Director Chief Executive Officer Director Director Director Director Director
Audit Committee	Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah	Member Member Member Member
Chief Executive Officer Chief Operating Officer & Chief Financial Officer	Mr. Khawaja Khalil Shah Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Trustee	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shakra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com	
Bankers	MCB Bank Limited	
Auditors	Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shakra-e-Faisal, Karachi-75350.	
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 QUARTER ENDED SEPTEMBER 30, 2024

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Fixed Return Fund III Plans** under *MCB DCF Fixed Return Fund III* accounts review for the quarter ended September 30, 2024.

Economy Review

The new fiscal year began on a positive note with the government securing a staff-level agreement with the IMF for a 37-month Extended Fund Facility (EFF) worth approximately USD 7.0 billion. However, the formal approval was delayed due to the government's struggle to secure debt rollovers from friendly countries. After Pakistan fulfilled all preconditions the IMF Executive Board approved the program on September 27, 2024. Subsequently, the State Bank of Pakistan (SBP) received the first tranche of USD 1.0 billion, bolstering foreign exchange reserves and strengthening the currency as the USD/PKR parity appreciated by 0.2% in the quarter to close at 277.7.

The country posted a current account deficit (CAD) of USD 171mn in the first two months of the fiscal year 2025 (2MFY25) declining by 81% YoY compared to a deficit of USD 893mn in the corresponding period last year. The major contributor towards improving CAD was the remittances inflows which skyrocketed by 44.0% to USD 1.8bn. Trade Deficit increased by 21.7% YoY as exports rose by 7.2% while imports increased by 13.8% from a low base. The country's external position improved with SBP's foreign exchange reserves increasing to USD 10.7bn as of Sep-24 end compared to USD 9.4bn at the end of last fiscal year. This was on account of flows from IMF and multilateral sources.

Headline inflation represented by CPI averaged 9.2% during 1QFY25 compared to 29.0% in the corresponding period last year. This sharp decline was driven by the currency's stability over the past nine months, a substantial drop in food prices aligning with global trends, and a reduction in international oil prices, which eased local fuel costs. Additionally, the base effect further contributed to the lower inflation figures.

As per the revised numbers the country's GDP grew by 2.5% in the financial year 2023-24 as compared to -0.2% last year. Agriculture grew by 6.4%, Services sector grew by 2.2% while industrial sector witnessed a decline of 1.2%. Historic high interest rates and inflation coupled with political uncertainty were the major culprits behind the subdued industrial and services output. On the fiscal side, FBR tax collection increased by 25.2% in 1QFY25 to PKR 2,556 billion, missing the target by PKR 96 billion.

Fund Performance

MCB DCFFR IIP1 was launched on July 12, 2024 with a promised return of 17.60%. The fund will mature on July 10, 2025.

MCB DCFFR IIP2 was launched on Aug 17, 2024 with a promised return of 17.00%. The fund will mature on July 10, 2025.

MCB DCFFR IIP3 was launched on Sept 06, 2024 with a promised return of 16.90%. The fund will mature on May 02, 2025.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2024

Economy & Market – Future Outlook

Pakistan's GDP growth is projected to inch up to 2.8% in FY25, compared to 2.5% last year. The industrial and services sectors are expected to expand by 3.5% and 3.0%, respectively, driven by a gradual recovery in demand and the base effect. However, agricultural growth is likely to remain modest at 1.9%, constrained by the high base effect and flood-related damage to the cotton crop.

The new IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. We expect SBP reserves to increase to USD 12.7bn by year end on the back of flows from friendly countries, IMF and multilateral agencies. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus, we would have to ensure a sustainable current account this year to stave off external concerns. We expect a CAD of USD 0.6bn (0.1% of GDP) in FY25 as policy of consolidation is likely to continue under the IMF umbrella. We are of the view that improvement in exports and remittances and increased comfort on the external side after entering into the IMF program will keep currency stable in the near term. We expect marginal currency depreciation this year with USD/PKR expected to close Jun-25 around 289.4.

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in September 2024 clocked of 6.9% compared to a high of 38.0% in May 2023. This was the lowest reading in the last 44 months. The core inflation also remained on a declining trajectory, clocking at 10.4% (29 months low). We expect inflation to further decelerate in the coming months as base effect will become more pronounced. We anticipate CPI to average around 6.8% in FY25 compared to 23.9% in FY24. As the real interest rate remains significantly positive we foresee further interest cuts, expecting policy rate to decline around 13.0% by June 25.

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

Mutual Fund Industry Review

The Net Assets of the open-end mutual funds industry increased by about 13.9% during 1QFY25 to PKR 2,931bn. Total money market funds grew by about 0.2% since Jun-24. Within the money market sphere, conventional funds showed a growth of 19.4% to PKR 751bn while Islamic funds declined by 17.7% to PKR 559bn. In addition, the total fixed Income and Fixed Rate funds increased by about 35.1% since Jun-24 to PKR 1,298bn while Equity and related funds increased by 5.6% to PKR 270bn.

In terms of the segment share, Money Market funds were the leader with a share of around 44.7%, followed by Income and fixed return funds with 44.3% and Equity and Equity related funds having a share of 9.2% as at the end of Sep-24.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2024

Mutual Fund Industry Outlook

Interest rates trajectory and expectations of further monetary easing shall continue to attract inflows in longer tenor instrument linked funds including Sovereign Funds and Income Funds. Money market funds should also benefit from higher liquidity as they are ideal for investors with a short-term horizon and low risk profile. With improved external account post agreement with IMF, long-term investors may look to add equity exposure at these highly attractive levels. 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.

Acknowledgement

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
October 21, 2024



Manzar Mushtaq
Director
October 21, 2024

ڈائریکٹرز رپورٹ

سیگمنٹ شیئر کے لحاظ سے، منی مارکیٹ فنڈز تقریباً 44.7 فیصد کے شیئر کے ساتھ سرفہرست تھے، اس کے بعد انکم اور فکسڈ ریٹرن فنڈز 44.3 فیصد کے ساتھ اور ایکویٹی اور ایکویٹی سے متعلقہ فنڈز کا حصہ ستمبر 24 کے آخر تک 9.2 فیصد تھا۔

میوچل فنڈ انڈسٹری آؤٹ لک

شرح سود کی رفتار اور مزید مالیاتی نرمی کی توقعات طویل مدتی انشورمنٹ سے منسلک فنڈز بشمول Sovereign Funds اور Income Funds میں آمد کو راغب کرتی رہیں گی۔ منی مارکیٹ فنڈز کو بھی زیادہ لیکویڈیٹی سے فائدہ اٹھانا چاہیے کیونکہ یہ قلیل مدتی افق اور کم رسک پروفائل والے سرمایہ کاروں کے لیے مثالی ہیں۔ IMF کے ساتھ بہتر ایکسٹرنل اکاؤنٹ پوسٹ ایگریمنٹ کے ساتھ، طویل مدتی سرمایہ کاران انتہائی پرکشش سطحوں پر ایکویٹی میں سرمایہ کاری کرنے کی کوشش کریں گے۔ ہمارے کام بغیر کسی رکاوٹ کے جاری رہے اور ڈیجیٹل رسائی اور آن لائن کسٹمرز کے تجربے میں مسابقتی برتری کے پیش نظر، ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد کے فوائد حاصل کرنے کے لیے تیار ہیں۔

اعتراف

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

ڈائریکٹرز کی جانب سے،

Maszar Mushtaq

منظر مشتاق

ڈائریکٹر

21 اکتوبر، 2024

خواجہ خلیل شاہ

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

21 اکتوبر، 2024

ڈائریکٹرز رپورٹ

FDI اور RDA سے حاصل ہونے والی آمدنی کا بھی موجودہ معاشی چیلنجوں کی وجہ سے خاموش رہنے کا امکان ہے۔ اس طرح، ہمیں بیرونی خدشات کو دور کرنے کے لیے اس سال ایک پائیدار کرنٹ اکاؤنٹ کو یقینی بنانا ہوگا۔ ہم FY25 میں USD 0.6 بلین (GDP کا 0.1 فیصد) کی CAD کی توقع کرتے ہیں کیونکہ IMF کی چھتری کے تحت استحکام کی پالیسی جاری رہنے کا امکان ہے۔ ہمارا خیال ہے کہ برآمدات اور ترسیلات زر میں بہتری اور آئی ایم ایف پروگرام میں داخل ہونے کے بعد بیرونی طرف سے استحکام میں اضافہ ہوگا اور قریب مدت میں کرنسی کو مستحکم رکھے گا۔ ہمیں توقع ہے کہ اس سال کرنسی کی قدر میں معمولی کمی PKR/USD کو جون 2025 کے قریب 289.4 پر بند کرے گی۔

بنیادی اثر اور نسبتاً مستحکم کرنسی کی وجہ سے افراط زر کی شرح میں کمی آنا شروع ہو گئی ہے۔ ستمبر 2024 میں ہیڈ لائن افراط زر کی تعداد مئی 2023 میں 38.0 فیصد کی بلند ترین شرح کے مقابلے میں 6.9 فیصد تک پہنچ گئی۔ یہ پچھلے 44 مہینوں میں سب سے کم ریڈنگ تھی۔ بنیادی افراط زر بھی گرتی ہوئی رفتار پر رہا، جو 10.4 فیصد (29 ماہ کی کم ترین سطح) پر پہنچ گیا۔ ہمیں توقع ہے کہ آنے والے مہینوں میں افراط زر مزید کم ہو جائے گا کیونکہ بنیادی اثر مزید واضح ہو جائے گا۔ ہم توقع کرتے ہیں کہ مالی سال 24 میں 23.9 فیصد کے مقابلے میں مالی سال 25 میں CPI اوسطاً 6.8 فیصد رہے گا۔ چونکہ حقیقی شرح سود نمایاں طور پر مثبت رہتی ہے، ہم مزید سود میں کٹوتیوں کی پیش گوئی کرتے ہیں، جون 2025 تک پالیسی کی شرح تقریباً 13.0 فیصد کم ہونے کی توقع رکھتے ہیں۔

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

میوچل فنڈ انڈسٹری کا جائزہ

اوپن اینڈ میوچل فنڈز انڈسٹری کے خالص اثاثے 1QFY25 کے دوران تقریباً 13.9 فیصد بڑھ کر 2,931 PKR بلین ہو گئے۔ 24 جون سے کل منی مارکیٹ فنڈز میں تقریباً 0.2 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرے میں، روایتی فنڈز 19.4 فیصد اضافے کی وجہ سے 751 PKR بلین ہو گئے جبکہ اسلامی فنڈز نے 17.7 فیصد کمی کی وجہ سے 559 PKR بلین ہو گئے۔ مزید برآں، کل فکسڈ انکم اور فکسڈ ریٹ فنڈز جون 24 سے تقریباً 35.1 فیصد بڑھ کر 1,298 بلین ہو گئے جبکہ ایکویٹی اور متعلقہ فنڈز 5.6 فیصد بڑھ کر 270 PKR بلین ہو گئے۔

ڈائریکٹرز رپورٹ

نظرہائی شدہ اعداد کے مطابق مالی سال 2023-2024 میں ملک کی جی ڈی پی میں گزشتہ سال -0.2 فیصد کے مقابلے میں 2.5 فیصد اضافہ ہوا۔ زراعت میں 6.4 فیصد اضافہ ہوا، خدمات کے شعبے میں 2.2 فیصد اضافہ ہوا جبکہ صنعتی شعبے میں 1.2 فیصد کمی دیکھی گئی۔ صنعتی اور خدمات کے آؤٹ پٹ میں کمی کے پیچھے تاریخی بلند شرح سود اور مہنگائی کے ساتھ سیاسی غیر یقینی صورتحال سب سے بڑے مجرم تھے۔ مالیاتی پہلو پر، FBR کی ٹیکس وصولی 1QFY25 میں 25.2 فیصد بڑھ کر 2,556 بلین روپے ہو گئی، جو ہدف 96 ارب روپے سے کم ہے۔

فنڈ کی کارکردگی

ایم سی بی ڈی سی ایف ایف آر۔ III P1 12 جولائی 2024 کو 17.60 فیصد کے ریٹرن کے وعدے کے ساتھ شروع کیا گیا تھا۔ فنڈ 10 جولائی 2025 کو میچور ہو جائے گا۔

ایم سی بی ڈی سی ایف ایف آر۔ III P2 17 اگست 2024 کو 17.00 فیصد کے ریٹرن کے وعدے کے ساتھ شروع کیا گیا تھا۔ فنڈ 10 جولائی 2025 کو میچور ہو جائے گا۔

ایم سی بی ڈی سی ایف ایف آر۔ III P3 06 ستمبر 2024 کو 16.90 فیصد کے ریٹرن کے وعدے کے ساتھ شروع کیا گیا تھا۔ فنڈ 02 مئی 2025 کو میچور ہو جائے گا۔

معیشت اور مارکیٹ - مستقبل کا آؤٹ لک

پاکستان کی جی ڈی پی کی شرح نمو FY 25 میں 2.8 فیصد تک رہنے کا امکان ہے، جو کہ گزشتہ سال 2.5 فیصد تھی۔ صنعتی اور خدمات کے شعبوں میں پالترتیب 3.5 فیصد اور 3.0 فیصد کی توسیع متوقع ہے، جس کی وجہ طلب میں بتدریج بحالی اور بنیادی اثر ہے۔ تاہم، زرعی نمو 1.9 فیصد پر معمولی رہنے کا امکان ہے، جو کہ اعلیٰ بنیادی اثر اور کپاس کی فصل کو سیلاب سے متعلقہ نقصانات کی وجہ سے محدود ہے۔

آئی ایم ایف کا نیا پروگرام کلیدی مثبت ہے کیونکہ یہ ہمیں دو طرفہ اور کثیر جہتی ذرائع سے فنڈنگ حاصل کرنے کی اجازت دیتا ہے۔ ہم توقع کرتے ہیں کہ دوست ممالک، آئی ایم ایف اور کثیر جہتی ایجنسیوں کی جانب سے آنے والے بہاؤ کی وجہ سے سال کے آخر تک SBP کے ذخائر بڑھ کر USD 12.7 بلین ہو جائیں گے۔ تاہم، ہماری بیرونی پوزیشن اب بھی غیر یقینی ہے کیونکہ ہم چیلنجنگ عالمی حالات کی وجہ سے بین الاقوامی یورو بانڈ یا سکوک جاری کرنے کا امکان نہیں رکھتے ہیں۔

ڈائریکٹرز رپورٹ

پیارے سرمایہ کار،

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے ایم سی بی ڈی سی ایف فکسڈ ریٹرن فنڈ III پلانز، جو ایم سی بی ڈی سی ایف فکسڈ ریٹرن فنڈ III کے تحت ہے، کے 30 ستمبر 2024 کو ختم ہونے والی سہ ماہی کے اکاؤنٹس کا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔

معیشت کا جائزہ

نئے مالی سال کا آغاز مثبت ہوا جب حکومت نے IMF کے ساتھ 37 ماہ کے توسیعی فنڈ سہولت (EFF) کے لیے تقریباً 7.0 بلین امریکی ڈالر کا اسٹاف لیول معاہدہ کیا۔ تاہم، حکومت کی جانب سے دوست ممالک سے قرضوں کی واپسی کے لیے جدوجہد کی وجہ سے رسمی منظوری میں تاخیر ہوئی۔ پاکستان کی جانب سے تمام پیشگی شرائط پوری کرنے کے بعد IMF کے ایگزیکٹو بورڈ نے 27 ستمبر 2024 کو پروگرام کی منظوری دی۔ اس کے بعد، اسٹیٹ بینک آف پاکستان (SBP) کو 1.0 بلین امریکی ڈالر کی پہلی قسط موصول ہوئی، جس سے زرمبادلہ کے ذخائر میں اضافہ ہوا اور کرنسی کو PKR/USD کے طور پر مضبوط کیا گیا جس کی برابری سہ ماہی میں 0.2 فیصد سے بڑھ کر 277.7 پر بند ہوئی۔

ملک نے مالی سال 2025 (2MFY25) کے پہلے دو مہینوں میں 171 USD بلین کا کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جس میں گزشتہ سال کی اسی مدت میں 893 USD بلین کے خسارے کے مقابلے میں 81 فیصد YoY کی کمی واقع ہوئی۔ CAD کو بہتر بنانے میں سب سے بڑا حصہ ترسیلات زر کا تھا جو 44.0 فیصد اضافے سے 1.8 USD بلین تک پہنچ گیا۔ تجارتی خسارے میں سالانہ 21.7 فیصد اضافہ ہوا جیسا کہ برآمدات میں 7.2 فیصد اضافہ ہوا جبکہ کم بنیاد درآمدات میں 13.8 فیصد اضافہ ہوا۔ SBP کے زرمبادلہ کے ذخائر گزشتہ مالی سال کے آخر میں 9.4 USD بلین کے مقابلے میں ستمبر 2024 کے آخر تک بڑھ کر 10.7 USD بلین تک پہنچنے جو ملک کی بیرونی پوزیشن میں بہتری کا سبب بنے۔ یہ آئی ایم ایف اور کثیر جہتی ذرائع سے آنے والے بہاؤ کی وجہ سے تھا۔

1QFY25 کے دوران CPI کی طرف سے پیش کردہ ہیڈ لائن افراط زر کی اوسط 9.2 فیصد رہی جو پچھلے سال کی اسی مدت میں 29.0 فیصد تھی۔ اس تیزی سے گراؤ کی وجہ گزشتہ نو مہینوں کے دوران کرنسی کے استحکام، عالمی رجحانات کے مطابق خوراک کی قیمتوں میں خاطر خواہ کمی، اور تیل کی بین الاقوامی قیمتوں میں کمی، جس سے ایندھن کی مقامی قیمتوں میں نرمی آئی ہے۔ مزید برآں، بنیادی اثر نے افراط زر کے کم اعداد و شمار میں مزید حصہ ڈالا۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2024

September 30, 2024					
(Rupees '000')					
	Note	MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
ASSETS					
Bank balances	4	852	4,143	1,464	6,459
Investments	5	956,159	1,244,811	1,677,482	3,878,452
Profit receivable on bank deposit		1,006	1,855	890	3,751
Total assets		958,017	1,250,809	1,679,836	3,888,662
LIABILITIES					
Payable to MCB Investments Management Limited - Management Company	6	1,240	241	294	1,775
Payable to Central Depository Company of Pakistan Limited - Trustee	7	48	63	71	182
Payable to the Securities and Exchange Commission of Pakistan	8	58	76	85	219
Accrued expense and other Liabilities	9	-	10	10	20
Total liabilities		1,346	390	460	2,196
NET ASSETS		956,671	1,250,419	1,679,376	3,886,466
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		956,671	1,250,418	1,679,376	3,886,465
CONTINGENCIES AND COMMITMENTS	10				
NUMBER OF UNITS IN ISSUE		8,990,346	12,000,000	16,361,200	37,351,546
NET ASSETS VALUE PER UNIT		106.4109	104.2016	102.6438	

The annexed notes 1 to 16 form an integral part of these financial statements.


For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

		For the period from Jul 11, 2024 To Sep 30, 2024	For the period from Aug 16, 2024 To Sep 30, 2024	For the period from Sep 05, 2024 To Sep 30, 2024	
	Note	MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
(Rupees '000')					
INCOME					
Investments at fair value through profit or loss:					
- Net capital gain on sale of investments		-	-	-	-
- Income from Government securities		35,166	24,371	19,321	78,858
Unrealised gain on re-measurement of investments at fair value through profit or loss - net	6	23,299	24,642	23,514	71,455
Profit on bank deposits		1,472	1,855	872	4,199
Total income		59,937	50,868	43,707	154,512
EXPENSES					
Remuneration of MCB Investments Management Limited - Management Company	6.1	1,078	210	256	1,544
Sindh Sales Tax on remuneration of Management Company	6.2	162	31	38	231
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7.1	112	83	63	258
Sindh Sales Tax on remuneration of the Trustee	7.2	17	12	9	38
Annual fees of Securities and Exchange Commission of Pakistan	8.1	153	113	85	351
Brokerage, bank charges and others		4	1	1	6
Total operating expenses		1,526	450	451	2,428
Net income for the period before taxation		58,411	50,418	43,256	152,084
Taxation	12	-	-	-	-
Net income for the period after taxation		58,411	50,418	43,256	152,084
Allocation of net income for the period					
Net income for the period after taxation		58,411	50,418	43,256	152,084
Income already paid on units redeemed		-	-	-	-
		58,411	50,418	43,256	152,084
Accounting income available for distribution					
Relating to capital gains		23,299	24,642	23,514	71,455
Excluding capital gains		35,112	25,776	19,742	80,629
		58,411	50,418	43,256	152,084
Earnings per unit	3.10				

The annexed notes 1 to 16 form an integral part of these financial statements.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	For the period from Jul 11, 2024 To Sep 30, 2024	For the period from Aug 16, 2024 To Sep 30, 2024	For the period from Sep 05, 2024 To Sep 30, 2024	
	MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
	(Rupees '000')			
Net income for the period after taxation	58,411	50,418	43,256	152,085
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	58,411	50,418	43,256	152,085

The annexed notes 1 to 16 form an integral part of these financial statements.

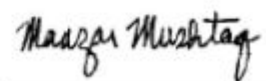
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	For the period from Jul 11, 2024 To Sep 30, 2024			For the period from Aug 16, 2024 To Sep 30, 2024			For the period from Sep 05, 2024 To Sep 30, 2024		
	MCB DCF FRF III - Plan 1			MCB DCF FRF III - Plan 2			MCB DCF FRF III - Plan 3		
	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total	Capital Value	Undistributed Income	Total
Net assets at beginning of the period	899,035	-	899,035	1,200,000	-	1,200,000	1,636,120	-	1,636,120
Issuance / Transfer of 6,984,530.91 units of MCB DCF Fixed return III - Plan 1, 12,000,000 units of MCB DCF Fixed return III - Plan 2 and 16,981,200 units of MCB DCF Fixed return III - Plan 3, Capital value	-	-	899,035	1,200,000	-	1,200,000	1,636,120	-	1,636,120
- Element of income	-	-	899,035	1,200,000	-	1,200,000	1,636,120	-	1,636,120
Redemption / Transfer of Nil units of MCB DCF Fixed return III - Plan 1, Plan 2 and Plan 3, Capital value	-	-	-	-	-	-	-	-	-
- Element of income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	88,451	(775)	87,676	50,418	(775)	49,643	43,256	(775)	42,481
Distributions during the period	57,636	57,636	115,272	50,418	50,418	100,836	43,256	43,256	86,592
Net assets as at the end of the period	899,035	57,636	956,671	1,200,000	50,418	1,250,418	1,636,120	43,256	1,679,376
Undistributed income brought forward	-	-	-	-	-	-	-	-	-
- Realised	-	-	-	-	-	-	-	-	-
- Unrealised	-	-	-	-	-	-	-	-	-
Accounting income available for distribution	23,290	35,112	58,402	24,842	25,776	50,618	23,514	19,742	43,256
- Relating to capital gains	-	-	-	-	-	-	-	-	-
- Excluding capital gains	23,290	35,112	58,402	24,842	25,776	50,618	23,514	19,742	43,256
Distributions during the period	57,636	57,636	115,272	50,418	50,418	100,836	43,256	43,256	86,592
Undistributed income carried forward	-	(775)	(775)	50,418	-	50,418	43,256	-	43,256
- Realised	-	-	-	-	-	-	-	-	-
- Unrealised	-	(775)	(775)	50,418	-	50,418	43,256	-	43,256
Net assets value per unit as at beginning of the period	-	-	-	-	-	-	-	-	-
Net assets value per unit as at end of the period	105,400	-	105,400	104,206	-	104,206	102,643	-	102,643

The annexed notes 1 to 16 form an integral part of these financial statements.



Chief Executive Officer

For MCB Investment Management Limited
(Management Company)



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	For the period from Jul 11, 2024 To Sep 30, 2024	For the period from Aug 16, 2024 To Sep 30, 2024	For the period from Sep 05, 2024 To Sep 30, 2024	
	MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	58,411	50,418	43,256	152,085
Adjustments for:				
Unrealised gain on re-measurement of investments at fair value through profit or loss - net	(23,299)	(24,642)	(23,514)	(71,455)
	35,112	25,776	19,742	80,630
Increase in assets				
Investments	(932,860)	(1,220,169)	(1,653,968)	(3,806,997)
Profit receivable on bank deposit	(1,006)	(1,855)	(890)	(3,751)
	(933,866)	(1,222,024)	(1,654,858)	(3,810,748)
Increase in liabilities				
Payable to the Management Company	1,240	241	294	1,775
Payable to the Trustee	48	63	71	182
Payable to the Securities and Exchange Commission of Pakistan	58	76	85	219
Accrued expense and other Liabilities	-	10	10	20
	1,346	390	460	2,196
Net cash used in operating activities	(897,408)	(1,195,858)	(1,634,656)	(3,727,922)
CASH FLOWS FROM FINANCING ACTIVITIES				
Amount received against issuance of units	899,035	1,200,000	1,636,120	3,735,155
Amount paid against redemption of units	-	-	-	-
Distributions made during the period	(775)	-	-	(775)
Net cash generated from financing activities	898,260	1,200,000	1,636,120	3,734,380
Net increase in cash and cash equivalents during the period	852	4,143	1,464	6,458
Cash and cash equivalents at the beginning of the period	-	-	-	-
Cash and cash equivalents at the end of the period 13	852	4,143	1,464	6,458

Note

(Rupees '000')

The annexed notes 1 to 16 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 CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 MCB DCF Fixed Return Fund III (the Fund) has been established through the Trust Deed (the Deed) dated Sep 11, 2023 under the Sindh Act, 2020 entered into and between MCB Investments Management Limited, the Management Company, and Central Depository Company of Pakistan Limited, the Trustee and is authorised under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules") and Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("Regulations"). The Securities and Exchange Commission of Pakistan (SECP) has authorised the offer of Units of MCB DCF Fixed Return Fund III (MCB DCF FRFIII) and has registered the fund as a notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("Regulations") vide letter No SCD/AMCW/MCBDCFFRFIII/2023/19 dated July 24, 2023. SECP has approved the Offering Document under the Regulations vides its Letter No. SCD/AMCW/DCFFRFIII/400/2023 dated January 31, 2024.

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 a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.

1.3 The Fund is an open-end collective investment scheme categorized as a "Fixed Rate/ Return Scheme" plans with different duration and fixed return to the unit holders who hold the units till maturity. Each plan can place deposits in AA or above rated bank or invest in Fixed Income Government Securities. Investors will be intimated at the time of investment a promised rate of return which will be delivered at the time of maturity of the plan.

1.4 Below are details of the Plans which were launched, matured and active during the period from July 11, 2024 to September 30, 2024:

S. No.	Name of Plan	Launch Date	Maturity Date	Status	Fixed Return
1	MCB DCF Fixed Return III Plan - 1	July 11, 2024	10/Jul/25	Active	17.60%
2	MCB DCF Fixed Return III Plan - 2	August 16, 2024	10/Jul/25	Active	17.00%
3	MCB DCF Fixed Return III Plan - 3	September 5, 2024	2/May/25	Active	16.90%

1.5 The objective of the Fund is to provide fixed return at maturity of the Allocation Plans under the Fund, by investing in Fixed Income Securities. The duration of the Fund is perpetual, however the allocation plan's under the Fund may have set time frame or perpetual. The pricing mechanism of the allocation plans under the Fund follows backward pricing method.

1.6 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM1 dated October 04, 2024 to the Management Company. Since it's a newly launch fund and as per PACRA, rating process of the fund will be proceed after a period of six month, therefore the fund is not rated as at 30 September, 2024.

1.7 Title to the assets of the Fund is held in the name of the Central Depository Company of Pakistan Limited as the 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

- Provisions of and directives issued under the Companies Act, 2017, along with part VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

There is no prior period amounts of the income statement, statement of other comprehensive income, statement of movement in share holder's fund and the statement of cash flows as the first plan of the fund was launch on 24 April 2024.

2.2 Standard and amendments to IFRS that are not yet effective

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments and standard are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
- Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants	January 01, 2024
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures
- Contingencies and commitments (note 11)
- Provisions

2.3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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

- Classification and valuation of financial assets (notes 3.1.1.1)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 10)
- Classification and measurement of financial liabilities note 3.1.2.1)
- Contingencies and commitments (note 11)
- Provisions

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 current and future years.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are stated at fair value.

2.5 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 Pakistan Rupees which is the Fund's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently in these financial statements.

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

3.1.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3.1.1.1 Classification and measurement of financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. For purposes of subsequent measurement, financial assets are classified in following categories:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or impaired.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

Financial assets at fair value through other comprehensive income (debt instruments)

For debt instruments at fair value through other comprehensive income (FVOCI), profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to the income statement.

Financial assets at fair value through profit or loss (debt instruments)

Debt instruments that do not meet the amortised cost criteria or FVOCI criteria are classified as at fair value through profit or loss (FVTPL). In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

3.1.1.2 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKRV / PKFRV / PKISRV / PSX rates) which are based on the remaining tenor of the securities.

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

3.1.1.3 Impairment of financial assets

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities on mutual funds. Therefore, the Fund will not be subject to the impairment provisions of IFRS 9.

For financial assets other than debt securities measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model. Under IFRS 9, the Fund is required to measure loss allowance equal to an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

However, majority of the assets of the Fund exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

3.1.1.4 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of assets and liabilities) when:

- the rights to receive cash flows from the asset have expired; or
- the Fund has transferred its rights to receive cash flows from the asset and substantially all the risks and rewards of the asset;

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

3.1.2 Financial liabilities

3.1.2.1 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Fund has opted to measure them at FVTPL.

3.1.2.2 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.1.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and short term highly liquid investments with original maturity of three months or less which are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value.

3.3 Provisions

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

3.4 Taxation

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

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

3.5 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which these are approved 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 period also includes portion of income already paid on units redeemed during the period.

Regulation 63 of the NBFC Regulations requires the Fund to distribute 90% of the net accounting income other than capital gains to the unit holders.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

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

3.6 Issue and redemption of units

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

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

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

3.7 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 issue at the year end.

3.8 Revenue recognition

- Gain or loss on sale of investment is accounted for in the income statement in the period in which it arises.
- Unrealised gain / (loss) arising on re-measurement of investments classified as 'at fair value through profit or loss' is included in the income statement in the period in which it arises.
- Income from investments in government securities is recognised on a time proportionate basis using effective interest rate method.
- Profit on bank balances is recognised on a time proportionate basis using bank's approved rates.

3.9 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company, Trustee fee and annual fee of the SECP are recognised in the Income Statement on an accrual basis. Moreover, auditor remuneration of the fund is bear by Asset Management Company.

3.10 Earnings per unit

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

	September 30, 2024				
	MCB DCF FRF	MCB DCF FRF	MCB DCF FRF	Total	
	III - Plan 1	III - Plan 2	III - Plan 3		
4. BANK BALANCES	(Rupees '000')				
In savings accounts	4.1	852	4,143	1,464	6,459
		852	4,143	1,464	6,459

4.1 These balances are maintained with MCB Bank (a related party), and carry profit rates 16.00% for all Plans as at 30 September, 2024.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

September 30, 2024			
MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
..... (Rupees '000')			

Note

5. INVESTMENTS

Financial assets 'at fair value through profit or loss' - net
Government securities

Market treasury bills	5.1	956,159	1,244,811	1,677,482	3,878,452
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5.1 Government securities - Market treasury bills

Tenor	Issue Date	Face value			As at September 30, 2024			Market value as a percentage of total Investments
		As at July 1, 2024	Purchased during the period	Sold / matured during the period	As at September 30, 2024	Carrying value	Market value	
..... (Rupees '000')								

MCB DCF Fixed Return III - Plan 1

Treasury bills - 12 months	July 11, 2024	-	1,060,000	-	1,060,000	932,860	956,159	23,299	100	100
Total as at September 30, 2024						932,860	956,159	23,299	100	100

MCB DCF Fixed Return III - Plan 2

Treasury bills - 12 months	July 11, 2024	-	1,380,000	-	1,380,000	1,220,169	1,244,811	24,642	100	100
Total as at September 30, 2024						1,220,169	1,244,811	24,642	100	100

MCB DCF Fixed Return III - Plan 3

Treasury bills - 12 months	May 2, 2024	-	1,819,000	-	1,819,000	1,653,968	1,677,482	23,514	100	100
Total as at September 30, 2024						1,653,968	1,677,482	23,514	100	100

Total as at September 30, 2024

3,806,997	3,878,452	71,455
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**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

		September 30, 2024			
		MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
		(Rupees '000')			
6	PAYABLE TO MCB INVESTMENTS MANAGEMENT LIMITED - MANAGEMENT COMPANY				
	Management remuneration payable	6.1	1,078	210	255
	Sindh sales tax payable on management remuneration	6.2	162	31	38
			1,240	241	293
					1,774

6.1 As per regulation 61 of the NBFC and Notified Entities Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. As per offering document, the Management Company can charge management fee up to 1.75% per annum of average daily Net Assets, calculated on daily basis.

6.2 Sindh Sales Tax on management fee has been charged at 15%

		September 30, 2024			
		MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
		(Rupees '000')			
7	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE				
	Trustee remuneration payable	7.1	42	55	62
	Sindh Sales Tax payable on trustee remuneration	7.2	6	8	9
			48	63	71
					182

7.1 The trustee remuneration shall consist of reimbursement of actual custodial expenses / charges plus Rs. 0.055% per annum of the net assets to be paid monthly in arrears.

7.2 During the period, sales tax on management remuneration has been increased from 13% to 15%.

		September 30, 2024			
		MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total
		(Rupees '000')			
8	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN				
	Annual fee payable to the SECP	8.1	58	76	85
			58	76	85
					219

8.1 The Fund has charged SECP Fee at the rate of 0.075% of net assets during the current period.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

September 30, 2024				
MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	Total	
(Rupees '000')				
9 ACCRUED EXPENSES AND OTHER LIABILITIES				
Withholding tax on capital gains	-	-	-	-
Back office operation	-	-	-	-
Marketing and selling expense	-	-	-	-
Other payable	-	10	10	20
	-	10	10	20

10 CONTINGENCIES & COMMITMENTS

There were no contingencies & commitments outstanding as at September 30, 2024.

11 TOTAL EXPENSE RATIO

MCB DCF Fixed Return III - Plan 1

The total expense ratio (TER) of the plan for the period from Jul 11, 2024 to Sep 30, 2024 is 0.17% which includes 0.13% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc.

MCB DCF Fixed Return III - Plan 2

The total expense ratio (TER) of the plan for the period from Aug 16, 2024 to Sep 30, 2024 is 0.04% which includes 0.02% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc.

MCB DCF Fixed Return III - Plan 3

The total expense ratio (TER) of the plan for the period from Sep 05, 2024 to Sep 30, 2024 is 0.03% which includes 0.02% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc.

12 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% of the accounting income available for distribution for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income available for distribution other than capital gains to the unit holders in cash.

The Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Since the management has distributed the income available for distribution by the Fund to the unit holders in cash in the manner as explained above accordingly, no provision for taxation has been made in these financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

Transactions with related parties / connected persons are in the normal course of business, in accordance with market rates and also carried at arm's length.

Remuneration of the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed respectively.

The details of transactions carried out by the Fund with connected persons / related parties and balances with them at the period end are as follows:

13.1 Details of transactions with related parties / connected persons during the period

	For the period from Jul 11, 2024 To Sep 30, 2024	For the period from Aug 16, 2024 To Sep 30, 2024	For the period from Sep 05, 2024 To Sep 30, 2024	Total
	MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	
(Rupees '000')				
MCB Investment Management Limited - Management Company				
Remuneration (including indirect taxes)	1,240	241	294	1,775
Back office operation expenses	-	-	-	-
Marketing and Selling Expenses	-	-	-	-
	<u>1,240</u>	<u>241</u>	<u>294</u>	<u>1,775</u>
Central Depository Company of Pakistan Limited - Trustee				
Remuneration (including indirect taxes)	129	95	72	296
MCB Bank Limited				
Bank charges	4	1	1	6
Profit on balances with banks	1,006	1,855	872	3,733
	<u>1,010</u>	<u>1,856</u>	<u>873</u>	<u>3,739</u>

13.2 Details of balances with related parties / connected persons as at period end

	September 30, 2024			Total
	MCB DCF FRF III - Plan 1	MCB DCF FRF III - Plan 2	MCB DCF FRF III - Plan 3	
(Rupees '000')				
MCB Investment Management Limited - Management Company				
Management remuneration payable	1,078	210	255	1,543
Sindh sales tax payable on management remuneration	162	31	38	231
	<u>1,240</u>	<u>241</u>	<u>293</u>	<u>1,774</u>
Central Depository Company of Pakistan Limited - Trustee				
Trustee remuneration payable	42	55	62	159
Sindh Sales Tax payable on trustee remuneration	6	8	9	23
	<u>48</u>	<u>63</u>	<u>71</u>	<u>182</u>
MCB Bank Limited				
Balance with bank	852	4,143	1,464	6,459
Profit receivable on bank balances	1,006	1,855	890	3,751
	<u>1,858</u>	<u>5,998</u>	<u>2,354</u>	<u>10,210</u>

13.3 Transactions during the period with connected persons / related parties in units of the Fund:

September 30, 2024								
As at July 01, 2024	Issued for cash	Redeemed	As at September 30, 2024	As at July 01, 2024	Issued for cash	Redeemed	As at September 30, 2024	
Units			Rupees '000'					
MCB DCF Fixed Return III - Plan 1								
Unit holders holding 10% or more	-	8,990,346	-	8,990,346	-	898,453	-	956,671
MCB DCF Fixed Return III - Plan 2								
Unit holders holding 10% or more	-	12,000,000	-	12,000,000	-	1,200,000	-	1,250,419
MCB DCF Fixed Return III - Plan 3								
Unit holders holding 10% or more	-	15,000,000	-	15,000,000	-	1,500,000	-	1,539,657

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2024

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - "Fair Value Measurement" establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value, based on:

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

Level 2: those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

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

15. GENERAL

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

15.2 Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 21, 2024 by the Board of Directors of the Management Company.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

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