

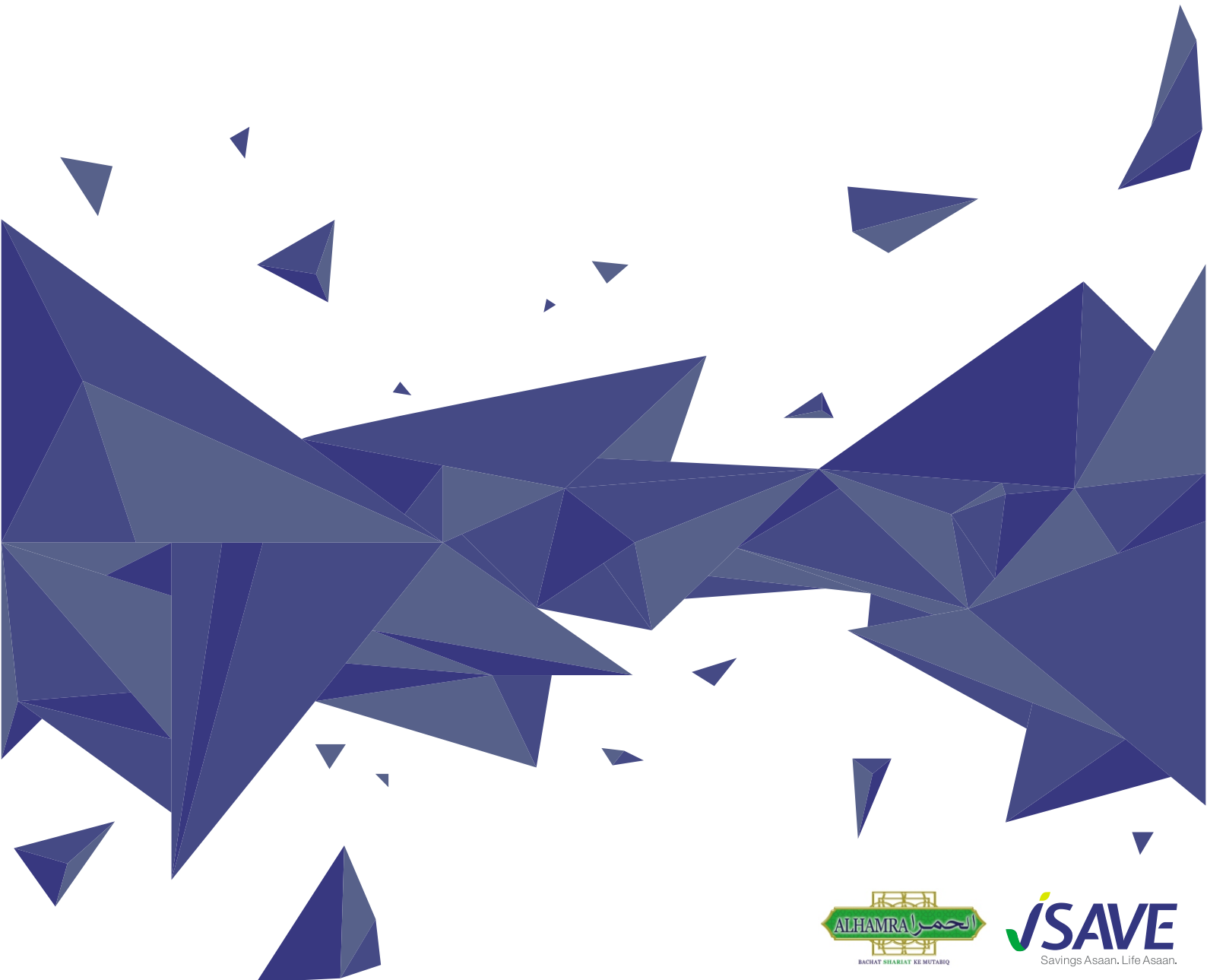


MCB FUNDS
Investments for Life

QUATERLY REPORT

MARCH
2024
(UNAUDITED)

Funds Under Management of
MCB Investment Management Limited



Vision

“To be the most coveted Savings and Investment company,
while leading the effort to make the saving
population and industry grow”

Mission

“To be the preferred Savings and Investment Manager in Pakistan
by being best in class in customer services
and maximizing stakeholders’ value”

Core Values

HONESTY

We ensure to build trust through responsible actions and honest
relationships with our colleagues, customers and stakeholders

INTEGRITY

We work with integrity in everything we do, and embody our principles
when working with stakeholders as well as internal and external customers.
We assure to promote the integrity for the ultimate benefit for everyone

ETHICS

As a trusted custodian of customer funds, we are committed to
conforming to the highest level of ethical standards in the workplace
that involves putting customer interest first and maintaining
our stakeholders trust in the Company

PROFESSIONALISM

We value everyone and treat our external and internal
customers and our stakeholders with respect, dignity and professionalism

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MCB DCF INCOME FUND

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FUND'S INFORMATION

| | | |
|--|---|---|
| Management Company | MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi. | |
| Board of Directors | Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan | Chairman Director Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq | Chairman Member Member |
| Human Resource & Remuneration Committee | Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Mr. Shoaib Mumtaz Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah | Chairman Member Member Member Member |
| Credit Committee | Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah | Member Member Member Member |
| Chief Executive Officer | Mr. Khawaja Khalil Shah | |
| Chief Operating Officer & Chief Financial Officer | Mr. Muhammad Asif Mehdi Rizvi | |
| Company Secretary | Mr. Altaf Ahmad Faisal | |
| Trustee | Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com | |
| Bankers | MCB Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited Faysal Bank Limited United Bank Limited Allied Bank Limited Silk Bank Limited Bank Al-Habib Limited NRSP Micro Finance Bank Limited Mobilink Micro Finance Bank Limited U Micro Finance Bank Limited | Khushali Micro Finance Bank Limited Telenor Micro Finance Bank Limited Finca Micro Finance Bank Limited JS Bank Limited Zarai Taraqati Bank Limited Habib Bank Limited HBL Mirco Finance Bank Limited National Bank of Pakistan Soneri Bank Limited The Bank of Khyber |
| Auditors | Yousuf Adil Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550. | |
| 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 NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB DCF Income Fund** accounts review for the nine months ended March 31, 2024.

Economy and Money Market Review

Macroeconomic indicators have been on an improving path since the start of the fiscal year. The government secured a much-needed Stand-by Arrangement (SBA) facility of USD 3 billion from the IMF in June 23, and managed to receive timely rollovers from friendly countries. It also showed unwavering commitment to remain compliant with the IMF targets and as a result government was able to successfully reach staff level agreement with IMF in the first and second reviews. After formation of new cabinet, the government has also publicly announced its intention to seek a new IMF program of at least USD 6.0 billion after the current program expires.

The caretaker government, after facing speculative pressure on currency, took decisive steps against smuggling of dollar and abuse of Afghan Transit in September 2023, which spurred a rapid recovery in the exchange rate. This led to the reduction of the difference between open market and interbank rates, which consequently improved remittances and export proceeds. The government has been running a subdued current account balance, which along with increased clarity on the external front has led the local currency to depict strength. The USD PKR close the period at 277.9 appreciating by 2.9% since the start of the year.

Country posted a current account deficit (CAD) of USD 1.0 billion in the first eight months of the fiscal year 2024 (8MFY24) declining by 74% YoY compared to a deficit of USD 3.8 billion in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 10.2% increase in exports coupled with an 8.8% drop in imports led to a 27.6% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 8.0 billion as of March 2024 compared to USD 4.4 billion at the end of last fiscal year. This was on account of flows from the IMF, friendly countries and multilateral sources.

Headline inflation represented by CPI averaged 27.1% during first nine months of the fiscal year compared to 27.3% in the corresponding period last year. Inflation remained on the higher side as massive currency depreciation in the prior periods led to surge in food and energy prices. The government also hiked electricity base tariff and gas prices to comply with the IMF conditions, which led to further inflationary pressures. The SBP maintained status quo in the monetary policy held on March 18, 2024. The Committee assessed that the level of inflation remains high and its outlook is susceptible to risks amidst elevated inflation expectations which warranted a cautious approach in the near term.

The country's GDP grew by 1.0% in the second quarter of the financial year 2023-24 as compared to 2.2% in the same period last year. Agriculture grew by 5.0%, Services remained flattish at 0.01% while industrial sector witnessed a decline of -0.84%. Historic high interest rates coupled with political uncertainty were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 30.1% in 9MFY24 to PKR 6,709 billion, outpacing the target by a modest PKR 1bn.

FUND PERFORMANCE

During the period under review, the fund generated an annualized return of 19.07% as against its benchmark return of 24.07%. The WAM of the fund increased to 2.2 years. The fund allocation remained notably in cash and T-Bills at the end of the period under review. At period-end, the fund was invested 59.1% in T-Bills, 16.6% in Cash and 10.9% in GOP Ijara Sukuks. The Net Assets of the Fund as at March 31, 2024 stood at Rs.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

14,105 million as compared to Rs. 7,706 million as at June 30, 2023 registering an increase of 83.03%.

The Net Asset Value (NAV) per unit as at March 31, 2024 was Rs. 123.5214 as compared to opening NAV of Rs. 108.0027 per unit as at June 30, 2023 registering an increase of Rs. 15.5187 per unit.

Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 2.7% in FY24 after a dismal performance last year where the GDP contracted by 0.17%. The outlook for agricultural output is optimistic, with an expected increase of 6.1%. This growth is attributed to rebound in production compared to the previous year, which was marred by heavy floods affecting crops like rice and cotton. Particularly encouraging is the notable increase in cotton arrivals, rising by 71% year-on-year to reach 8.4 million bales in the fiscal year 2024. However Industrial and services sector growth is likely to remain lackluster and will clock at 1.1% and 1.8% respectively due to overall economic slowdown amid all time high interest rates.

We expect government to enter a new long-term IMF program worth atleast USD 6 billion, after the current program expires. Successful continuation of the IMF program will be a key positive as it will allow us to tap funding from bilateral and multilateral sources. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus, we would have to ensure a sustainable current account this year to stave off external concerns. We expect a CAD of USD 1.4 billion (0.4% of GDP) in FY24 and USD 3.2bn (0.8% of GDP) in FY25 as policy of consolidation is likely to continue under the IMF umbrella.

The USD PKR is expected to remain stable as the government is focusing on improving current account deficit on the back of recovery in export and remittances. Entry into the new IMF program will also increase visibility on the external funding. We expect USD/PKR to close the fiscal year around PKR 300.

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in March 2024 clocked of 20.7% which was the lowest since May 2022. The core inflation also registered a significant slowdown, clocking at 15.7% which is a low of 18 months. The inflation reading is expected to decline to 18-19% by June 2024 and 13-14% by December 2024. This will allow Monetary Policy Committee to cut interest by 2% till June 2024 and around 5-6% by December 2024.

From the capital market perspective particularly equities, the market is still trading at cheap valuations. Market cap to GDP ratio is at 9.4%, a discount of 51% from its historical average of 19.1%. Similarly, Earning Yield minus Risk Free Rate is close to 9.0%, compared to the historical average of 3.0% signifying a deep discount at which the market is trading. The resolution of challenges on external account will help to unlock market potential. We believe a micro view of sectors and stocks will remain important and investment selection should focus on companies, which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.3x, while offering a dividend yield of 11.9%.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

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

Mutual Fund Industry Review

The Net Assets of the open-end mutual funds industry increased by about 48.3% during 9MFY24 to PKR 2,319 billion. Total money market funds grew by about 30.0% since June 2023. Within the money market sphere, conventional funds showed a growth of 17.4% to PKR 556 billion while Islamic funds increased by 43.9% to PKR 618 billion. In addition, the total fixed Income funds increased by about 93.2% since June 2023 to PKR 714 billion while Equity and related funds increased by 35.3% to PKR 227 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 50.6%, followed by Income funds with 30.8% and Equity and Equity related funds having a share of 9.8% as at the end of March 2024.

Mutual Fund Industry Outlook

Both Bonds and Equities are likely to do well in the next year on the back of cut in interest rates. During the year, significant interest of investors is already visible in Income Funds while equity fund is likely to see inflows post new IMF agreement. Relatively High interest rates during the period would encourage sustained flows in the money market funds as they are ideal for investors with a short-term horizon and low risk profile. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

ACKNOWLEDGMENT

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

On behalf of Directors,



Khawaja Khalil Shah
Chief Executive Officer
April 22, 2024



Manzar Mushtaq
Director
April 22, 2024

ڈائریکٹرز رپورٹ

بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آئن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا اُن کے مسلسل تعاون اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز مینجمنٹ ٹیم کو اُن کی محنت کے لیے خراج تحسین پیش کرتے ہیں۔

منجانب ڈائریکٹرز

Manzoor Mushtaq

منظر مشتاق

ڈائریکٹر

کراچی، 22 اپریل 2024ء

خواجہ خلیل شاہ

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

کراچی، 22 اپریل 2024ء

کیپیٹل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے مارکیٹ میں سستی valuations پر کاروبار ہو رہا ہے۔ مارکیٹ cap کا جی ڈی پی کے ساتھ تناسب کم ہو کر 9.4 فیصد ہے جو اس کے قدیم اوسط 19.1 فیصد سے 51 فیصد کمی ہے۔ اسی طرح Earning Yield سے محفوظ شرح کم کرنے پر تقریباً 9.0 فیصد کے قریب بنتا ہے، اور اس کے تاریخی اوسط 2.7 فیصد سے موازنہ کرنے پر پتہ چلتا ہے کہ مارکیٹ میں بھرپور رعایت پر تجارت ہو رہی ہے۔ خارجی اکاؤنٹ کے مسائل حل کرنے سے مارکیٹ کی استعداد کار آمد بنانے میں مدد ملے گی۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تناظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.3x PER پر تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 11.9 فیصد پر ہے۔

حاملین قرض کے لیے ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ درمیانی اور طویل مدت کے سرمایہ کار بانڈ اور انکم فنڈز سے مستفیدہ ہو سکتے ہیں جہاں زیادہ مدت میں سود کی شرح کے مستقبل کے امکانات کی بنیاد پر سرمائے میں اضافے کے مواقع پیدا ہوں گے۔ ہم نے حکومتی بانڈز کو انکم فنڈز میں شامل کر دیا ہے تاکہ قریبی مدت میں متوقع مالیاتی تسہیل سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن اینڈ میوچل فنڈ صنعت کے net اثاثہ جات مالی سال 2024ء کے پہلے نو ماہ کے دوران تقریباً 48.3 فیصد بڑھ کر 2,319 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2023ء سے اب تک تقریباً 30.0 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 17.4 فیصد بڑھ کر 556 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 43.9 فیصد بڑھ کر 618 بلین روپے ہو گئے۔ مزید براں، فکسڈ انکم کے مجموعی فنڈز جون 2023ء سے اب تک تقریباً 93.2 فیصد بڑھ کر 714 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 35.3 فیصد بڑھ کر 227 بلین روپے ہو گئے۔

شعبہ جاتی شراکت کے اعتبار سے مارچ 2024ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 50.6 فیصد کے ساتھ سب سے آگے تھے، جبکہ انکم فنڈ 30.8 فیصد اور ایکویٹی اور متعلقہ فنڈ 9.8 فیصد رہے

میوچل فنڈ صنعت کا نقطہ نظر

سود کی شرحوں میں کمی کی بنیاد پر بانڈ فنڈز اور ایکویٹیز، دونوں کی کارکردگی اگلے سال اچھی ہونے کا امکان ہے۔ دوران سال انکم فنڈز میں سرمایہ کاروں کی قابل ذکر دلچسپی صاف ظاہر تھی جبکہ ایکویٹی فنڈز میں آئی ایم ایف کے نئے معاہدے کے بعد بہتری متوقع ہے۔ دوران مدت نسبتاً زیادہ شرواح سود سے منی مارکیٹ فنڈز میں پائیدار آمدات کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں

معیشت اور مارکیٹ - مستقبل کے امکانات

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) گزشتہ سال مایوس کن کارکردگی (0.17 فیصد کمی) کے بعد مالی سال 2024ء میں متوقع طور پر بحال ہو کر 2.7 فیصد ہو جائے گی۔ زرعی پیداوار کا مستقبل امید افزا ہے اور اس میں 6.1 فیصد کی ترقی متوقع ہے کیونکہ پیداوار گزشتہ سال کے مقابلے میں بحال ہوئی ہے جب شدید سیلابوں نے چاول اور کپاس جیسی فصلوں کو بھاری نقصان پہنچایا تھا۔ خاص طور پر حوصلہ بخش بات کپاس کی پیداوار میں قابل ذکر اضافہ ہے جو 71 فیصد سال در سال (YoY) بڑھ کر مالی سال 2024ء میں 8.4 ملین گانٹھیں ہو گئی۔ تاہم صنعت اور خدمات کے شعبوں کی ترقی ماند رہنے کا امکان ہے جو بالترتیب 1.1 فیصد اور 1.8 فیصد ہوگی، اور اس کے عوامل مجموعی طور پر معاشی سست رفتاری اور سود کی شرحوں کی بلند ترین سطحیں ہیں۔

ہمیں اُمید ہے کہ حکومت آئی ایم ایف کے موجودہ پروگرام کی میعاد ختم ہونے کے بعد کم از کم 6 بلین ڈالر مالیت ایک نئے طویل المیعاد پروگرام میں داخل ہو جائے گی۔ آئی ایم ایف پروگرام کو کامیابی کے ساتھ جاری رکھنا بے حد اہمیت کا حامل ہوگا کیونکہ اس سے دو جہتی اور کثیر الجہتی ذرائع سے رقم حاصل کرنے میں مدد ملے گی۔ تاہم ہماری خارجی حالت تاحال غیر یقینی کا شکار ہے کیونکہ عالمی سطح پر مشکل حالات کے باعث ہم شاید بین الاقوامی یورو بانڈ اور سٹک کا اجراء نہیں کر سکیں گے۔ علاوہ ازیں، غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) اور RDA سے حاصل ہونے والی آمدنی موجودہ معاشی مسائل کے باعث متوقع طور پر رُک رہی ہے۔ چنانچہ ہمیں اس سال ایک پائیدار قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی مسائل حل ہو سکیں۔ مالی سال 2024ء میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) متوقع طور پر 1.4 بلین ڈالر (جی ڈی پی کا 0.4 فیصد ہوگا)، جبکہ مالی سال 2025ء میں 3.2 بلین ڈالر (جی ڈی پی کا 0.8 فیصد) ہوگا، کیونکہ آئی ایم ایف کی چھتری تلے استحکام کی پالیسی جاری رہنے کا امکان ہے۔

ڈالر اور روپے کا تناسب مستحکم رہنے کا امکان ہے کیونکہ حکومت برآمدات اور ترسیلات میں بحالی کی بنیاد پر کرنٹ اکاؤنٹ خسارہ کم کرنے کی طرف توجہ دے رہی ہے۔ نئے آئی ایم ایف پروگرام میں داخل ہونے سے بھی خارجی محاذ پر حصولِ رقم کی صورتحال واضح ہوگی۔ ہمیں توقع ہے کہ مالی سال کے اختتام پر ڈالر اور روپے کا تناسب تقریباً 300 ہوگا۔

مہنگائی کی سطح base کے اثر اور نسبتاً مستحکم روپے کے باعث نیچے آنا شروع ہو گئی ہے۔ مارچ 2024ء میں ہیڈ لائن مہنگائی 20.7 فیصد تک پہنچ گئی تھی جو مئی 2022ء سے اب تک کم ترین عدد ہے۔ بنیادی مہنگائی بھی قابل ذکر حد تک کم ہو کر 15.7 فیصد ہو گئی جو گزشتہ 18 ماہ کی کم ترین سطح ہے۔ جون 2024ء تک مہنگائی مزید کم ہو کر 18 تا 19 فیصد اور دسمبر 2024ء تک 13 تا 14 فیصد ہو جانے کا امکان ہے۔ اس کی بدولت مانیٹری پالیسی کمیٹی جون 2024ء تک سود کو کم کر کے 2 فیصد اور دسمبر 2024ء تک تقریباً 5 تا 6 فیصد کر سکے گی۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط زیر جائزہ مالی سال کے پہلے نو ماہ کے دوران 27.1 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 27.3 فیصد تھا۔ مہنگائی بلند تر سطح پر رہی کیونکہ گزشتہ مدتوں میں روپے کی قدر میں خطیر کمی کے باعث اشیائے خورد و نوش اور توانائی کی قیمتوں میں اضافہ ہوا۔ علاوہ ازیں، حکومت نے آئی ایم ایف کی شرائط کی تعمیل میں بجلی اور گیس کی قیمتوں میں اضافہ کیا جس کے باعث مہنگائی کے دباؤ میں بھی مزید اضافہ ہوا۔ ایس بی پی نے مانیٹری پالیسی منعقدہ 18 مارچ 2024ء میں موجودہ صورتحال برقرار رکھی۔ کمیٹی نے جائزہ لیا کہ مہنگائی کی سطح بدستور بلند ہے اور مستقبل میں اس کو خطرات لاحق ہو سکتے ہیں جس کے باعث نئی مدت میں محتاط لائحہ عمل اختیار کرنا ہوگا۔

مجموعی ملکی پیداوار (GDP) میں مالی سال 2023-24ء کی دوسری سہ ماہی میں 1.0 فیصد ترقی ہوئی جو گزشتہ سال مماثل مدت میں 2.2 فیصد تھی۔ زراعت میں 5.0 فیصد ترقی ہوئی، خدمات کے شعبے میں معمولی 0.01 فیصد اضافہ ہوا، جبکہ صنعت میں 0.84 فیصد کمی ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ سیاسی غیر یقینی صورتحال صنعتی ماحاصل میں تنزلی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں ایف بی آر ٹیکس وصولی مالی سال 2024ء کے پہلے نو ماہ میں 30.1 فیصد بڑھ کر 6,709 بلین روپے ہو گئی، جو ہدف سے 1 بلین روپے زیادہ ہے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 19.07 فیصد تھا جبکہ مقررہ معیار 24.07 فیصد تھا۔ فنڈ کی بالوزن اوسط میچورٹی (WAM) بڑھ کر 2.2 سال ہو گئی۔ فنڈ کی سرمایہ کاری زیر جائزہ مدت کے اختتام پر زیادہ تر نقد اور ٹریڈری بلنز (ٹی-بلنز) میں تھی۔ اختتام مدت پر فنڈ کی سرمایہ کاری 59.1 فیصد ٹی بلنز میں، 16.6 فیصد نقد میں، اور 10.9 فیصد حکومت پاکستان کے اجارہ سٹک میں تھی۔

31 مارچ 2024ء کو فنڈ کے net اثاثہ جات 14,105 ملین روپے تھے، جو 30 جون 2023ء کی سطح 7,706 ملین روپے کے مقابلے میں 83.03 فیصد اضافہ ہے۔

31 مارچ 2024ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 123.5214 روپے تھی، جو 30 جون 2023ء کو ابتدائی این اے وی فی یونٹ 108.0027 روپے کے مقابلے میں 15.5187 روپے فی یونٹ اضافہ ہے۔

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ڈی سی ایف انکم فنڈ کے اکاؤنٹس نو ماہ مختتمہ 31 مارچ 2024ء کا جائزہ پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

مجموعی معاشی اشارے سال کے آغاز سے بہتری کی جانب گامزن رہے۔ حکومت نے جون 2023ء میں آئی ایم ایف کا بے حد مطلوب 3 بلین ڈالر کا اسٹینڈ بائے اگریمنٹ (ایس بی اے) حاصل کر لیا اور دوست ممالک سے بروقت rollovers بھی حاصل کر لیے۔ علاوہ ازیں، آئی ایم ایف کے اہداف کی تعمیل جاری رکھنے کے غیر متزلزل عزم کے نتیجے میں حکومت آئی ایم ایف کے ساتھ پہلے اور دوسرے جائزوں میں اسٹاف لیول معاہدے تک پہنچنے میں بھی کامیاب ہو گئی۔ مزید برآں، حکومت نے نئی کابینہ کی تشکیل کے بعد حکومت نے اعلان کر دیا ہے کہ آئی ایم ایف کے موجودہ پروگرام کی میعاد ختم ہونے کے بعد کم از کم 6.0 بلین ڈالر کا نیا پروگرام حاصل کرنے کا ارادہ ہے۔

نگراں حکومت نے روپے پر قیاسی دباؤ کا سامنا کرنے کے بعد ستمبر 2023ء میں ڈالر کی اسمگلنگ اور افغان ٹرانزٹ کے غیر قانونی استعمال کے خلاف فیصلہ کن اقدام اٹھائے جس کی بدولت زیر مبادلہ کی شرح تیزی سے بحال ہوئی۔ اس کے نتیجے میں اوپن مارکیٹ اور انٹر بینک شرحوں کے درمیان فرق میں کمی ہوئی جس کی بدولت ترسیلات زر اور برآمدات میں بہتری آئی۔ حکومت کرنٹ اکاؤنٹ بیلنس کو کم کر رہی ہے، جس نے خارجی محاذ پر واضح صورتحال کے ساتھ ساتھ مقامی کرنسی کی مضبوطی ظاہر ہو رہی ہے۔ اختتام مدت پر ڈالر اور روپے کا فرق 277.9 تھا، جو آغاز سال کے مقابلے میں 2.9 فیصد زیادہ ہے۔

مالی سال 2024ء کے پہلے آٹھ ماہ میں ملک کا کرنٹ اکاؤنٹ کا خسارہ (سی اے ڈی) 1.0 بلین ڈالر تھا، جو گزشتہ سال مماثل مدت میں 3.8 بلین ڈالر کے مقابلے میں 74 فیصد YoY (سال در سال) کمی ہے۔ CAD میں کمی کی سب سے بڑی وجہ کاروباری خسارے میں کمی ہے۔ برآمدات میں 10.2 فیصد اضافہ اور درآمدات میں 8.8 فیصد کمی کی بدولت کاروباری خسارے میں 27.6 فیصد کمی ہوئی۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے زیر مبادلہ کے ذخائر، جو گزشتہ مالی سال کے اختتام پر 4.4 بلین ڈالر تھے، آئی ایم ایف، دوست ممالک اور کثیر الجہتی ذرائع سے آمدات کی بدولت بڑھ کر مارچ 2024ء تک 8.0 بلین ڈالر ہو گئے جس کی بدولت ملک کی خارجی صورتحال میں بہتری آئی۔

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2024

| | | March 31, 2024 (Un-Audited) ----- (Rupees in '000) ----- | June 30, 2023 (Audited) ----- (Rupees in '000) ----- |
|---|---|---|---|
| ASSETS | | | |
| Balances with banks | 4 | 4,104,715 | 3,929,019 |
| Investments | 5 | 20,455,182 | 7,022,044 |
| Mark-up, dividend and other receivables | | 199,866 | 1,256,398 |
| Advances, deposits and prepayments | | 39,673 | 86,104 |
| Total assets | | 24,799,436 | 12,293,565 |
| LIABILITIES | | | |
| Payable to MCB Investment Management Limited - Management Company | 6 | 49,289 | 26,753 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 984 | 512 |
| Payable to the Securities and Exchange Commission of Pakistan | | 870 | 1,180 |
| Payable against purchase of investments | | 10,172,993 | 4,228,664 |
| Accrued and other liabilities | 7 | 470,058 | 329,987 |
| Total liabilities | | 10,694,195 | 4,587,096 |
| NET ASSETS | | 14,105,241 | 7,706,469 |
| Unit holders' fund (as per statement attached) | | 14,105,241 | 7,706,469 |
| Contingencies and commitments | 8 | | |
| | | ----- (Number of units) ----- | |
| NUMBER OF UNITS IN ISSUE | | 114,192,704 | 71,354,399 |
| | | ----- (Rupees) ----- | |
| NET ASSETS VALUE PER UNIT | | 123.5214 | 108.0027 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

| | Nine months ended March 31, | | Quarter ended March 31, | |
|--|--------------------------------|----------------|----------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| Note | (Rupees in '000) | | | |
| INCOME | | | | |
| Net loss on sale of investments | (102,737) | (19,430) | (60,630) | (9,358) |
| Profit on bank deposits and term deposit receipts | 222,688 | 139,905 | 62,872 | 18,715 |
| Income from government securities | 1,475,510 | 455,221 | 576,233 | 222,007 |
| Income from term finance certificates and sukuk certificates | 203,368 | 106,033 | 66,670 | 37,925 |
| Unrealised diminution on re-measurement of investments classified as ' financial assets at fair value through profit or loss' - net | (29,794) | (29,481) | (27,372) | (31,440) |
| Other income | 2,248 | 1,457 | - | 553 |
| Total income | 1,771,283 | 653,705 | 617,773 | 238,402 |
| EXPENSES | | | | |
| Remuneration of the Management Company | 124,515 | 61,938 | 50,429 | 22,966 |
| Sindh Sales tax on remuneration of the Management Company | 16,187 | 8,052 | 6,556 | 2,986 |
| Expenses allocated by the Management Company | 7,304 | 4,129 | 3,256 | 1,531 |
| Remuneration of the Trustee | 6,226 | 3,094 | 2,522 | 1,145 |
| Sindh Sales Tax on trustee fee | 809 | 409 | 327 | 156 |
| Selling and marketing expenses | 45,557 | 16,104 | 16,580 | 5,972 |
| Annual fee to Securities and Exchange Commission of Pakistan | 6,226 | 833 | 2,522 | 313 |
| Brokerage, settlement and bank charges | 5,431 | 1,715 | 1,586 | 565 |
| Auditors' remuneration | 812 | 615 | 265 | 187 |
| Legal and professional charges | 194 | 157 | 100 | 76 |
| Others | 763 | 413 | 167 | 139 |
| Total operating expenses | 214,024 | 97,458 | 84,310 | 36,036 |
| Net income for the period before taxation | 1,557,260 | 556,248 | 533,464 | 202,367 |
| Taxation | 9 | - | - | - |
| Net income for the period after taxation | 1,557,260 | 556,248 | 533,464 | 202,367 |
| <i>Allocation of net income for the period:</i> | | | | |
| Net income for the period after taxation | 1,557,260 | 556,248 | | |
| Income already paid on units redeemed | (32,934) | (80,095) | | |
| | 1,524,326 | 476,153 | | |
| <i>Accounting income available for distribution:</i> | | | | |
| - Relating to capital gains | - | - | | |
| - Excluding capital gains | 1,524,326 | 476,153 | | |
| | 1,524,326 | 476,153 | | |

Earnings per unit

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2024

| | Nine months ended March 31, | | Quarter ended March 31, | |
|--|--------------------------------|----------------|----------------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | (Rupees in '000) | | | |
| Net income for the period after taxation | 1,557,260 | 556,248 | 533,464 | 202,367 |
| Other comprehensive Income for the period: | - | - | - | - |
| Total comprehensive income for the period | <u>1,557,260</u> | <u>556,248</u> | <u>533,464</u> | <u>202,367</u> |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

| | Nine Months ended March 31, 2024 | | | Nine Months ended March 31, 2023 | | |
|--|----------------------------------|-----------------------|-------------|----------------------------------|-----------------------|-------------|
| | ------(Rupees in '000) ----- | | | | | |
| | Capital value | Undistri-buted income | Total | Capital value | Undistri-buted income | Total |
| Net assets at beginning of the period | 7,254,636 | 451,833 | 7,706,469 | 4,197,230 | 420,085 | 4,617,315 |
| Issuance of 17,058,333 units (2023: 17,058,333 units) | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the period) | 9,736,211 | - | 9,736,211 | 3,464,123 | - | 3,464,124 |
| - Element of income | 665,270 | - | 665,270 | 185,443 | - | 185,443 |
| | 10,380,472 | - | 10,380,472 | 3,649,566 | - | 3,649,567 |
| Redemption of 11,237,444 units (2023: 11,237,444 units) | | | | | | |
| - Capital value (at net asset value per unit at the beginning of the period) | (5,109,559) | - | (5,109,559) | (2,065,927) | - | (2,065,927) |
| -Element of income | (417,477) | (32,934) | (450,411) | (45,158) | (80,095) | (125,252) |
| | (5,538,961) | (32,934) | (5,538,961) | (2,111,085) | (80,095) | (2,191,179) |
| Total comprehensive income for the period | - | 1,557,260 | 1,557,260 | - | 556,246 | 556,246 |
| | - | 1,557,260 | 1,557,260 | - | 556,246 | 556,246 |
| Net assets at end of the period | 12,096,147 | 1,976,159 | 14,105,241 | 5,735,711 | 896,236 | 6,631,950 |
| Undistributed income brought forward comprising of: | | | | | | |
| - Realised gain | 487,707 | | | 413,270 | | |
| - Unrealised loss | (35,874) | | | 6,815 | | |
| | 451,833 | | | 420,085 | | |
| Accounting income available for distribution: | | | | | | |
| - Relating to capital gains | - | | | - | | |
| - Excluding capital gains | 1,524,326 | | | 476,153 | | |
| | 1,524,326 | | | 476,153 | | |
| Undistributed income carried forward | 1,976,159 | | | 896,238 | | |
| Undistributed income carried forward comprising of: | | | | | | |
| - Realised gain | 2,005,953 | | | 925,719 | | |
| - Unrealised loss | (29,794) | | | (29,481) | | |
| | 1,976,159 | | | 896,238 | | |
| | (Rupees) | | | (Rupees) | | |
| Net assets value per unit at beginning of the period | 108.0027 | | | 107.3596 | | |
| Net assets value per unit at end of the period | 123.5214 | | | 118.3613 | | |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2024

| | Nine Months ended | |
|--|------------------------------|-------------------|
| | March 31, 2024 | March 31, 2023 |
| | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period before taxation | 1,557,260 | 556,248 |
| Adjustments for: | | |
| Net unrealised loss on revaluation of investments 'at fair value through profit or loss - held-for-trading' | 29,794 | 29,481 |
| | 1,587,054 | 585,728 |
| Decrease / (increase) in assets | | |
| Investments | (13,462,932) | (4,804,365) |
| Mark-up, dividend and other receivables | 1,056,532 | (44,907) |
| Advances, deposits and prepayments | 46,431 | 93,498 |
| | (12,359,969) | (4,755,774) |
| Increase / (Decrease) in liabilities | | |
| Payable to MCB Investment Management Limited - Management Company | 22,536 | 10,861 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 473 | 152 |
| Annual fee payable to SECP | (310) | (33) |
| Payable against purchase of investments | 5,944,329 | (821,364) |
| Accrued and other liabilities | 140,071 | 201,984 |
| | 6,107,100 | (608,400) |
| Net cash generated from / (used in) operating activities | (4,665,816) | (4,778,446) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Receipts from issuance of units (excluding additional units) | 10,380,472 | 3,649,566 |
| Payments on redemption of units | (5,538,961) | (2,191,179) |
| Dividend paid | - | - |
| Net cash generated from financing activities | 4,841,511 | 1,458,387 |
| Net decrease in cash and cash equivalents during the period | 175,695 | (3,320,059) |
| Cash and cash equivalents at beginning of the period | 3,929,019 | 3,780,064 |
| Cash and cash equivalents at end of the period | 4,104,715 | 460,006 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** MCB DCF Income Fund (the Fund) was established under a Trust Deed dated November 20, 2006 executed between Arif Habib Investments Limited (now MCB Investment Management Limited) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) as a Collective Investment Scheme vide its letter dated on November 7, 2006 consequent to which the trust deed was executed on November 10, 2006 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). The Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 12, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.2** The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan.
- 1.3** The Fund is an open ended mutual fund and has been categorised as "Income Scheme" and offers units for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited.
- 1.4** The Fund primarily invests in money market and other instruments which includes corporate debt and government securities, repurchase agreements and spread transactions. The Fund may also invest a portion of the funds in medium term assets in order to provide higher return to the unit holders.
- 1.5** Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2023 to the Management Company and a stability rating of 'AA-(f)' dated March 8, 2024 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

- 2.1.1** This condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan which comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - The NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC rules, the NBFC Regulations and requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

- 2.1.2** This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements for the year ended 30 June 2023. The comparative in the statement of assets and liabilities presented in the condensed interim financial information as at 31 March 2024 have been extracted from the audited financial statements of the Fund for the year ended 30 June 2023, where as the comparatives in the condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' funds are stated from unaudited condensed interim financial information for the nine months ended 31 March 2023.
- 2.1.3** The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. This condensed interim financial information is unaudited.
- 2.1.4** In compliance with schedule V of the NBFC Regulations the Directors of the Management Company, hereby declare that this condensed interim financial statement give a true and fair view of the state of affairs of the Fund.
- 2.1.5** This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS.

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2023.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2023. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Funds for the year ended June 30, 2023.

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

There are certain amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are considered either not to be relevant or do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

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

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2024. However, these will not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

| | | March 31, 2024 (Un-audited) | June 30, 2023 (Audited) |
|------------------------------|------------|-----------------------------------|-------------------------------|
| | Note ----- | (Rupees in '000)----- | |
| 4 BALANCES WITH BANKS | | | |
| Current accounts | | 62,177 | 55,020 |
| Savings accounts | 4.1 | 4,042,537 | 3,873,999 |
| | 4.2 | <u>4,104,715</u> | <u>3,929,019</u> |

4.1 These carry profit at rates ranging from 20.50% to 22% per annum (June 30, 2023: 12.25% to 21.50% per annum).

4.2 These includes balances with related parties of Rs. 72.761 million (June 30, 2023: Rs. 55.042 million) maintained with MCB Bank Limited and Rs. 1.230 million (June 30, 2023: Rs. 0.007 million) maintained with MCB Islamic Bank Limited.

| | | March 31, 2024 (Un-audited) | June 30, 2023 (Audited) |
|---|------------|-----------------------------------|-------------------------------|
| | Note ----- | (Rupees in '000)----- | |
| 5 INVESTMENTS | | | |
| 5.1 At fair value through profit or loss | | | |
| Government securities | 5.1.1 | 19,226,788 | 5,871,263 |
| Listed debt securities | 5.1.2 | - | - |
| Unlisted debt securities | 5.1.3 | <u>1,228,394</u> | <u>1,150,781</u> |
| | | 20,455,182 | 7,022,044 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

5.1 Government securities - 'at fair value through profit or loss - held-for-trading'

| Name of security | Note | Date of issue | Face value | | | | Balance as at March 31, 2024 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|----------------------------|------|--------------------|---------------------|-----------------------------|-------------------------------------|----------------------|------------------------------|--------------|--------------------------|--|---|
| | | | As at July 01, 2023 | Purchased during the period | Disposed/ matured during the period | As at March 31, 2024 | Carrying value | Market value | Unrealised gain / (loss) | | |
| (Rupees in '000) | | | | | | | | | | | |
| % | | | | | | | | | | | |
| Treasury Bills - 3 months | | | | | | | | | | | |
| Treasury Bills | | March 7, 2024 | - | 375,900 | 375,200 | 700 | 677 | 676 | (0.84) | 0.00% | 0.02% |
| Treasury Bills | | May 4, 2023 | - | 1,000,000 | 1,000,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | January 11, 2024 | - | 125,000 | 125,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | August 24, 2023 | - | 2,000,000 | 2,000,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | July 13, 2023 | - | 2,000,000 | 2,000,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | November 2, 2023 | - | 14,100,000 | 14,100,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | November 16, 2023 | - | 10,200,000 | 10,200,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | September 7, 2023 | - | 6,000,000 | 6,000,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | November 30, 2023 | - | 5,290,000 | 5,290,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | December 28, 2023 | - | 1,725,000 | 1,725,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills* | | June 15, 2023 | - | 7,104,500 | 7,104,500 | - | - | - | - | 0.0% | 0.00% |
| Treasury Bills | | March 21, 2024 | - | 500,000 | 500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | January 25, 2024 | - | 375,000 | 375,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | February 7, 2024 | - | 500,000 | 500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | September 21, 2023 | - | 8,307,000 | 8,307,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | February 22, 2024 | - | 500,000 | 500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | December 14, 2023 | - | 500,000 | 500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | June 1, 2023 | - | 2,500,000 | 2,500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | August 10, 2023 | - | 7,500,000 | 7,500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | May 18, 2023 | - | 2,200,000 | 2,200,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | October 19, 2023 | - | 1,800,000 | 1,800,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | October 5, 2023 | - | 5,700,000 | 5,700,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | June 22, 2023 | 1,670,000 | 7,000,000 | 8,670,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills - 6 months | | | | | | | | | | | |
| Treasury Bills | | December 28, 2023 | - | 500,000 | 500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | December 14, 2023 | - | 500,000 | 500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | March 7, 2024 | - | 750,000 | 375,000 | 375,000 | 344,157 | 343,078 | (1,079.73) | 0.00% | 1.68% |
| Treasury Bills | | November 16, 2023 | - | 26,159,000 | 20,000,000 | 6,159,000 | 6,001,286 | 6,000,159 | (1,127.10) | 0.00% | 29.33% |
| Treasury Bills | | January 11, 2024 | - | 125,000 | 125,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | November 30, 2023 | - | 6,700,000 | 6,700,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | June 15, 2023 | - | 13,800,000 | 13,800,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | October 19, 2023 | - | 2,000,000 | 2,000,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | November 2, 2023 | - | 11,500,000 | 11,500,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills - 12 months | | | | | | | | | | | |
| Treasury Bills | | March 27, 2023 | - | 1,100,000 | 1,075,000 | 25,000 | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | June 22, 2023 | 200,000 | 150,000 | 350,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | January 25, 2024 | - | 375,000 | - | 375,000 | 323,822 | 319,569 | (4,252.66) | 0.00% | 1.56% |
| Treasury Bills | | October 19, 2023 | - | 33,320,000 | 29,855,000 | 3,465,000 | 3,099,484 | 3,100,815 | 1,330.56 | 0.00% | 15.16% |
| Treasury Bills | | December 28, 2023 | - | 3,148,000 | 3,000,000 | 148,000 | 128,430 | 127,716 | (714.23) | 0.00% | 0.62% |
| Treasury Bills | | November 16, 2023 | - | 746,800 | 746,800 | - | 664,926 | 658,557 | (6,368.72) | 0.00% | 3.22% |
| Treasury Bills | | July 25, 2023 | - | 10,110 | 10,110 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | November 2, 2023 | - | 18,506,300 | 17,005,000 | 1,501,300 | 1,334,752 | 1,333,635 | (1,117.09) | 0.00% | 6.52% |
| Treasury Bills | | June 15, 2023 | 1,600,000 | 1,000,000 | 2,600,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | January 11, 2024 | - | 2,500,000 | 1,250,000 | 1,250,000 | 1,071,384 | 1,071,843 | 458.75 | 0.00% | 5.24% |
| Treasury Bills | | November 30, 2023 | - | 3,700,000 | 3,700,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | December 14, 2023 | - | 1,000,000 | 1,000,000 | - | - | - | - | 0.00% | 0.00% |
| Treasury Bills | | March 21, 2024 | - | 3,000,000 | 1,000,000 | 2,000,000 | 1,666,997 | 1,664,604 | (2,392.54) | 0.00% | 8.14% |
| Treasury Bills | | July 13, 2023 | - | 8,000,000 | 7,958,000 | 42,000 | 39,766 | 39,617 | (149.77) | 0.00% | 0.19% |
| Total as at March 31, 2024 | | | | | | | 14,675,682 | 14,660,268 | (15,413) | | |
| Total as at June 30, 2023 | | | | | | | 3,080,817 | 3,068,339 | (12,478) | | |

| Pakistan Investment Bonds | | | | | | | | | | | |
|-----------------------------------|------|-------------------|---------------------|-----------------------------|-------------------------------------|----------------------|------------------------------|--------------|--------------------------|--|---|
| Name of security | Note | Date of issue | Face value | | | | Balance as at March 31, 2024 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
| | | | As at July 01, 2023 | Purchased during the period | Disposed/ matured during the period | As at March 31, 2023 | Carrying value | Market value | Unrealised gain / (loss) | | |
| (Rupees in '000) | | | | | | | % | | | | |
| Pakistan Investment Bonds-3 Years | | July 4, 2023 | 10,150,000 | 10,050,000 | | 100,000 | 91,736 | 90,688 | (1,047.79) | 0.00% | 0.44% |
| Pakistan Investment Bonds-3 Years | | October 13, 2022 | 4,000,000 | 4,000,000 | | - | - | - | - | 0.00% | 0.00% |
| Pakistan Investment Bonds-5 Years | | January 17, 2024 | 5,475,000 | 5,200,000 | | 275,000 | 262,649 | 259,348 | (3,301.00) | 0.00% | 1.27% |
| Pakistan Investment Bonds-5 Years | | February 15, 2024 | 5,550,000 | 5,000,000 | | 550,000 | 516,892 | 515,678 | (1,213.83) | 0.00% | 3.52% |
| Total as at March 31, 2024 | | | | | | | 871,277 | 865,714 | (5,563) | | |
| Total as at June 30, 2023 | | | | | | | - | - | - | | |

Pakistan investment bonds - Floating Rate Bond

| Name of security | Note | Date of issue | Face value | | | | Balance as at March 31, 2024 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|----------------------------|------|--------------------|---------------------|-----------------------------|-------------------------------------|----------------------|------------------------------|--------------|--------------------------|--|---|
| | | | As at July 01, 2023 | Purchased during the period | Disposed/ matured during the period | As at March 31, 2023 | Carrying value | Market value | Unrealised gain / (loss) | | |
| (Rupees in '000) | | | | | | | | | | | |
| % | | | | | | | | | | | |
| Pakistan Investment Bonds | | | | | | | | | | | |
| - 02 years** | | September 8, 2022 | - | 2,000,000 | 2,000,000 | - | - | - | - | 0.00% | 0.00% |
| - 02 years** | | December 30, 2021 | 1,360,000 | 1,000,000 | 2,360,000 | - | - | - | - | 0.00% | 0.00% |
| - 02 years** | | February 9, 2023 | - | 6,000,000 | 6,000,000 | - | - | - | - | 0.00% | 0.00% |
| - 02 years** | | April 6, 2023 | - | 6,569,000 | 6,569,000 | - | - | - | - | 0.00% | 0.00% |
| Pakistan Investment Bonds | | | | | | | | | | | |
| - 03 years | | April 7, 2022 | 250,000 | - | 250,000 | - | - | - | - | 0.00% | 0.00% |
| - 03 years | | September 21, 2023 | - | 3,300,000 | 3,300,000 | - | - | - | - | 0.00% | 0.00% |
| - 03 years | | September 8, 2022 | - | 1,000,000 | 1,000,000 | - | - | - | - | 0.00% | 0.00% |
| Pakistan Investment Bonds | | | | | | | | | | | |
| - 05 years | | September 21, 2023 | - | 37,575,000 | 36,575,000 | 1,000,000 | 963,963 | 955,500 | (8,463) | 6.77% | 4.67% |
| - 05 years | | October 19, 2023 | - | 5,350,000 | 5,350,000 | - | - | - | - | 0.00% | 0.00% |
| - 05 years | | April 6, 2023 | - | 2,200,000 | 2,200,000 | - | - | - | - | 0.00% | 0.00% |
| - 05 years | | December 14, 2023 | - | 1,100,000 | 1,100,000 | - | - | - | - | 0.00% | 0.00% |
| - 05 years | | May 6, 2021 | 650,000 | - | 650,000 | - | - | - | - | 0.00% | 0.00% |
| | | August 10, 2023 | - | 850,000 | 850,000 | - | - | - | - | 0.00% | 0.00% |
| Pakistan Investment Bonds | | | | | | | | | | | |
| - 10 years** | | August 22, 2019 | 35,000 | - | - | 35,000 | 33,584 | 34,398 | 813 | 0.24% | 0.17% |
| - 10 years** | | November 4, 1931 | - | 7,000,000 | 7,000,000 | - | - | - | (1) | 0.00% | 0.00% |
| Total as at March 31, 2024 | | | | | | | 997,547 | 989,898 | (7,651) | | |
| Total as at June 30, 2023 | | | | | | | 2,266,148 | 2,260,149 | (5,999) | | |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

GOP Ijara Sukuk

| Name of security | Note | Date of issue | Face value | | | | Balance as at March 31, 2024 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|------------------------------|------|--------------------|---------------------|-----------------------------|-------------------------------------|----------------------|------------------------------|--------------|--------------------------|--|---|
| | | | As at July 01, 2023 | Purchased during the period | Disposed/ matured during the period | As at March 31, 2024 | Carrying value | Market value | Unrealised gain / (loss) | | |
| ----- (Rupees in '000) ----- | | | | | | | | | | | |
| GOP Ijara Sukuk | | | | | | | | | | | |
| - 01 years*** | | October 9, 2023 | - | 100,000 | 100,000 | - | - | - | (1) | 0.00% | 0.00% |
| - 01 years*** | | December 4, 2023 | - | 25,000 | - | 25,000 | 25,000 | 25,000 | (1) | 0.18% | 0.12% |
| - 01 years*** | | September 20, 2023 | - | 250,000 | - | 250,000 | 249,986 | 250,000 | 13 | 1.77% | 1.22% |
| - 01 years*** | | August 7, 2023 | - | 90,000 | - | 90,000 | 90,409 | 90,018 | (392) | 0.64% | 0.44% |
| - 01 years*** | | March 15, 2024 | - | 532,000 | 1,000 | 531,000 | 446,464 | 445,562 | (903) | 3.16% | 2.18% |
| - 01 years*** | | March 8, 2023 | - | 1,375,000 | 1,375,000 | - | - | - | (1) | 0.00% | 0.00% |
| ----- % ----- | | | | | | | | | | | |
| GOP Ijara Sukuk | | | | | | | | | | | |
| - 03 years*** | | December 4, 2023 | - | 200,000 | 75,000 | 125,000 | 125,129 | 124,823 | (308) | 0.88% | 0.61% |
| - 03 years*** | | June 26, 2023 | - | 100,000 | 100,000 | - | - | - | (1) | 0.00% | 0.00% |
| - 03 years*** | | January 24, 2024 | - | 325,000 | - | 325,000 | 325,000 | 326,438 | 1,437 | 2.31% | 1.6% |
| GOP Ijara Sukuk | | | | | | | | | | | |
| - 05 years*** | | May 29, 2020 | 110,000 | - | - | 110,000 | 109,573 | 109,417 | (156) | 0.78% | 0.53% |
| - 05 years*** | | December 4, 2023 | - | 275,000 | 175,000 | 100,000 | 100,000 | 100,070 | 70 | 0.71% | 0.49% |
| - 05 years*** | | October 26, 2022 | 200,000 | - | 200,000 | - | - | - | - | 0.00% | 0.00% |
| - 05 years*** | | June 24, 2020 | - | 90,000 | - | 90,000 | 89,366 | 89,757 | 391 | 0.64% | 0.44% |
| - 05 years*** | | October 6, 2021 | 185,000 | - | 185,000 | - | - | - | - | 0.00% | 0.00% |
| - 05 years*** | | January 24, 2024 | - | 1,100,000 | - | 1,100,000 | 1,099,761 | 1,099,758 | (2) | 7.80% | 5.38% |
| - 05 years*** | | July 29, 2020 | - | 50,000 | - | 50,000 | 49,730 | 50,065 | 335 | 0.35% | 0.24% |
| Total as at March 31, 2024 | | | | | | | 2,710,417 | 2,710,907 | 481 | | |
| Total as at June 30, 2023 | | | | | | | 543,097 | 542,775 | (322) | | |

5.1.2 Listed debt securities - term finance certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

| Name of investee company | Number of certificates | | | | As at March 31, 2024 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|---|------------------------|-----------------------------|----------------------------------|----------------------|----------------------|--------------|--------------------------|--|---|
| | As at July 1, 2023 | Purchased during the period | Sold / matured during the period | As at March 31, 2024 | Carrying value | Market value | Unrealised gain / (loss) | | |
| ----- (Rupees in '000) ----- | | | | | | | | | |
| Financial Services | | | | | | | | | |
| | | | - | | | | | | |
| Saudi Pak Leasing Company Limited | 10,000 | - | - | 10,000 | 27,548 | (27,548) | - | - | - |
| Household goods | | | | | | | | | |
| | | | | | | | | | |
| New Allied Electronics Industries (Private) Limited - May 15, 2007 | 10,400 | - | - | 10,400 | 21,983 | (21,983) | - | - | - |
| New Allied Electronics Industries (Private) Limited - July 27, 2007 Sukuk | 112,000 | - | - | 112,000 | 35,063 | (35,063) | | | |
| Total as at March 31, 2024 | | | | | 84,594 | (84,594) | - | | |
| Total as at June 30, 2023 | | | | | - | - | - | | |

5.1.3 Unlisted debt securities - term finance and sukuk certificates of Rs.5,000 each (unless stated otherwise) - 'at fair value through profit or loss'

| Name of investee company | ----- Number of certificates ----- | | | | Balance as at March 31, 2024 | | | Market value as a percentage of net assets | Market value as a percentage of total investments |
|---|------------------------------------|-----------------------------|-------------------------------------|----------------------|------------------------------|------------------|--------------------------|--|---|
| | As at July 01, 2023 | Purchased during the period | Disposed/ Matured during the period | As at March 31, 2024 | Carrying value | Market value | Unrealised (loss) / gain | | |
| ----- (Rupees in '000) ----- | | | | | | | | | |
| Commercial Banks | | | | | | | | | |
| Askari Bank Limited | 50 | - | - | 50 | 49,488 | 49,750 | 262 | 0.004 | 0.004 |
| Samba bank limited | 850 | - | - | 850 | 84,898 | 84,611 | (287) | 0.007 | 0.007 |
| Meezan Bank Limited | 145 | - | - | 145 | 143,550 | 143,074 | (477) | 0.011 | 0.012 |
| Bank Al Habib Limited | 70,000 | 52,000 | 40,000 | 82,000 | 402,088 | 400,374 | (1,713) | 0.032 | 0.032 |
| The Bank of Punjab | - | 500 | - | 500 | 49,990 | 49,985 | (5) | 0.004 | 0.004 |
| Chemical | | | | | | | | | |
| Ghani Chemical Industries Limited (Formerly Ghani Gases Limited) - Sukuk (February 02, 2017)*** | 500 | - | 500 | - | - | - | - | - | - |
| Energy | | | | | | | | | |
| Pakistan Energy Sukuk (May 21,2020) | 100,000 | 120,000 | 120,000 | 100,000 | 500,041 | 500,600 | 560 | 0.040 | 0.040 |
| Investment Banks / Investment Companies / Securities Companies | | | | | | | | | |
| Jahangir Siddiqui & Company Limited - TFC (July 18, 2017)*** | 10,000 | - | 10,000 | - | - | - | - | - | - |
| Jahangir Siddiqui & Company Limited - TFC (March 06, 2018) | 18,000 | - | 18,000 | - | - | - | - | - | - |
| Total as at March 31, 2024 | | | | | 1,230,054 | 1,228,394 | (1,661) | | |
| Total as at June 30, 2023 | | | | | 1,167,856 | 1,150,781 | (17,075) | | |

* Nominal value of this sukuk certificate is Rs.100,000 per certificate.
** Nominal value of this sukuk certificate is Rs.1,000,000 per certificate.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

5.1.4 Details of non-compliant investment with the investment criteria as specified by the SECP

In accordance with clause (v) of the investment criteria laid down for 'income scheme' in Circular No. 7 of 2009, the Fund is required to invest in any security having rating not lower than the investment grade (credit rating of BBB and above). However, as at March 31, 2023, the Fund is non-compliant with the above mentioned requirement in respect of the following investments. The securities were in compliance with the circular (i.e. investment grade) at the time of purchase and were subsequently downgraded to non investment grade by MUFAP on default by respective issuer in repayment of coupon due on respective dates.

| Name of non-compliant investment | Type of investment | Value of investment before provision | Provision held, if any | Value of investment after provision | Percentage of net assets | Percentage of total investments |
|---|--------------------|--------------------------------------|------------------------|-------------------------------------|--------------------------|---------------------------------|
| Listed debt securities | | | | | | |
| Saudi Pak Leasing Company Limited | TFC | 27,548 | (27,548) | - | - | - |
| Unlisted debt securities | | | | | | |
| New Allied Electronics Industries (Private) Limited | TFC | 21,983 | (21,983) | - | - | - |
| New Allied Electronics Industries (Private) Limited | Sukuk | 35,063 | (35,063) | - | - | - |

6 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

| | March 31, 2024 (Un-audited) | June 30, 2023 (Audited) |
|--|-----------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| Remuneration payable | 17,407 | 9,068 |
| Sindh sales tax on management fee | 2,263 | 1,179 |
| Allocated expenses payable | 1,055 | 605 |
| Selling and marketing expenses payable | 16,580 | 7,833 |
| Sales load payable | 11,985 | 8,068 |
| | <u>49,289</u> | <u>26,753</u> |

7 ACCRUED AND OTHER LIABILITIES

| | March 31, 2024 (Un-Audited) | June 30, 2023 (Audited) |
|---|-----------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| | Note | |
| Federal Excise Duty on remuneration to the Management Company | 7.1 | 99,060 |
| Federal Excise Duty and related taxes payable on sales load | | 27,933 |
| Auditors' remuneration | | 456 |
| Withholding tax payable | | 4,756 |
| Brokerage payable | | 1,072 |
| Dividend payable | | 9 |
| Others | | 336,770 |
| | | <u>470,058</u> |
| | | <u>329,987</u> |

7.1 Federal Excise Duty and related tax payable

There is no change in the status of the appeal filed by the Federal Board of Revenue in the Honorable Supreme Court of Pakistan in respect of levy of Federal Excise Duty as reported in the annual financial statements of the Fund for the year ended June 30, 2023. Had the said provision for FED not been recorded in the condensed interim financial information of the Fund, the net asset value of the Fund as at March 31, 2024 would have been higher by Rs. 1.11 per unit (June 30, 2023: Rs. 1.78 per unit).

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

On November 03, 2020, DCF Income Fund (DCFIF) received a notice of tax demand for the Tax Year 2018 from the Additional Commissioner (Inland) Revenue (ACIR), whereby the ACIR raised objection on claiming of "income already paid on units redeemed" as part of distribution and thereby challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR is of the view that the amount of "Cash Dividend" paid can only be treated as part of distribution and according to his view the amount of "income already paid on units redeemed" is not "Cash Dividend". The ACIR raised tax demand of Rs. 73.376 million on the Fund in respect of the Tax Year 2018. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA), Stay Order was duly granted by CIRA. On November 25, 2021, Assessment Order issued by ACIR was remanded back by CIRA. Since then, no notice / Order has yet been issued from FBR.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

On December 01, 2021, DCF Income Fund (DCFIF) received a notice of tax demand for the Tax Year 2017 from the Additional Commissioner (Inland) Revenue (ACIR), whereby ACIR raised objections on claiming of "provision against debt securities" amounting to Rs. 7.943 million and adjustment of the "Element of loss and capital losses" amounting to Rs. 151.140 million while arriving at the declared accounting income of the Fund and has challenged the distribution of 90 percent of income and the Fund's eligibility for exemption from tax. The ACIR raised a tax demand of Rs 138.821 million. The Management Company on behalf of the Fund filed Appeal and Stay Application in front of Commissioner Appeals (CIRA).

On March 31, 2022, a favorable Appellate Order was passed by Commissioner Appeals whereby it was directed that the benefit of Element of Loss should be allowed to the Company.

On June 14, 2022, FBR being aggrieved with said Order filed Appeal with Appellate Tribunal Inland Revenue. Management Company, in consultation with its advisor, anticipates a favorable outcome of the case.

8.2 Commitments

There were no commitments outstanding as at March 31, 2024 and June 30, 2023.

9 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company intends to distribute at least 90% of the Fund's accounting income for the year ending June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these condensed interim financial statements.

10 EARNINGS PER UNIT

Earnings per unit based on cumulative weighted average units for the period has not been disclosed as in the opinion of the Management Company, the determination of the same is not practicable.

11 TOTAL EXPENSE RATIO

The Annualized total expense ratio of the Fund is 2.57% as on March 31, 2024 (March 31, 2023: 2.36%) and this includes 0.28% (March 31, 2023: 0.23%) representing Government Levy, Sindh Workers' Welfare Fund (SW WF) and

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

Related parties / connected persons of the Fund include the Management Company, other collective investment schemes managed by the Management Company, MCB Bank Limited being the holding company of the Management Company, the Trustee, directors and key management personnel, other associated undertakings and unit holders holding more than 10% units of the Fund.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of the NBFC Regulations 2008 and Constitutive documents of the Fund.

The transactions with connected persons / related parties are in the normal course of business and are carried out on agreed terms at contracted rates.

Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

12.1 Unit Holders' Fund

| For the Nine Months ended March 31, 2024 (Un-Audited) | | | | | | | | |
|---|------------------------|--|----------|-------------------------|------------------------|----------|----------|----------------------|
| | As at July 01, 2023 | Issuance (including additional units) | Redeemed | As at March 31, 2024 | As at July 01, 2023 | Issuance | Redeemed | As at March 31, 2024 |
| | Units | | | | (Rupees in '000) | | | |
| Group / associated companies | | | | | | | | |
| MCB Employees Provident Fund (Pak Staff) | 2,092,430 | - | - | 2,092,430 | 225,988 | - | - | 258,460 |
| MCB Employees Pension Fund | 2,092,430 | - | - | 2,092,430 | 225,988 | - | - | 258,460 |
| D.G. Khan Cement Company Ltd Employees Provident Fund Trust | 6,294 | - | 6,294 | 0 | 680 | - | 695 | 0 |
| Mandate under discretionary portfolio services* | 5 | - | 3 | 2 | - | - | - | 0 |

* This reflects the position of related party / connected persons status as at March 31, 2024.

| For the nine months ended March 31, 2023 (Audited) | | | | | | | | |
|---|------------------------|----------|----------|-------------------------|------------------------|----------|----------|----------------------|
| | As at July 01, 2022 | Issuance | Redeemed | As at March 31, 2023 | As at July 01, 2022 | Issuance | Redeemed | As at March 31, 2023 |
| | Units | | | | (Rupees in '000) | | | |
| Group / associated companies | | | | | | | | |
| MCB Employees Provident Fund (Pak Staff) | 1,823,176 | - | - | 1,823,176 | 195,735 | - | - | 215,793 |
| MCB Employees Pension Fund | 1,823,176 | - | - | 1,823,176 | 195,735 | - | - | 215,793 |
| D.G. Khan Cement Company Ltd Employees Provident Fund Trust | 5,483 | - | - | 5,483 | 589 | | | 649 |
| Key Management Personnell | 1 | 4,750 | 4,750 | 1 | | 535 | 539 | - |
| Mandate under discretionary portfolio services* | 5 | - | 5 | - | - | 1 | 1 | - |

* This reflects the position of related party / connected persons status as at March 31, 2023.

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

| | | | (Un-Audited) | |
|--|--|--|-----------------------------------|------------------------------|
| | | | March 31, 2024 | March 31, 2023 |
| | | | ----- (Rupees in '000) ----- | |
| 12.2 Transactions during the period: | | | | |
| MCB Investment Management Limited Management Company | | | | |
| Remuneration (including indirect taxes) | | | 140,702 | 69,990 |
| Marketing and Selling Expense | | | 45,557 | 16,104 |
| Expense allocated by the Management | | | 7,304 | 4,129 |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Remuneration (including indirect taxes) | | | 7,036 | 3,503 |
| Settlement charges | | | 98 | 12 |
| MCB Bank Limited | | | | |
| Mark-up on deposit accounts | | | 85 | 36 |
| Purchase of securities face value Rs. 4,500 million (2023: Sale Nil) | | | 4,296,059 | - |
| Sale of securities face value Rs. 4,000 million (2023: Sale Rs. 250,000,000) | | | 3,495,002 | 233,668 |
| Bank charges | | | 60 | 22 |
| | | | (Un-Audited) March 31, 2024 | (Audited) June 30 2023 |
| | | | ----- (Rupees in '000) ----- | |
| 12.3 Balances outstanding at period end: | | | | |
| MCB Investment Management Limited Management Company | | | | |
| Remuneration payable | | | 17,407 | 9,068 |
| Sindh sales tax payable on remuneration payable | | | 2,263 | 1,179 |
| Allocated expenses payable | | | 1,055 | 605 |
| Selling and marketing expenses payable | | | 16,580 | 7,833 |
| Sales load payable | | | 11,985 | 8,068 |
| Central Depository Company of Pakistan Limited - Trustee | | | | |
| Security deposit | | | 200 | 200 |
| Remuneration payable (including indirect taxes) | | | 984 | 512 |
| MCB Bank Limited | | | | |
| Balances with Bank | | | 72,761 | 55,042 |
| MCB Islamic Bank Limited | | | | |
| Balances with bank | | | 1,230 | 7 |

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

13. GENERAL

- 13.1. Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.
- 13.2. Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. However, no significant rearrangements or reclassifications were made in these condensed interim financial statements to report.

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. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

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

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

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

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

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on April 22, 2024 by the Board of Directors of the Management Company.

For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

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