



MCB FUNDS
Investments for Life

ANNUAL REPORT 2025

Funds Under Management of
MCB Investment Management Limited



MCB DCF FIXED RETURN FUND-II

TABLE OF CONTENTS

1	Fund's Information	1450
2	Report of the Director of the Management Company	1451
3	Report of the Fund Manager	1465
4	Trustee Report to the Unit Holders	1470
5	Independent Auditor's Report to the Unit Holders	1471
6	Statement of Assets and Liabilities	1473
7	Income Statement	1474
8	Statement of Other Comprehensive Income	1475
9	Statement of Movement in Unit Holder's Fund	1476
10	Cash Flow Statement	1478
11	Notes to and Forming Part of the Financial Statements	1479
12	Pattern of Units Holding by Size	1496
13	Performance Table	1497

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 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 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 Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah	Member Member Member Member
Chief Executive Officer	Mr. Khawaja Khalil Shah	
Chief Operating Officer & Chief Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Muhammad Rohan 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	
Auditors	Yousuf Adil Chartered Accountants Cavish Court, A-35, Block 7 & 8 KCHSU, Shahrah-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 YEAR ENDED JUNE 30, 2025

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Fixed Return Fund II Fund** under *MCB DCF Fixed Return Fund II* accounts review for the year ended June 30, 2025.

Economy Review

The fiscal year commenced on a strong footing as the government secured a staff-level agreement (SLA) with the IMF for a 37-month Extended Fund Facility (EFF) of USD 7.0 billion. Over the course of the period, Pakistan demonstrated fiscal and external discipline, successfully meeting key IMF program targets and benchmarks. Consequently, in March 2025, the IMF team reached an SLA with Pakistani authorities for the first review of the EFF, along with a new 28-month Resilience and Sustainability Facility (RSF), unlocking an additional USD 1.3 billion in funding.

The country posted a current account Surplus of USD 1.8 billion in the first eleven months of the fiscal year 2025 (11MFY25) compared to a deficit of USD 1.6 billion in the corresponding period last year. The major contributor towards improving current account was the remittances inflows which skyrocketed by 28.8% to USD 34.9 billion. Trade Deficit increased by 22.1% YoY as exports rose by 4.0% while imports increased by 11.5% from a low base. The country's external position improved with SBP's foreign exchange reserves increasing to USD 14.5 billion as of Jun-25 end compared to USD 9.4 billion at the end of last fiscal year. This was on account of current account surplus, timely bilateral rollovers and flows from IMF and multilateral sources. The local currency witnessed a modest depreciation as the USD/PKR depreciated by 1.9% to 283.8 during the fiscal year.

Headline inflation represented by CPI averaged 4.6% during FY25 compared to 23.9% in the corresponding period last year. This sharp decline was driven by the currency's stability over the past one year, which led to stable food and energy prices. Additionally, the large decline in wheat prices and base effect further contributed to the lower inflation figures.

Pakistan's Provisional GDP growth clocked at 2.7% in FY25 with Agricultural, Industrial and Services sectors increasing by 0.6%, 4.8% and 2.9% respectively. The Agriculture posted subpar growth due to high base effect and flood damaging cotton crop. Industrial and services sector growth recovered due to improvement in macroeconomic indicators. On the fiscal side, FBR tax collections rose by 25.9% in FY25, reaching PKR 11,722 billion—against the downward revised target of PKR 11,900 billion, reflecting a shortfall of PKR 178 billion. The shortfall is largely attributed to reduced tax collection from imports due to a slowdown in trade, sluggish growth and low inflation.

FUND PERFORMANCE

MCB DCFFR IIP1 was launched on September 10, 2024 with a promised return of 16.25%. The fund matured on May 02, 2025.

MCB DCFFR IIP2 was launched on October 16, 2024 with a promised return of 13.95%. The fund matured on February 20, 2025.

MCB DCFFR IIP3 was launched on October 22, 2024 with a promised return of 13.00%. The fund will mature on October 16, 2025.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2025

MCB DCFRR IP4 was launched on October 28, 2024 with a promised return of 13.20%. The fund matured on April 17, 2025.

MCB DCFRR IIP5 was launched on November 12, 2024 with a promised return of 12.25%. The fund matured on May 02, 2025.

Economy & Market – Future Outlook

Going forward we expect GDP growth to clock at 4.1% in FY26. Agriculture Growth is likely to clock at 3.9% as it would recover due to base effect. The lagged impact of interest rate decline would benefit industrial and services sector going forward which are expected to expand by 4.4% and 4.0% respectively.

The continuation of the 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 17.4 billion by year end on the back of timely bilateral rollover, and inflows from IMF and multilateral agencies. Our external position has improved which could allow Pakistan to consider re-entering the international capital markets to explore options such as Eurobonds, Sukuk, and Panda bonds.

Pakistan is on track to record the first annual surplus since FY11 on the back of rebound in exports and remittances along with controlled imports. We expect the trend to continue in the medium term. We could witness a measured depreciation in the currency as imports picks up following monetary easing. We expect USD/PKR to close Jun-26 around 304.

Headline Inflation will stay in low single digits due to decline in food prices and stable currency. The inflation would temporarily rise by the end of FY26 due to base effect. The average inflation in FY26 is expected to be 5.6%. Core inflation has been steadily declining due to stable currency and overall demand dynamics. We expect core inflation to gradually trickle down reaching low single digit by the end of next fiscal year.

On the fiscal side we expect the fiscal deficit to clock in at 4.0% in FY26, which would be the lowest level since FY2006. This marks the fourth consecutive year of budget deficit reduction since it peaked at 7.9% in FY2022. The reduction in finance cost would be a major reason for this reduction. Strict IMF target regarding primary surplus would also play its part in maintaining fiscal discipline.

The SBP has decreased interest rates by a cumulative 1,100bps since June-24 as interest rates have declined to 11.0% from a high of 22.0%. Enhanced external stability, coupled with easing inflationary pressures, created room for this monetary easing. Going forward, while inflationary pressures are likely to remain muted, further rate cuts shall be contingent on strength in foreign exchange reserves.

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

Mutual Fund Industry Review

The Net Assets of the open-end mutual funds industry increased by about 43.1% during FY25 to PKR 3,684 billion. Total money market funds grew by about 44.4% since June 2024. Within the money market sphere, conventional funds showed a growth of 55.3% to PKR 977 billion while Islamic funds increased by 34.3% to PKR 912 billion. In addition, the total fixed Income and Fixed Rate funds increased by about 29.2% since June 2024 to PKR 1,242 billion while Equity and related funds increased by 92.3% to PKR 491 billion.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2025

In terms of the segment share, Money Market funds were the leader with a share of around 51.3%, followed by Income and fixed return funds with 33.7% and Equity and Equity related funds having a share of 13.3% as at the end of June 2025.

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. As economic recovery gains further traction and becomes broader based, 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 the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

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

The details of above are as under:

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

* HR&R stands for Human Resource and Remuneration

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2025

The Board of Directors review all significant matters of the Company. This includes, but not limited to, the Company's strategic direction, annual business plans and targets, decision on long-term investments. The Board of Directors is committed to maintaining high standards of corporate governance.

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, 2025, 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, 2025 is annexed;
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2025:

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY
FOR THE YEAR ENDED JUNE 30, 2025**

1. Meeting of the Audit Committee.

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

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

2. Meeting of the Human Resource and Remuneration Committee.

During the year, three (3) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

* Resigned on December 21, 2024

** Appointed on January 06, 2025

- n. No trades were carried out in the Units of the Fund 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, 2025**

EXTERNAL AUDITORS

The Fund's external auditor's **M/s. Yousuf Adil Chartered Accountants** have retired after completion of audit for Financial Year ended June 30, 2025. The Audit Committee has recommended re-appointment of **M/s. Yousuf Adil Chartered Accountants** as external auditors of the Fund for financial year ending June 30, 2026 and the Board has also endorsed the recommendation of the Audit Committee. **M/s. Yousuf Adil Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.


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
August 04, 2025



Manzar Mushtaq
Director
August 04, 2025

ڈائریکٹرز رپورٹ

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،

Mansoor Mushtaq

منظر مشتاق

ڈائریکٹر

04 اگست 2025ء

Mirza Khalil Shah

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

04 اگست 2025ء

ڈائریکٹرز رپورٹ

2. ہیومن ریسورس اور ریویو نریشن کمیٹی کی میٹنگ

دوران سال، ہیومن ریسورس اور ریویو نریشن کمیٹی کی تین (3) میٹنگ ہوئیں۔ شرکاء کی حاضری مندرجہ ذیل ہے:

میٹنگز کی تعداد				شخص کا نام
میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ چھٹی	
3	3	3	-	1. جناب فہد کمال چنائے
3	2	2	-	2. جناب شعیب ممتاز *
3	1	1	-	3. جناب محمد نعمان چغتائی **
3	3	2	1	4. جناب احمد جہانگیر
3	3	2	1	5. محترمہ ماوراء عادل خان
3	3	3	-	6. جناب خواجہ ظلیل شاہ

* 21 دسمبر 2024ء کو مستعفی ہو گئے

** 06 جنوری 2025ء کو تقرری ہوئی

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

خارجی آڈیٹرز

فنڈ کے خارجی آڈیٹرز M/s ایم یوسف عادل چارٹرڈ اکاؤنٹنٹس 30 جون 2025ء کو ختم ہونے والے مالی سال کے مکمل ہونے کے بعد ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی نے 30 جون 2026ء کو ختم ہونے والے مالی سال کے لیے M/s ایم یوسف عادل چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش پیش کی ہے، جس کی بورڈ نے بھی توثیق کی ہے۔ M/s ایم یوسف عادل چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے خارجی آڈیٹرز کی حیثیت سے کام کرنے کے لیے رضامندی ظاہر کی ہے۔

ڈائریکٹرز رپورٹ

ریگولیشنز (روز، 2003، نان بینکنگ فنانس کمپنیز اینڈ ٹریڈ ریگولیشن 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

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

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کوئی 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 چارجز اور ڈیوٹیز، اگر کوئی ہیں تو، کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کر دیا گیا ہے؛

i. پراویڈنٹ/گریجویٹ اور پنشن فنڈ کی سرمایہ کاری کی قدر کا بیان فنڈ پر لاگو نہیں ہوتا لیکن مینجمنٹ کمپنی پر لاگو ہوتا ہے۔ اس لیے ڈائریکٹرز کی رپورٹ میں کوئی انکشاف نہیں کیا گیا ہے۔

j. 30 جون 2025ء کو کمپنی ضابطہ اخلاق کے ریگولیشن نمبر 19 میں بیان کردہ ڈائریکٹرز ٹریننگ پروگرام کے تقاضوں پر عمل پیرا ہے؛

k. 30 جون 2025ء 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 کے اجلاس میں شرکت کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ ذیل میں سال ختمہ 30 جون 2025 کے دوران منعقدہ کمیٹی کے اجلاسوں کی تفصیلات درج ہیں۔

1. آڈٹ کمیٹی کی میٹنگ

دوران سال، ہیومن ریسورس اور ریویژن کمیٹی کی چار (4) میٹنگ ہوئیں۔ شرکاء کی حاضری مندرجہ ذیل ہے:

میٹنگز کی تعداد				
شخص کا نام	میٹنگز کی تعداد	مطلوبہ حاضری	حاضری	منظور شدہ چھٹی
1. جناب سید ساویل میکال حسین	4	4	4	-
2. جناب احمد جہانگیر	4	4	4	-
3. جناب منظر مشتاق	4	4	4	-

ڈائریکٹرز رپورٹ

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 آراینڈ آر کمیٹی
3.	جناب احمد جہانگیر	نان- ایگزیکٹو ڈائریکٹر	ایچ آراینڈ آر کمیٹی، آڈٹ کمیٹی
4.	جناب منظر مشتاق	نان- ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	جناب سید ساول میکان حسین	انڈپینڈنٹ ڈائریکٹر	آڈٹ کمیٹی (چیئرمین)
6.	جناب فہد کمال چنائے	انڈپینڈنٹ ڈائریکٹر	ایچ آراینڈ آر کمیٹی (چیئرمین)
7.	محترمہ ماوراء عادل خان	انڈپینڈنٹ ڈائریکٹر	ایچ آراینڈ آر کمیٹی
8.	جناب خواجہ خلیل شاہ	ایگزیکٹو ڈائریکٹر	ایچ آراینڈ آر کمیٹی

* 'ایچ آراینڈ آر' ہیومن ریسورس اینڈ ریمونڈیشن کا مخفف ہے

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 کے لائحہ عمل 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 پرعزم 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. فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں؛

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

d. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، نان بینکنگ فنانس کمپنیز (اسٹیبلیشمنٹ اینڈ

ڈائریکٹرز رپورٹ

مزید براں، کل فیکسڈ انکم اور فیکسڈ ریٹ فنڈز جون 2024ء کے بعد سے تقریباً 29.2 فیصد بڑھ کر 1,242 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 92.3 فیصد بڑھ کر 491 بلین روپے ہو گئے۔

شعبہ جاتی حصے کے اعتبار سے جون 2025ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 51.3 فیصد حصے کے ساتھ سب سے آگے تھے، ان کے بعد انکم اور فیکسڈ ریٹ فنڈز کا 33.7 فیصد حصہ، اور ایکویٹی اور اس سے متعلقہ فنڈز کا 13.3 فیصد حصہ تھا۔

میوچل فنڈز صنعت کے مستقبل کا منظر نامہ

منی مارکیٹ فنڈز کو بہتر نقدیت کا فائدہ اٹھانا چاہیے کیونکہ یہ مختصر میعاد 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 کپیٹل 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 آن 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 سپرنٹ (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۔

کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف ڈائریکٹرز (8 ارکان پر مشتمل ہے، بشمول چیف ایگزیکٹو آفیسر (سی ای او)۔ یہ ارکان صنف اور علم کا ایک متنوع امتزاج ہیں۔ بورڈ میں 1 خاتون اور 7 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)۔

پاکستان مال سال 2011ء کے بعد سے پہلا سالانہ سسرپلس ریکارڈ کرنے جا رہا ہے، جس کے عوامل برآمدات اور ترسیلات میں بحالی اور محدود درآمدات ہیں۔ ہمیں اُمید ہے کہ درمیانی مدت میں یہ رجحان جاری رہے گا۔ اگر درآمدات میں تیزی آئے اور اس کے نتیجے میں مالیاتی تسہیل ہو تو روپے کی قدر میں بتدریج گراؤٹ ہو سکتی ہے۔ جون 2026ء کے اختتام پر روپے کا ڈالر کے مقابلے تناسب تقریباً 304 ہونے کا امکان ہے۔

اشیائے خورد و نوش کی قیمتوں میں کمی اور روپے میں استحکام کے باعث ہیڈلائن (مجموعی) افراط زر کم سطح (ایک ہندسے پر مبنی عدد) پر رہے گی۔ مالی سال 2026ء کے اختتام تک base اثر کے باعث افراط زر میں عارضی طور پر اضافہ ہوگا۔ مالی سال 2026ء میں اوسط افراط زر 5.6 فیصد ہونے کا امکان ہے۔ روپے کے استحکام اور مجموعی طلب کے عوامل کے باعث بنیادی افراط زر میں مسلسل کمی ہوتی رہی۔ ہمیں اُمید ہے کہ اگلے مالی سال کے اختتام تک بنیادی افراط زر بتدریج کم ہو کر ایک ہندسے پر مبنی عدد تک پہنچ جائے گی۔

مالیاتی جہت میں ہم سمجھتے ہیں کہ مالی سال 2026ء میں مالیاتی خسارہ 4.0 فیصد ہوگا، جو مالی سال 2006ء کے بعد سے کم ترین سطح ہوگی۔ چنانچہ یہ بجٹ خسارے میں کمی کا چوتھا مسلسل سال ہوگا، کیونکہ یہ مالی سال 2022ء میں 7.9 فیصد کی بلند ترین سطح تک پہنچ گیا تھا۔ اس کمی کی سب سے بڑی وجہ مالیاتی لاگت میں کمی ہے۔ مالیاتی نظم و ضبط برقرار رکھنے میں بنیادی سسرپلس سے متعلق آئی ایم ایف کے سخت اہداف بھی اپنا کردار ادا کریں گے۔

ایس بی پی نے سود کی شرحوں میں جون 2024ء سے لے کر اب تک مجموعی طور پر 1,100 بی پی ایس کمی کی ہے، چنانچہ شرحیں 22.0 فیصد کی بلند سطح سے 11.0 فیصد تک آگئی ہیں۔ خارجی استحکام میں بہتری، اور اس کے ساتھ ساتھ افراط زر کے دباؤ میں کمی، کی بدولت یہ مالیاتی تسہیل ممکن ہوئی۔ مستقبل میں چونکہ افراط زر کے دباؤ متوقع طور پر کم رہیں گے، چنانچہ شرحوں میں مزید کمی کا انحصار زرمبادلہ کے ذخائر کی تقویت پر ہوگا۔

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

میوچل فنڈ صنعت کا جائزہ

اوپن-اینڈ میوچل فنڈز کی صنعت کے net اثاثہ جات مالی سال 2025ء کے دوران تقریباً 43.1 فیصد بڑھ کر 3,684 بلین روپے ہو گئے۔ منی مارکیٹ کے گل فنڈز میں جون 2024ء کے بعد سے تقریباً 44.4 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز 55.3 فیصد بڑھ کر 977 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 34.3 فیصد بڑھ کر 912 بلین روپے ہو گئے۔

ڈائریکٹرز رپورٹ

base اثر اور سیلاب سے کپاس کی فصل کو نقصان تھیں۔ صنعت اور خدمات کے شعبوں کی ترقی میں بحالی ہوئی جس کی وجہ مجموعی معاشی اشاروں میں بہتری تھی۔ مالیاتی جہت میں ایف بی آر کی ٹیکس کی وصولی مالی سال 2025ء میں 25.9 فیصد بڑھ کر 11,722 بلین روپے ہوئی، جو نظر ثانی شدہ کم تر ہدف 11,900 بلین روپے کے بالمقابل ہے، یعنی 178 بلین روپے کم ٹیکس جمع ہوا۔ اس کمی کی بڑی وجہ تجارت میں کمی، سست رفتار ترقی اور پست افراط زر ہیں۔

فنڈ کی کارکردگی

- ایم سی بی ڈی سی ایف ایف آر II پی 1 کا آغاز 10 ستمبر 2024ء کو 16.25 فیصد منافع کے وعدے کے ساتھ کیا گیا۔ فنڈ 02 مئی 2025ء کو میچور ہو گیا۔
- ایم سی بی ڈی سی ایف ایف آر II پی 2 کا آغاز 16 اکتوبر 2024ء کو 13.95 فیصد منافع کے وعدے کے ساتھ کیا گیا۔ فنڈ 20 فروری 2025ء کو میچور ہو گیا۔
- ایم سی بی ڈی سی ایف ایف آر II پی 3 کا آغاز 22 اکتوبر 2024ء کو 13.00 فیصد منافع کے وعدے کے ساتھ کیا گیا۔ فنڈ 16 اکتوبر 2025ء کو میچور ہو گا۔
- ایم سی بی ڈی سی ایف ایف آر II پی 4 کا آغاز 28 اکتوبر 2024ء کو 13.20 فیصد منافع کے وعدے کے ساتھ کیا گیا۔ فنڈ 17 اپریل 2025ء کو میچور ہو گیا۔
- ایم سی بی ڈی سی ایف ایف آر II پی 5 کا آغاز 12 نومبر 2024ء کو 12.25 فیصد منافع کے وعدے کے ساتھ کیا گیا۔ فنڈ 02 مئی 2025ء کو میچور ہو گیا۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

مستقبل کے امکانات کے حوالے سے ہم سمجھتے ہیں کہ مالی سال 2026ء میں جی ڈی پی میں 4.1 فیصد ترقی ہوگی۔ زراعت base اثر کی وجہ سے بحال ہوگی اور اس میں متوقع طور پر 3.9 فیصد ترقی ہوگی۔ شرح سود میں کمی کے سست رفتار اثر سے صنعت اور خدمات کے شعبے کو مستقبل میں فائدہ ہوگا اور ان میں بالترتیب 4.4 فیصد اور 4.0 فیصد ترقی کا امکان ہے۔

آئی ایم ایف پروگرام کا تسلسل ایک اہم مثبت پہلو ہے کیونکہ اس کی بدولت ہم دو طرفہ اور کثیرالجہتی ذرائع سے فنڈنگ حاصل کر سکیں گے۔ ایس بی پی کے ذخائر متوقع طور پر بڑھ کر سال کے اختتام تک 17.4 بلین ڈالر تک پہنچ جائیں گے اور اس کے عوادل بروقت دو طرفہ رول اوور (قرض کے معاہدوں میں توسیع) اور آئی ایم ایف اور کثیرالجہتی ایجنسیوں کی طرف سے آمدات ہیں۔ ہماری خارجی صورتحال بہتر ہوئی ہے جس کی بدولت پاکستان بین الاقوامی کپیٹل مارکیٹوں میں دوبارہ داخل ہونے پر غور کرنے کے قابل ہو سکتا ہے تاکہ Euro بانڈز، سٹیک اور پانڈا بانڈز جیسے ذرائع کا جائزہ لے سکے۔

ڈائریکٹرز رپورٹ

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف فیکسڈ ریٹرن پلانز II زیر انتظام ایم سی بی ڈی سی ایف فیکسڈ ریٹرن فنڈ II کے اکاؤنٹس برائے سال مختتمہ 30 جون 2025ء کا جائزہ پیش خدمت ہے۔

معیشت کا جائزہ

مالی سال کا مضبوط آغاز ہوا کیونکہ حکومت نے آئی ایم ایف کے ساتھ 37 ماہ کی ایکسٹینڈڈ فنڈ فیسلٹی (ای ایف ایف) کے لیے 7.0 بلین ڈالر کا اسٹاف۔ لیول معاہدہ (ایس ایل اے) کر لیا۔ دورانِ مدت پاکستان نے مالیاتی اور خارجی نظم و ضبط کا مظاہرہ کر کے آئی ایم ایف پروگرام کے کلیدی اہداف اور مقررہ معیارات حاصل کر لیے۔ اس کے نتیجے میں مارچ 2025ء میں آئی ایم ایف ٹیم نے 'ای ایف ایف' کے پہلے جائزے کے لیے پاکستانی مختار اداروں کے ساتھ ایک 'ایس ایل اے' کیا، جمع 28 ماہ پر محیط ایک نئی ریزیلیئنس اینڈ سسٹینیبلٹی فیسلٹی (آر ایس ایف)، جس سے اضافی 1.3 بلین ڈالر فنڈنگ کی راہ ہموار ہوئی۔

مالی سال 2025ء کے ابتدائی گیارہ ماہ (11MFY25) میں منگ کا کرنٹ اکاؤنٹ سِرپلس 1.8 بلین ڈالر پوسٹ کیا گیا، جس کے بالمقابل گزشتہ سال مماثل مدت میں 1.6 بلین ڈالر خسارہ تھا۔ کرنٹ اکاؤنٹ کی بہتری میں اہم ترین کردار ترسیلاتِ زر کا تھا جن میں 28.8 فیصد کا خطرہ اضافہ ہوا اور وہ 34.9 بلین ڈالر ہو گئیں۔ تجارتی خسارہ 22.1 فیصد (YoY) (سال در سال) بڑھ گیا کیونکہ برآمدات میں 4.0 فیصد اضافہ ہوا جبکہ درآمدات ایک پست بنیاد سے 11.5 فیصد بڑھ گئیں۔ منگ کی خارجی صورتحال بہتر ہوئی کیونکہ ایس بی پی کے زرمبادلہ کے ذخائر بڑھ کر جون 2025ء کو 14.5 بلین ڈالر ہو گئے، جس کے بالمقابل گزشتہ مالی سال کے اختتام پر 9.4 بلین ڈالر تھے۔ اس کی وجوہات کرنٹ اکاؤنٹ سِرپلس، بروقت دو طرفہ رول اوور (قرض کے معاہدوں میں توسیع) اور آئی ایم ایف اور کثیرالجہتی ذرائع سے آمدات تھیں۔ ڈالر کے مقابلے میں روپے کی قدر میں 1.9 فیصد کمی معمولی کمی ہوئی اور یہ 283.3 تک پہنچ گئی۔

مالی سال 2025ء کے دوران ہیڈ لائن (مجموعی) افراطِ زر، جس کی ترجمانی 'سی پی آئی' سے ہوتی ہے، کا اوسط 4.6 فیصد تھا، جس کے بالمقابل گزشتہ سالہ کی مماثل مدت میں 23.9 فیصد تھا۔ اس خطیر کمی کا سبب گزشتہ ایک سال کے دوران روپے کی قدر میں استحکام تھا، جس کی بدولت ایشیائی خورد و نوش اور توانائی کی قیمتیں مستحکم رہیں۔ مزید برآں، گندم کی قیمتوں اور base کے اثر میں بڑی کمی کے نتیجے میں افراطِ زر میں مزید کمی ہوئی۔

مالی سال 2025ء میں پاکستان کی پراویٹل جی ڈی پی (مجموعی ملکی پیداوار) 2.7 فیصد تھی، اور زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 0.6 فیصد، 4.8 فیصد اور 2.9 فیصد اضافہ ہوا۔ زراعت کے شعبے کی ترقی توقع سے کم تھی جس کی وجوہ بلند

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2025

Fund Type and Category

MCB Pakistan DCF Fixed Return Fund II Plan 1 Fixed Term Scheme.

Fund Benchmark

PKRV/PIB Rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.

Investment Objective

The Objective of MCB DCF Fixed Return Fund II Plan 1 (MCB DCFFRF IIP1) is to provide promised fixed return to the Unit Holders by investing in Fixed Income Securities.

Manager's Review

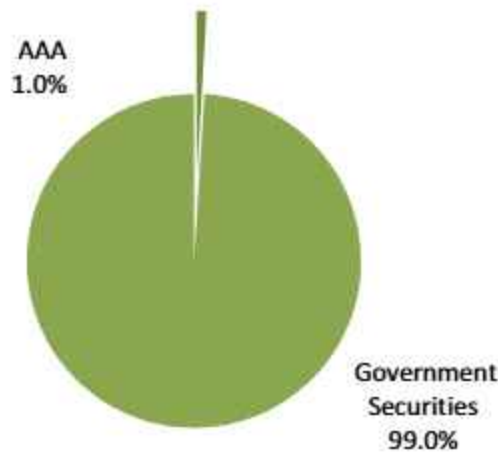
The fund was launched on 10th September 2024. The fund posted an Annualized return of 16.32% during the period under review against the benchmark return of 15.08%. Exposure in T-Bills was 99.0%.

The Net Assets of the Fund as at April 30, 2025 stood at Rs. 123 million and the Net Asset Value (NAV) per unit was Rs. 110.2665.

Asset Allocation as on April 30, 2025 (% of total assets)

Asset Allocation (%age of Total Assets)	Apr-25
Cash	1.0%
T-Bills	99.0%
Others including receivables	0.0%

Asset Quality as on April 30, 2025 (% of total assets)



Syed Mohammad Usama Iqbal
Fund Manager

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2025

Fund Type and Category

MCB Pakistan DCF Fixed Return Fund II Plan 2 Fixed Term Scheme.

Fund Benchmark

PKRV/PIB Rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.

Investment Objective

The Objective of MCB DCF Fixed Return Fund II Plan 2 (MCB DCFFRF IIP2) is to provide promised fixed return to the Unit Holders by investing in Fixed Income Securities.

Manager's Review

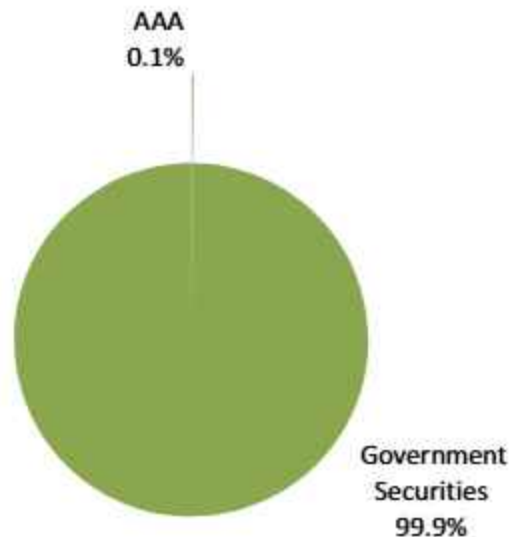
The fund was launched on 16th October 2024. The fund posted an Annualized return of 14.36% during the period under review against the benchmark return of 12.59%. Exposure in T-Bills was 99.9%.

The Net Assets of the Fund as at January 31, 2025 stood at Rs. 8,233 million and the Net Asset Value (NAV) per unit was Rs. 104.2091.

Asset Allocation as on January 31, 2025 (% of total assets)

Asset Allocation (%age of Total Assets)	Jan-25
Cash	0.1%
T-Bills	99.9%
Others including receivables	0.0%

Asset Quality as on January 31, 2025 (% of total assets)



Syed Mohammad Usama Iqbal
Fund Manager

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2025

Fund Type and Category

MCB Pakistan DCF Fixed Return Fund II Plan 3 Fixed Term Scheme.

Fund Benchmark

PKRV/PIB Rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.

Investment Objective

The Objective of MCB DCF Fixed Return Fund II Plan 3 (MCB DCFFRF IIP3) is to provide promised fixed return to the Unit Holders by investing in Fixed Income Securities.

Manager's Review

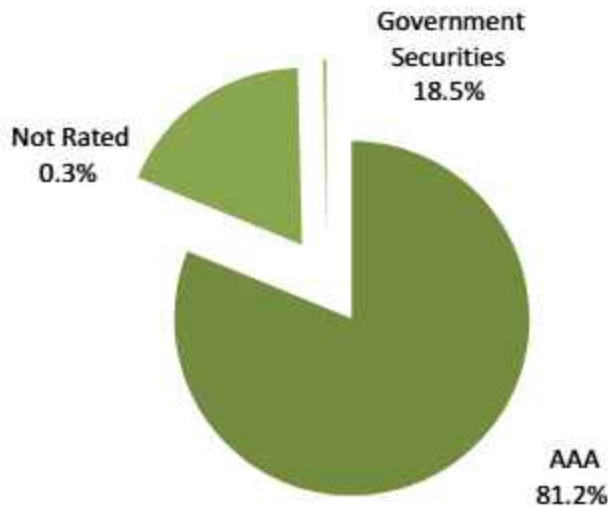
The fund was launched on 22nd October 2024. The fund posted an Annualized return of 16.61% during the period under review against the benchmark return of 13.09%. Exposure in T-Bills was 18.5%.

The Net Assets of the Fund as at June 30, 2025 stood at Rs. 22 million and the Net Asset Value (NAV) per unit was Rs. 101.9143.

Asset Allocation as on June 30, 2025 (% of total assets)

Asset Allocation (%age of Total Assets)	Jun-25
Cash	81.2%
T-Bills	18.5%
Others including receivables	0.3%

Asset Quality as on June 30, 2025 (% of total assets)



Syed Mohammad Usama Iqbal
Fund Manager

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2025

Fund Type and Category

MCB Pakistan DCF Fixed Return Fund II Plan 4 Fixed Term Scheme.

Fund Benchmark

PKRV/PIB Rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.

Investment Objective

The Objective of MCB DCF Fixed Return Fund II Plan 4 (MCB DCFFRF IIP4) is to provide promised fixed return to the Unit Holders by investing in Fixed Income Securities.

Manager's Review

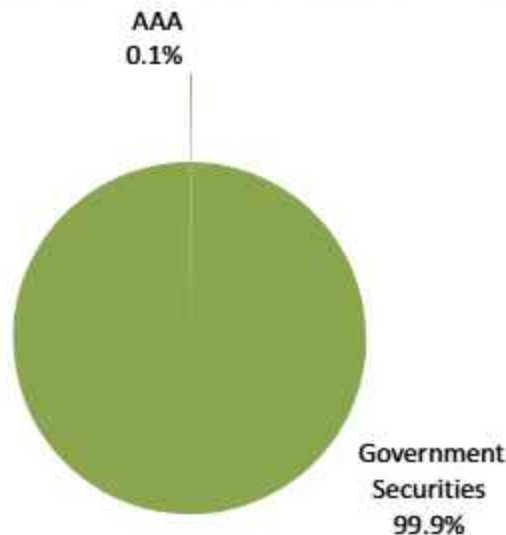
The fund was launched on 28th October 2024. The fund posted an Annualized return of 13.31% during the period under review against the benchmark return of 12.96%. Exposure in T-Bills was 99.9%.

The Net Assets of the Fund as at March 31, 2025 stood at Rs. 15,843 million and the Net Asset Value (NAV) per unit was Rs. 105.6175.

Asset Allocation as on March 31, 2025 (% of total assets)

Asset Allocation (%age of Total Assets)	Mar-25
Cash	0.1%
T-Bills	99.9%
Others including receivables	0.0%

Asset Quality as on March 31, 2025 (% of total assets)



Syed Mohammad Usama Iqbal
Fund Manager

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2025

Fund Type and Category

MCB Pakistan DCF Fixed Return Fund II Plan 5 Fixed Term Scheme.

Fund Benchmark

PKRV/PIB Rates on the last date of IOP of the CIS with maturity period corresponding to the maturity of CIS.

Investment Objective

The Objective of MCB DCF Fixed Return Fund II Plan 5 (MCB DCFFRF IIP4) is to provide promised fixed return to the Unit Holders by investing in Fixed Income Securities.

Manager's Review

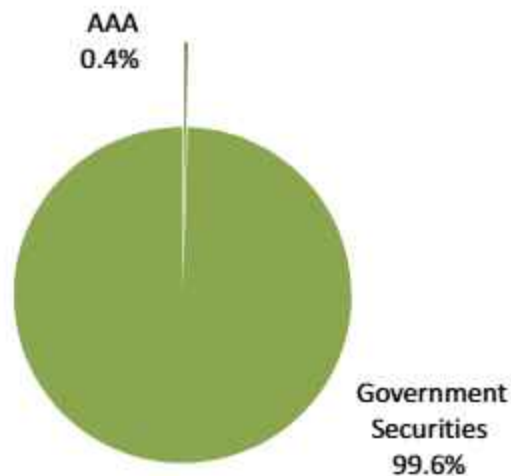
The fund was launched on 12th November 2024. The fund posted an Annualized return of 12.32% during the period under review against the benchmark return of 12.91%. Exposure in T-Bills was 99.6%.

The Net Assets of the Fund as at April 30, 2025 stood at Rs. 1,096 million and the Net Asset Value (NAV) per unit was Rs. 105.7063.

Asset Allocation as on April 30, 2025 (% of total assets)

Asset Allocation (%age of Total Assets)	Apr-25
Cash	0.4%
T-Bills	99.6%
Others including receivables	0.0%

Asset Quality as on April 30, 2025 (% of total assets)



Syed Mohammad Usama Iqbal
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-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 DCF FIXED RETURN FUND II

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 DCF Fixed Return Fund II (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 period from September 10, 2024 to June 30, 2025 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 11, 2025



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

Cavish Court, A-35, Block 7 & 8
KCHSU, Shaheed-e-Faisal
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
www.yousufadil.com

INDEPENDENT AUDITOR'S REPORT To the Unit Holders of MCB DCF Fixed Return Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MCB DCF Fixed Return Fund II** (the Fund), which comprise the statement of assets and liabilities as at June 30, 2025, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and statement of cash flows for the period from September 10, 2024 to June 30, 2025 (the period) and notes comprising material accounting policy information and other explanatory 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, 2025, and of its financial performance and its cash flows for the period then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and MCB Investment Management Limited (the Management Company) 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 and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Management Company 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 the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management 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 Company 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 are responsible for overseeing the Fund's financial reporting process.



ISO 27001 Certified Since 2017
Karachi/Delhi/Abad/Lahore/Multan

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



Yousuf Adil
Chartered Accountants

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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Company.
- Conclude on the appropriateness of 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 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.


Chartered Accountants

Place: Karachi

Date: September 12, 2025

UDIN: AR2025100571s4inlJR

ISO 27001 Certified Since 2017
Karachi | Islamabad | Lahore | Multan

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2025**

	Note	June 30, 2025 MCB DCF FRF II Plan 3 (Rupees in '000)
ASSETS		
Bank balances	4	121,431
Investments	5	27,611
Profit on bank deposit		518
Total assets		149,560
LIABILITIES		
Payable to the MCB Investment Management Limited - Management Company	6	4,798
Payable to Central Depository Company of Pakistan Limited - Trustee		-
Payable to the Securities and Exchange Commission of Pakistan	7	222
Accrued expenses and other liabilities	8	122,731
Total liabilities		127,751
NET ASSETS		21,809
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		21,809
CONTINGENCIES AND COMMITMENTS	9	
NUMBER OF UNITS IN ISSUE		213,994
NET ASSET VALUE PER UNIT	3.7	101.9143

The annexed notes from 1 to 22 are integral part of these financial statements.

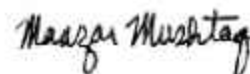
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT

FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

	For the period from September 10, 2024 to May 02, 2025	For the period from October 16, 2024 to February 20, 2025	For the period from October 22, 2024 to June 30, 2025	For the period from October 28, 2024 to April 17, 2025	For the period from November 12, 2024 to May 02, 2025	Total
	MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	

Note

(Rupees in '000)

INCOME

Income from government securities	12,118	386,656	482,732	867,358	60,880	1,809,744
Profit on bank deposits	301	7,217	3,004	12,216	941	23,679
Capital gain on sale of investments - net	-	-	22,810	2,897	-	25,707
Unrealised gain on remeasurement of investments at fair value through profit or loss - net	-	-	101	-	-	101
Other income	-	-	-	238	-	238
Total income	12,419	393,873	508,647	882,709	61,821	1,859,469

EXPENSES

Remuneration of MCB Investment Management Limited - Management Company	583	5,654	8,878	13,162	1,418	29,695
Sindh Sales Tax on remuneration of the Management Company	87	848	1,332	1,974	213	4,454
Remuneration of Central Depository Company of Pakistan Limited - Trustee	42	1,540	2,078	3,659	274	7,593
Sindh Sales Tax on remuneration of Trustee	6	231	312	549	41	1,139
Securities and Exchange Commission of Pakistan fee	57	2,099	2,834	4,989	373	10,352
Brokerage expenses	-	-	-	26	-	26
Bank charges	9	9	12	8	6	44
Total operating expenses	784	10,381	15,446	24,367	2,325	53,303

Net income from operating activities before taxation

11,635 383,492 493,201 858,342 59,496 1,806,166

Taxation

11

- - - - - -

Net income for the period after taxation

11,635 383,492 493,201 858,342 59,496 1,806,166

Allocation of net income for the period

Net income for the period	11,635	383,492	493,201	858,342	59,496	1,806,166
Income already paid on units redeemed	(1,132)	(382,487)	(490,926)	(856,010)	(58,373)	(1,788,928)
	10,503	1,005	2,275	2,332	1,123	17,238

Accounting income available for distribution

- Relating to capital gains	-	-	-	-	-	-
- Excluding capital gains	10,503	1,005	2,275	2,332	1,123	17,238
	10,503	1,005	2,275	2,332	1,123	17,238

Earnings per unit

3.10

The annexed notes from 1 to 22 are integral part of these financial statements.

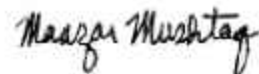
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025**

For the period from September 10, 2024 to May 02, 2025	For the period from October 16, 2024 to February 20, 2025	For the period from October 22, 2024 to June 30, 2025	For the period from October 28, 2024 to April 17, 2025	For the period from November 12, 2024 to May 02, 2025	Total
MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	

(Rupees in '000)

Net income for the period after taxation	11,635	383,492	493,201	858,342	59,496	1,806,166
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	11,635	383,492	493,201	858,342	59,496	1,806,166

The annexed notes from 1 to 22 are integral part of these financial statements.

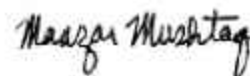
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

For the period from September 10, 2024 to May 02, 2025 For the period from October 16, 2024 to February 20, 2025 For the period from October 22, 2024 to June 30, 2025

	MCB DCF FRF II - Plan 1			MCB DCF FRF II - Plan 2			MCB DCF FRF II - Plan 3		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at the beginning of the period	-	-	-	-	-	-	-	-	-
Issuance of 1,110,967 units in MCB DCF FRF II Plan 1, 79,000,000 units in MCB DCF FRF II Plan 2 and 55,013,994 units in MCB DCF FRF II Plan 3.									
- Capital value (at net asset value per unit at the beginning of the period)	111,097	-	111,097	7,900,000	-	7,900,000	5,501,399	-	5,501,399
- Element of income	-	-	-	-	-	-	-	-	-
	111,097	-	111,097	7,900,000	-	7,900,000	5,501,399	-	5,501,399
Redemption of 110,251 units in MCB DCF FRF II Plan 1, 78,800,000 units in MCB DCF FRF II Plan 2 and 54,800,000 units in MCB DCF FRF II Plan 3.									
- Capital value (at net asset value per unit at the beginning of the period)	(11,025)	-	(11,025)	(7,880,000)	-	(7,880,000)	(5,480,000)	-	(5,480,000)
- Element of income - net	-	(1,132)	(1,132)	-	(382,487)	(382,487)	-	(490,926)	(490,926)
	(11,025)	(1,132)	(12,157)	(7,880,000)	(382,487)	(8,262,487)	(5,480,000)	(490,926)	(5,970,926)
Total comprehensive income for the period	-	11,635	11,635	-	383,492	383,492	-	493,201	493,201
Interim distribution during the period	-	(10,503)	(10,503)	-	(1,005)	(1,005)	-	(1,865)	(1,865)
	-	1,132	1,132	-	382,487	382,487	-	491,336	491,336
Net assets at the end of the period / maturity of plan	100,072	-	100,072	20,000	-	20,000	21,399	410	21,809
Paid to unit holders on maturity	(100,072)	-	(100,072)	(20,000)	-	(20,000)	-	-	-
Net assets at the end of the period	-	-	-	-	-	-	21,399	410	21,809
Accounting income available for distribution									
- Relating to capital gains	-			-			-		
- Excluding capital gains	10,503			1,005			2,275		
	10,503			1,005			2,275		
Cash distribution during the period	(10,503)			(1,005)			(1,865)		
Undistributed income carried forward	-			-			410		
Undistributed income carried forward comprising of:									
- Realised	-			-			309		
- Unrealised	-			-			101		
	-			-			410		
	(Rupees)			(Rupees)			(Rupees)		
Net asset value per unit at the end of the period	-			-			101.9143		

The annexed notes from 1 to 22 are integral part of these financial statements.

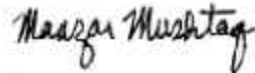
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

For the period from October 28, 2024 to April 17, 2025 For the period from November 12, 2024 to May 02, 2025

	MCB DCF FRF II - Plan 4			MCB DCF FRF II - Plan 5			Total		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Note (Rupees in '000)									
Net assets at the beginning of the period	-	-	-	-	-	-	-	-	-
Issue of 150,000,000 units in MCB DCF FRF II Plan 4 and 10,370,611 units in MCB DCF FRF II Plan 5.	15,000,000	-	15,000,000	1,037,061	-	1,037,061	29,549,557	-	29,549,557
- Capital value (at net asset value per unit at the beginning of the period)	-	-	-	-	-	-	-	-	-
- Element of income	-	-	-	-	-	-	-	-	-
	15,000,000	-	15,000,000	1,037,061	-	1,037,061	29,549,557	-	29,549,557
Redemption of 149,806,613 units in MCB DCF FRF II Plan 4 and 10,270,611 units in MCB DCF FRF II Plan 5.	(14,980,661)	-	(14,980,661)	(1,027,061)	-	(1,027,061)	(29,378,747)	-	(29,378,747)
- Capital value (at net asset value per unit at the beginning of the period)	-	(856,010)	(856,010)	-	(58,373)	(58,373)	-	(1,788,928)	(1,788,928)
- Element of income - net	-	-	-	-	-	-	-	-	-
	(14,980,661)	(856,010)	(15,836,671)	(1,027,061)	(58,373)	(1,085,434)	(29,378,747)	(1,788,928)	(31,167,675)
Total comprehensive income for the period	-	858,342	858,342	-	59,496	59,496	-	1,806,166	1,806,166
Interim distribution during the period	-	(2,332)	(2,332)	-	(1,123)	(1,123)	-	(16,828)	(16,828)
	-	856,010	856,010	-	58,373	58,373	-	1,789,338	1,789,338
Net assets at the end of the period / maturity of plan	19,339	-	19,339	10,000	-	10,000	170,810	410	171,220
Paid to unit holders on maturity	(19,339)	-	(19,339)	(10,000)	-	(10,000)	(149,411)	-	(149,411)
Net assets at the end of the period	-	-	-	-	-	-	21,399	410	21,809

Accounting income available for distribution

- Relating to capital gains
- Excluding capital gains

-	-
2,332	1,123
2,332	1,123

Cash distribution during the period

(2,332) (1,123)

Undistributed income carried forward

- -

Undistributed income carried forward comprising of:

- Realised
- Unrealised

-	-
-	-
-	-
-	-
(Rupees)	(Rupees)

Net asset value per unit at the end of the period

- -

The annexed notes from 1 to 22 are integral part of these financial statements.

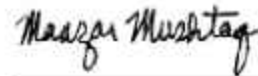
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	For the period from September 10, 2024 to May 02, 2025	For the period from October 16, 2024 to February 20, 2025	For the period from October 22, 2024 to June 30, 2025	For the period from October 28, 2024 to April 17, 2025	For the period from November 12, 2024 to May 02, 2025	Total
	MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	
Note (Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income for the period before taxation	11,635	383,492	493,201	858,342	59,496	1,806,166
Adjustments for non cash and other items:						
Unrealised gain on remeasurement of investments at fair value through profit or loss - net	5.2	-	(101)	-	-	(101)
	11,635	383,492	493,100	858,342	59,496	1,806,065
(Increase) / decrease in assets						
Investments - net	-	-	(27,510)	-	-	(27,510)
Profit on bank deposit	-	-	(518)	-	-	(518)
	-	-	(28,028)	-	-	(28,028)
Increase / (decrease) in liabilities						
Payable to MCB Investment Management Limited - Management Company	-	-	4,798	-	-	4,798
Payable to the Securities and Exchange Commission of Pakistan	-	-	222	-	-	222
Accrued expenses and other liabilities	-	-	122,731	-	-	122,731
	-	-	127,751	-	-	127,751
Net cash generated in operating activities	11,635	383,492	592,823	858,342	59,496	1,905,788
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts from issuance of units	111,097	7,900,000	5,501,399	15,000,000	1,037,061	29,549,557
Payments on redemption of units	(12,157)	(8,262,487)	(5,970,926)	(15,836,671)	(1,085,434)	(31,167,675)
Distributions made during the period	(10,503)	(1,005)	(1,865)	(2,332)	(1,123)	(16,828)
Paid to unit holders on maturity	(100,072)	(20,000)	-	(19,339)	(10,000)	(149,411)
Net cash generated from financing activities	(11,635)	(383,492)	(471,392)	(858,342)	(59,496)	(1,784,357)
Net increase in cash and cash equivalents	-	-	121,431	-	-	121,431
Cash and cash equivalents at the beginning of the period	-	-	-	-	-	-
Cash and cash equivalents at the end of the period	-	-	121,431	-	-	121,431

The annexed notes from 1 to 22 are integral part of these financial statements.

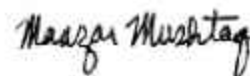
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB DCF Fixed Return Fund II (the Fund / the Scheme / the Trust / the Unit Trust / MCB DCFFRFII) has been established through the Trust Deed (the Deed) dated September 11, 2023 under the Sindh Trust Act, 2020 (the Sindh Trust Act) entered into and between MCB Investment Management Limited, (the Management Company), and Central Depository Company of Pakistan Limited, (the Trustee). The Securities and Exchange Commission of Pakistan (SECP) has authorised the Fund to offer units of plans under the umbrella of MCB DCFFRFII and has registered the Fund as a notified entity under the Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulations") vide letter No SCD/AMCW/DCFFRF-II/2023/193/MF-NE-146 dated November 13, 2023. SECP has approved the Offering Document under the Regulations vides its Letter No. SCD/AMC/MCBDCFFRFII/399/2023 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 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 categorised as a "Fixed rate / Return schemes". The duration of the Fund is perpetual. The Fund may launch plans with different duration and promised fixed return to the unit holders who hold the investment till maturity. Each plan can invest in fixed income 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.

Below are details of the Plans which were launched, existed or matured during the period from September 10, 2024 to June 30, 2025:

S. No.	Name of Plan	Launch Date	Maturity Date	Status	Promised Return
1	MCB DCF Fixed Return Fund II - Plan 1	September 10, 2024	May 02, 2025	Matured	16.25%
2	MCB DCF Fixed Return Fund II - Plan 2	October 16, 2024	February 20, 2025	Matured	13.95%
3	MCB DCF Fixed Return Fund II - Plan 3	October 22, 2024	October 16, 2025	Active	13.00%
4	MCB DCF Fixed Return Fund II - Plan 4	October 28, 2024	April 17, 2025	Matured	13.20%
5	MCB DCF Fixed Return Fund II - Plan 5	November 12, 2024	May 02, 2025	Matured	12.25%

- 1.4 The objective of the Fund is to provide attractive fixed return of the Investment Plan(s) under the Fund, by investing in Fixed Income Securities
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 04, 2024 to the Management Company and "AAA(f)" as stable rating dated July 07, 2025 to the Fund.
- 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

- 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 are no prior period amounts of the statement of assets and liabilities, income statement, statement of comprehensive income, statement of movement in unit holder's fund and the statement of cash flows as the first plan of the Fund was launched on September 10, 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 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 to IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026
- Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	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

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 FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

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 and 5)
- Impairment of financial assets (note 3.1.1.3)
- Taxation (notes 3.4 and 11)
- Classification and measurement of financial liabilities (note 3.1.2.1)
- Contingencies and commitments (note 9)
- Provisions (note 3.3)

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for 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. 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 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 FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

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) which are based on the remaining tenure of the securities. Moreover, listed government securities traded on Pakistan Stock Exchange are valued at revaluation rates disseminated by Pakistan Stock Exchange (PSX).

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.

The Fund applies discretion on the effective yield as per the allowable limits in the above mentioned Circulars after taking into account aspects such as Liquidity Risk, Sector Specific Risk and Issuer Class Risk.

The allowable limits for rated securities for duration upto 2 years is +200/-100 bps and over 2 years is +150/-50 bps. For unrated securities the allowable limits +50 bps.

3.1.1.3 Impairment of financial assets

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

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;

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 and accumulated loss, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

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.

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 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 SECP fee are recognised in the Income Statement on an accrual basis. Moreover, auditors' remuneration of the fund is borne by the 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.

		June 30, 2025
		MCB DCF
		FRF II - Plan 3
		Note (Rupees in '000)
4.	BANK BALANCES	
	In saving accounts	4.1 <u>121,431</u>

4.1 This balance is maintained with MCB Bank (a related party), and carry profit at the rate of 9.5% as at June 30, 2025.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025**

June 30, 2025						
	MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	Total
	-	-	27,611	-	-	27,611

Note

5. INVESTMENTS

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

5.1 Government securities - Market Treasury Bills

Tenure	Issue Date	Face value			As at June 30, 2025			Market value as a percentage of total investments
		As at September 10, 2024	Purchased during the period	Sold / matured during the period	Carrying value	Market value	Unrealised gain	
MCB DCF Fixed Return II Plan 1 Treasury bills - 12 months As at June 30, 2025	May 02, 2024	-	122,000	122,000	-	-	-	-
MCB DCF Fixed Return II Plan 2 Treasury bills - 6 months As at June 30, 2025	August 22, 2024	-	8,282,000	8,282,000	-	-	-	-
MCB DCF Fixed Return II Plan 3 Treasury bills - 12 months * As at June 30, 2025	October 17, 2024	-	6,220,000	6,191,500	28,500	27,611	101	126.60
MCB DCF Fixed Return II Plan 4 Treasury bills - 6 months As at June 30, 2025	October 17, 2024 April 18, 2024	-	11,355,000	11,355,000	-	-	-	-
MCB DCF Fixed Return II Plan 5 Treasury bills - 6 months As at June 30, 2025	October 31, 2024	-	1,094,000	1,094,000	-	-	-	-
As at June 30, 2025					27,510	27,611	101	

* This carry effective yield of 13.5% per annum.

June 30, 2025						
	MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	Total
	-	-	27,611	-	-	27,611
	-	-	27,510	-	-	27,510
	-	-	101	-	-	101

Note

5.2

Unrealised gain on remeasurement of investments at fair value through profit or loss - net

Market value of investments
Less: carrying value of investments

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025**

		June 30, 2025 MCB DCF FRF II - Plan 3 (Rupees in '000)
	Note	
6. PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Management remuneration payable	6.1	4,172
Sindh Sales Tax payable on Management remuneration	6.2	626
		4,798

6.1 Management Company has charged management fee at the rate of upto 1.75% of the average net assets, calculated on daily basis in each plan. The remuneration is paid to the Management Company on a monthly basis in arrears.

6.2 Sindh Sales Tax on remuneration of Management Company has been charged at the rate of 15%.

		June 30, 2025 MCB DCF FRF II - Plan 3 (Rupees in '000)
	Note	
7. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
Payable to the SECP	7.1	222

7.1 The Fund has charged SECP Fee at the rate of 0.075% of net assets calculated on daily basis and payable monthly in arrears.

		MCB DCF FRF II - Plan 3 (Rupees in '000)
8. ACCRUED EXPENSES AND OTHER LIABILITIES		
Withholding tax on capital gains		122,731

9. CONTINGENCIES AND COMMITMENTS

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

10. Remuneration of Central Depository Company of Pakistan Limited - Trustee

The trustee remuneration shall consist of reimbursement of actual custodial expenses / charges plus 0.055% per annum of the net assets to be paid monthly in arrears. Sindh Sales Tax at 15% is charged on Trustee fee.

11. 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 and accumulated loss 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 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 FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

12. TOTAL EXPENSE RATIO

MCB DCF Fixed Return Fund II Plan 1

The Total Expense Ratio (TER) of the Plan from September 10, 2024 to May 02, 2025 is 0.66% which includes 0.13% representing government levies on the Plan such as sales taxes, fee of SECP, etc. The prescribed limit for the ratio is 2% excluding government levies under the NBFC Regulations for a Collective Investment Scheme categorised as a money market scheme.

MCB DCF Fixed Return Fund II Plan 2

The Total Expense Ratio (TER) of the Plan from October 16, 2024 to February 20, 2025 is 0.13% which includes 0.04% representing government levies on the Plan such as sales taxes, fee of SECP, etc. The prescribed limit for the ratio is 2% excluding government levies under the NBFC Regulations for a Collective Investment Scheme categorised as a money market scheme.

MCB DCF Fixed Return Fund II Plan 3

The annualised expense ratio of the Plan from October 22, 2024 to June 30, 2025 is 0.41% which includes 0.12% representing government levies on the Plan such as sales taxes, fee of SECP, etc. The prescribed limit for the ratio is 2% excluding government levies under the NBFC Regulations for a Collective Investment Scheme categorised as a money market scheme.

MCB DCF Fixed Return Fund II Plan 4

The Total Expense Ratio (TER) of the Plan from October 28, 2024 to April 17, 2025 is 0.17% which includes 0.05% representing government levies on the Plan such as sales taxes, fee of SECP, etc. The prescribed limit for the ratio is 2% excluding government levies under the NBFC Regulations for a Collective Investment Scheme categorised as a money market scheme.

MCB DCF Fixed Return Fund II Plan 5

The Total Expense Ratio (TER) of the Plan from November 12, 2024 to May 02, 2025 is 0.22% which includes 0.06% representing government levies on the Plan such as sales taxes, fee of SECP, etc. The prescribed limit for the ratio is 2% excluding government levies under the NBFC Regulations for a Collective Investment Scheme categorised as a money market scheme.

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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025**

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 other than units of the fund with related parties / connected persons during the period

MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	Total
-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------

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

**MCB Investment Management Limited -
Management Company**

Remuneration of the Management Company	583	5,654	8,878	13,162	1,418	29,695
Sindh Sales Tax on remuneration of the Management Company	87	848	1,332	1,974	213	4,454
	670	6,502	10,210	15,136	1,631	34,149

**Central Depository Company of Pakistan
Limited - Trustee**

Remuneration of the Trustee	42	1,540	2,078	3,659	274	7,593
Sindh Sales Tax on remuneration of the Trustee	6	231	312	549	41	1,139
	48	1,771	2,390	4,208	315	8,732

MCB Bank Limited

Profit on bank deposits	301	7,217	3,004	12,216	941	23,679
Bank charges	9	9	12	8	6	44
	310	7,226	3,016	12,224	947	23,723

MCB DCF FRF II - Plan 1	MCB DCF FRF II - Plan 2	MCB DCF FRF II - Plan 3	MCB DCF FRF II - Plan 4	MCB DCF FRF II - Plan 5	Total
-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------

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

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

**MCB Investment Management Limited -
Management Company**

Management fee	-	-	4,172	-	-	4,172
Sindh Sales Tax on remuneration of the Management Company	-	-	626	-	-	626

MCB Bank Limited

Bank deposits	-	-	121,431	-	-	121,431
Profit receivable on bank deposits	-	-	518	-	-	518

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025**

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

For the period from September 10, 2024 to June 30, 2025						
As at September 10, 2024	Issued for cash	Redeemed	As at June 30, 2025	As at September 10, 2024	Issued for cash	As at June 30, 2025
Units (Rupees in '000)						
MCB DCF Fixed Return Fund II Plan 1						
<u>Group / associated companies</u>						
MCB Investment Management Limited - Management company	1,078,693	1,078,693	•	•	107,869	107,869
MCB DCF Fixed Return Fund II Plan 2						
Unit holders holding 10% or more	79,000,000	79,000,000	•	•	7,900,000	7,900,000
MCB DCF Fixed Return Fund II Plan 3						
Unit holders holding 10% or more	55,013,994	54,800,000	213,994	•	5,501,399	5,848,194
MCB DCF Fixed Return Fund II Plan 4						
Unit holders holding 10% or more	150,000,000	150,000,000	•	•	15,000,000	•
MCB DCF Fixed Return Fund II Plan 5						
<u>Group / associated companies</u>						
MCB Investment Management Limited - Management company	100,000	100,000	•	•	10,000	•
Unit holders holding 10% or more	10,270,611	10,270,611	•	•	1,027,061	•
Total	295,463,297	295,249,304	213,994	•	29,546,329	29,893,124

* This reflects the position of related party / connected persons status as at June 30, 2025.

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025**

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

Levels	Description	Valuation approach and input used
Level 1:	Quoted prices in active markets for identical assets or liabilities;	Listed government securities traded on PSX are valued at revaluation rates disseminated by PSX.
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	The government securities not listed on a stock exchange and traded are valued at the average rates quoted on electronic quotation system (PKRV / PKFRV / PKISRV).
Level 3:	Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).	The Fund applies discretion on the effective yield as per the allowable limits. The allowable limits for rated securities for duration upto 2 years is +200/-100 bps and over 2 years is +150/50 bps. For unrated securities the allowable limits +50 bps.

The following table show the carrying amount and fair values of financial assets and financial liabilities including the levels in the fair value hierarchy.

	June 30, 2025						
	Carrying amount	Fair Value					
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000')		(Rupees in '000')				
Financial assets measured at fair value							
Government securities - Market Treasury Bills	27,611	-	27,611	-	27,611	-	27,611
	27,611	-	27,611	-	27,611	-	27,611
Financial assets not measured at fair value							
Bank balances	-	121,431	121,431				
Profit on bank deposit	-	518	518				
	-	121,949	121,949				
Financial liabilities not measured at fair value							
Payable to the Management Company	-	4,172	4,172				
	-	4,172	4,172				

During the period ended June 30, 2025, there were no transfers between levels of fair value measurements, and no transfer into and out of level 3 fair value measurements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

15. FINANCIAL RISK MANAGEMENT

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.

15.1 Market risk

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

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Board and the regulations laid down by the SECP, the NBFC Regulations and the NBFC Rules.

Market risk comprises three types of risk: currency risk, profit rate risk and price risk.

15.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Fund is not exposed to currency risk as all the transactions are carried out in Pakistan Rupees.

15.1.2 Yield / Interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2025, the Fund is exposed to such risk on bank balances 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.

As of June 30, 2025 details of Fund's profit bearing financial instruments were as follows:

	Note	June 30, 2025 Rupees '000'
Variable rate instruments (financial asset)		
Bank balances	4	121,431
Fixed rate instruments (financial assets)		
Market treasury bills	5	27,611

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based bank balances which expose the Fund to cash flow 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 income / loss for the period and net assets of the Fund would have been higher / lower by Rs 0.838 million.

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2025, the Fund holds government securities which are fixed rate instruments exposing the Fund to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Market Association of Pakistan (FMAP) on June 30, 2025, the net income for the period and net assets would be lower / higher by Rs 0.191 million.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The composition of the Fund investment may change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2025 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

The interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2025 can be defined as follows:

Particulars	As at June 30, 2025					
	Effective yield / rate	Exposed to yield risk			Not exposed to yield rate risk	Total
		Upto three months	More than three months and up to one year	More than one year		
	%	Rupees in ('000)				
On-balance sheet financial instruments						
Financial assets						
Bank balances	9.5	121,431	-	-	-	121,431
Investments	13.5	-	27,611	-	-	27,611
Profit on bank deposit		-	-	-	518	518
		121,431	27,611	-	518	149,560
Financial liabilities						
Payable to Management Company		-	-	-	4,172	4,172
		-	-	-	4,172	4,172

15.1.3 Price risk

Price 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 prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Since the Fund is not allowed to invest in equity securities, hence it is not exposed to equity price risk.

15.2 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund is exposed to counterparty credit risks on investments in government securities, bank balances and other financial assets at amortised cost. The credit risk on the fund is limited because the counterparties are financial institutions with reasonably high credit ratings.

The Fund has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by 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 counterparties. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

The Fund's maximum exposure to credit risk is the carrying amounts of following financial assets.

	June 30, 2025	
	Balance as per statement of assets and liabilities	Maximum exposure
	Rupees '000'	
Banks balances	121,431	121,431
Investments	27,611	-
Profit on bank deposit	518	518
	149,560	121,949

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

The analysis below summarizes the credit rating quality of the Fund's financial assets as at June 30, 2025.

Bank Balances by rating category

Rating	June 30, 2025	
	Rupees '000'	%
AAA	121,431	100

Above rating is on the basis of available ratings assigned by Pakistan Credit Rating Agency (PACRA) as of June 30, 2025.

Investments in government securities do not expose the Fund to credit risk as the counter party to the investment is the Government of Pakistan and management does not expect to incur any credit loss on such investment.

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.

15.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Funds. Liquidity risk also arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's applicable redemption price calculated in accordance with the Fund's constitutive documents and guidelines laid down by the SECP.

Units of the Fund are redeemable on demand at the holder's option, however, the Fund does not anticipate significant redemption of units.

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

	June 30, 2025					Total
	Within 1 month	Over 1 to 3 months	Over 3 to 12 months	Over 1 to 5 years	More than 5 years	
	Rupees '000'					
Financial assets						
Bank balances	121,431	-	-	-	-	121,431
Investments	-	-	27,611	-	-	27,611
Profit receivable	518	-	-	-	-	518
	121,949	-	27,611	-	-	149,560
Financial liabilities						
Payable to Management Company	4,172	-	-	-	-	4,172
	4,172	-	-	-	-	4,172
On-balance sheet gap	117,777	-	27,611	-	-	145,388
Total liquidity risk sensitivity gap	117,777	-	27,611	-	-	145,388
Cumulative liquidity risk sensitivity gap	117,777	117,777	145,388	145,388	145,388	145,388

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD FROM SEPTEMBER 10, 2024 TO JUNE 30, 2025

16. PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

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

Name	Designation	Qualification	Experience in years
Mr. Khawaja Khalil Shah	Chief Executive Officer	MBA	33
Mr. Muhammad Asim	Chief Investment Officer	MBA, CFA	22
Mr. Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	14
Mr. Saad Ahmed	Head of Fixed Income	MBA	19
Mr. Syed Muhammad Usama Iqbal	Manager - Fixed Income	Graduate	21
Mr. Syed Abid Ali	Head of Equities	MBA	17
Mr. Raza Inam	Head of Research	BSc, CFA	11

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

- Alhamra Islamic Income Fund
- Alhamra Islamic Money Market Fund
- Alhamra Smart Portfolio Fund
- Pakistan Income Fund
- MCB Pakistan Fixed Return Fund
- MCB DCF Fixed Return Fund
- MCB DCF Fixed Return Fund III
- Alhamra Wada Fund

17. PATTERN OF UNIT HOLDING

MCB DCF Fixed Return Fund II Plan 3
Public Limited Company

As at June 30, 2025			
Number of unit holders	Number of units	Investment amount	Percentage investment
		Rupees '000'	%
1	213,994	21,809	100
1	213,994	21,809	100

18. Dividend distributions during the Period

MCB DCF Fixed Return Fund II Plan - 1

Dividend Distribution for the period from September 10, 2024 to September 11, 2024

Per Unit	Declared date	Refund of Capital	Distribution from Income	Total Distribution
			(Rupees '000')	
0.0954	September 12, 2024	-	106	106
10.3895	May 5, 2025	-	10,397	10,397
		-	10,503	10,503

Dividend Distribution for the period from September 12, 2024 to May 02, 2025

MCB DCF Fixed Return Fund II - Plan 2

Dividend Distribution for the period from October 16, 2024 to February 20, 2025

MCB DCF Fixed Return Fund II - Plan 3

Dividend Distribution for the period from October 22, 2024 to June 20, 2025

MCB DCF Fixed Return Fund II - Plan 4

Dividend Distribution for the period from October 28, 2024 to April 17, 2025

MCB DCF Fixed Return Fund II - Plan 5

Dividend Distribution for the period from November 12, 2024 to May 02, 2025

Total Distribution during the period

5.0255	February 21, 2025	-	1,005	1,005
9.3290	June 23, 2025	-	1,865	1,865
12.0597	April 18, 2025	-	2,332	2,332
11.2306	May 5, 2025	-	1,123	1,123
		-	16,828	16,828

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

19. ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 197th, 198th, 199th, 200th, 201st, 202nd, 203rd, 204th and 205th meeting of the Board of Directors were held on July 24, 2024, July 25, 2024, September 25, 2024, October 16, 2024, October 21, 2024, January 31, 2025, February 04, 2025, April 17, 2025 and April 21, 2025 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of persons attending the meetings	Designation	Number of Meetings	Number of meetings			Meetings Not Attended
			Attendance required	Attended	Leave Granted	
Mr. Haroon Rashid	Chairman	9	9	8	1	199th
Mr. Ahmed Jahangir	Director	9	9	8	1	197th
Syed Savail Meekal Hussain	Director	9	9	8	1	201st
Ms. Mavra Adil Khan	Director	9	9	4	5	197th, 198th, 201st, 202nd, 203rd
Muhammad Noman Chughtai *	Director	9	4	3	1	204th
Mr. Fahd Kamal Chinoy	Director	9	9	8	1	202nd
Mr. Manzar Mushtaq	Director	9	9	9	-	-
Mr. Shoaib Mumtaz **	Director	9	5	4	1	201st
Mr. Khawaja Khalil Shah	Chief Executive Officer	9	9	9	-	-

* Appointed on January 06, 2025

** Resigned on December 21, 2024

20. UNIT HOLDERS' FUND RISK MANAGEMENT

The Fund's capital is represented by redeemable units. The Fund is required by the NBFC Regulations, to maintain a minimum fund size of Rs.100 million, to be maintained all the time during the life of the scheme. The units issued by the Fund provides an investor with the right to require redemption for cash at a value proportionate to the unit holder's share in the Fund's net assets at the redemption date.

The Fund's objective in managing the unit holders' fund is to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemption. In accordance with the risk management policies, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption, such liquidity being augmented by disposal of investments.

21. GENERAL

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

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 04, 2025.

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, 2025**

No. of Unit Holders	Unit holdings	Total units held
1	D. 1000,001 & Above	213,994
<u>1</u>		<u>213,994</u>

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2025

MCBDCFFRPI P1

Performance Information	2025
Total Net Assets Value – Rs. in million	110.4685
Net Assets value per unit – Rupees	110.3895
Closing Offer Price	-
Closing Repurchase Price	110.3895
Highest offer price per unit	100.0000
Lowest offer price per unit	100.0000
Highest Redemption price per unit	110.3895
Lowest Redemption price per unit	100.0686
Distribution per unit – Rs. *	
Interim	10.4849
Final	-
Average Annual Return - %	
One year (Inception Date 11-Sep-24)	16.32%
Two year	NA
Three year	NA
Net (loss) / Income for the period – Rs. in million	11.6347
Distribution made during the year – Rs. in million	11.6347
Accumulated Capital Growth – Rs. in million	0.0000

* Date of Distribution

2025	
Date	Rate
13-Sept-24	0.0954
05-May-25	10.3895

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.

MCBDCFFRPI P2

Performance Information	2025
Total Net Assets Value – Rs. in million	21.0051
Net Assets value per unit – Rupees	105.0255
Closing Offer Price	-
Closing Repurchase Price	105.0255
Highest offer price per unit	100.0000
Lowest offer price per unit	100.0000
Highest Redemption price per unit	105.0255
Lowest Redemption price per unit	100.0639
Distribution per unit – Rs. *	
Interim	5.0255
Final	-
Average Annual Return - %	
One year (Inception Date 17-Oct-24)	14.36%
Two year	NA
Three year	NA
Net (loss) / Income for the period – Rs. in million	383.4924
Distribution made during the year – Rs. in million	383.4924
Accumulated Capital Growth – Rs. in million	0.0000

* Date of Distribution

2025	
Date	Rate
21-Feb-25	5.0255

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.

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2025

MCBDCFFRFII P3

Performance Information	2025
Total Net Assets Value – Rs. in million	21.8090
Net Assets value per unit – Rupees	101.9143
Closing Offer Price	101.9143
Closing Repurchase Price	101.9143
Highest offer price per unit	100.0000
Lowest offer price per unit	100.0000
Highest Redemption price per unit	109.3290
Lowest Redemption price per unit	100.1987
Distribution per unit – Rs. *	
Interim	9.3290
Final	-
Average Annual Return - %	
One year (Inception Date 22-Oct-24)	16.61%
Two year	NA
Three year	NA
Net (loss) / Income for the period – Rs. in million	493.2013
Distribution made during the year – Rs. in million	492.7916
Accumulated Capital Growth – Rs. in million	0.4097

* Date of Distribution

2025	
Date	Rate
June 23, 2025	9.3290

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.

MCBDCFFRFII P4

Performance Information	2025
Total Net Assets Value – Rs. in million	21.6709
Net Assets value per unit – Rupees	112.0597
Closing Offer Price	-
Closing Repurchase Price	112.0597
Highest offer price per unit	100.0000
Lowest offer price per unit	100.0000
Highest Redemption price per unit	112.0597
Lowest Redemption price per unit	100.1126
Distribution per unit – Rs. *	
Interim	12.0597
Final	-
Average Annual Return - %	
One year (Inception Date 28-Oct-24)	13.31%
Two year	NA
Three year	NA
Net (loss) / Income for the period – Rs. in million	858.3422
Distribution made during the year – Rs. in million	858.3422
Accumulated Capital Growth – Rs. in million	0.0000

* Date of Distribution

2025	
Date	Rate
18-Apr-25	12.0597

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.

**PERFORMANCE TABLE
FOR THE YEAR ENDED JUNE 30, 2025**

MCBDCFFRFII P5

Performance Information	2025
Total Net Assets Value – Rs. in million	11.1231
Net Assets value per unit – Rupees	111.2306
Closing Offer Price	-
Closing Repurchase Price	111.2306
Highest offer price per unit	100.0000
Lowest offer price per unit	100.0000
Highest Redemption price per unit	111.2306
Lowest Redemption price per unit	99.8050
Distribution per unit – Rs. *	
Interim	11.2306
Final	
Average Annual Return - %	
One year (Inception Date 12-Nov-24)	12.32%
Two year	NA
Three year	NA
Net (loss) / Income for the period – Rs. in million	59.4957
Distribution made during the year – Rs. in million	59.4957
Accumulated Capital Growth – Rs. in million	0.0000

* Date of Distribution

2025	
Date	Rate
05-May-25	11.2306

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.

MCB INVESTMENT MANAGEMENT LIMITED

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 111 468 378 (111 INVEST)

URL: www.mcbfunds.com, **Email:** info@mcbfunds.com
