

QUARTERLY REPORT

SEPTEMBER
2023
(UNAUDITED)

Funds Under Management of
MCB INVESTMENT MANAGEMENT LIMITED
(Formerly: MCB-Arif Habib Savings and Investments Limited)

PAKISTAN INCOME ENHANCEMENT FUND

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FUND'S INFORMATION

Management Company	MCB Investment Management Limited (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Board of Directors	Mr. Haroun Rashid Mr. Shoaib Mumtaz Mr. Muhammad Saqib Saleem 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. Manzar Mushtaq Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member
Credit Committee	Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Muhammad Saqib Saleem	Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
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 Sikk 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 Micro Finance Bank Limited National Bank of Pakistan The Bank of Khyber
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants Cavish Court, A-35, Block-7 & 8 KCHSU, Shahrah-e-Faisal, Karachi-753550.	
Legal Advisor	Bawane & 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 (Formerly: MCB-Arif Habib Savings and Investments Limited) Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Pakistan Income Enhancement Fund** accounts review for the quarter ended September 30, 2023.

Economy and Money Market Review

The new fiscal year started on a positive note as the government secured a much needed Stand-by Arrangement (SBA) facility of USD 3bn from the IMF, of which USD 1.2bn was promptly disbursed. This was followed by additional inflows of USD 3bn from Saudi Arabia and UAE and timely rollover from China. These led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC due to the improved external outlook.

Macroeconomic concerns resurfaced in Aug-23 when there was change of political guard as the new interim government came into power. An immediate effort of new finance team to clear pending import payments turned by the speculators to give a notion of weakening external account putting significant pressure on the currency. The rupee weakened to PKR 307 against the greenback in interbank while the open market rate hovered around PKR 330. The interim setup albeit with some delay took decisive steps against smuggling of dollar and abuse of Afghan Transit which led a sharp recovery in exchange rate and elimination of the difference between open market and interbank rates. A sustained action and elimination of smuggling of goods and currency bodes well for the economy.

The country posted a current account deficit (CAD) of USD 0.9bn in the first two months of the fiscal year 2024 (2MFY24) declining by 54% YoY compared to a deficit of USD 2.0bn in the corresponding period last year. Narrowing trade deficit was the major contributor towards improving CAD as 8.3% decrease in exports coupled with a 26.0% drop in imports led to a 39.5% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 7.6bn as of Sep-23 end compared to USD 4.5bn at the end of last fiscal year. This was on account of flows from IMF and friendly countries.

Headline inflation represented by CPI averaged 29.0% during 1QFY24 compared to 25.1% in the corresponding period last year. Inflation remained on the higher side as currency depreciation led to higher food and energy prices. The government increased electricity base tariff to comply with IMF conditions which led to further inflationary pressure. SBP mainlined status quo in monetary policy held in Sep-23 as it noted that inflation is projected to remain on the downwards trajectory and real interest rates continue to remain in positive territory on a forward-looking basis.

The country's GDP growth recorded at 0.29% in FY23 with Agricultural and Services sector increasing by 1.6% and 0.9%, respectively, while industrial sector witnessed a drop of 2.9%. Historic high interest rates coupled with import restrictions were the major culprits behind the fall in industrial output. On the fiscal side, FBR tax collection increased by 24.1% in 1QFY24 to PKR 2,041bn compared to PKR 1,644bn in the same period last year, outpacing the target by PKR 63bn.

The Secondary markets yields initially increased in the period preceding Sep-23 monetary policy as there was a general market consensus that interest rates will be increased by 100-200bps in the MPS. The 3 month yields increased from 22.7% to a high

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

of 23.8% while 3 Year Bond yields rose from 19.5% to a peak of 21.2%. After SBP maintained status quo in the MPS and dollar started reversing, the yields also receded. The 3-month T-Bill Yield declined to 22.5% while 3 Year PIB decreased to 19.1% as of Sep 23.

Fund Performance

During the period under review, the fund generated an annualized return of 19.06% against its benchmark return of 24.22%.

WAM of fund stood at 1.1 years. The fund was mainly invested in PIB's & Cash.

At period-end, the fund was 54.1% invested in PIB's, 22.8% in Cash. The Net Assets of the fund as at September 30, 2023 stood at Rs. 1,067 million as compared to Rs. 1,201 million as at June 30, 2023 registering a decrease of 11.16%.

The Net Asset Value (NAV) per unit as at September 30, 2023 was Rs. 57.0881 as compared to opening NAV of Rs. 54.4717 per unit as at June 30, 2023 registering an increase of Rs. 2.6164 per unit.

Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 4.1% in FY24 after a dismal performance last year. The industrial and services sector is expected to show growth as import restriction has been removed which will help to normalize trade activities. Agriculture growth is likely to remain on the higher side due to base effect as the heavy floods last year affected agriculture output. The arrivals of crops have been encouraging with cotton arrival increasing by 72% YoY to 5.0mn bales in the quarter.

The successful resumption of 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 10.5bn on the back of flows from friendly countries, IMF and multilateral agencies. However, our external position still remains precarious as we are unlikely to issue international Eurobond or Sukuk owing to the challenging global conditions. The proceeds from FDI and RDA are also likely to remain muted owing to the current economic challenges. Thus we would have to ensure a sustainable current account this year to stave off external concerns. We expect a CAD of USD 3.1bn (0.9% of GDP) in FY24 as policy of consolidation is likely to continue under the IMF umbrella.

The rupee has recovered from its recent low due to the administrative measures by the government to curb dollar smuggling and hoarding. However, the sustainability of this recovery will depend on recovery in export and remittances flow. In addition, the flows from bilateral and multilateral sources and reserve building will be vital for external outlook. We expect USD/PKR to close the fiscal year on 311.7 on an ending REER of 95.

We expect Average FY24 inflation to ease to 24.1% compared to 29.0% in FY23 as the base effect will come into play. Inflation readings have peaked and inflation is expected to follow a downward trajectory with headline number falling sharply in 2HFY24. This coupled with the buildup of forex reserves during the period will allow the monetary easing cycle to start in the second half of the year. We expect a cumulative easing of around 4.0% till Jun-24, however, its pace and timing would be determined by trend in FX reserves.

REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2023

From the capital market perspective particularly equities, the market is trading at cheap valuations. Market cap to GDP ratio has declined to 7.6%, a discount of 61% from its historical average of 19.5%. Similarly, Earning Yield minus Risk Free Rate is close to 5.6%, compared to the historical average of 2.7% 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 4.6x, while offering a dividend yield of 12.2%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. We would continue to monitor the data points and capitalize on opportunities to add government bonds in Income Funds at attractive rates to benefit from the expected monetary easing in the medium term.

Mutual Fund Industry Review

The Net Assets of the open end mutual funds industry increased by about 14.7% during 1QFY24 to PKR 1,793bn. Total money market funds grew by about 15.8% since Jun-23. Within the money market sphere, conventional funds showed a growth of 17.0% to PKR 553bn while Islamic funds increased by 14.4% to PKR 491bn. In addition, the total fixed Income funds increased by about 23.0% since Jun-23 to PKR 454bn while Equity and related funds increased by 1.7% to PKR 170bn.

In terms of the segment share, Money Market funds were the leader with a share of around 58.2%, followed by Income funds with 25.3% and Equity and Equity related funds having a share of 8.5% as at the end of Sep-23.

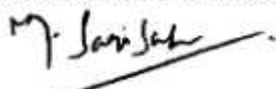
Mutual Fund Industry Outlook

The current interest rates would encourage higher flows in the money market funds as they are ideal for investors with a short term horizon and low risk profile. However, external concerns have eased post agreement with IMF and the long term investors may look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

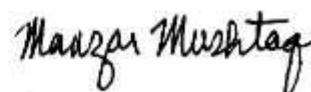
Acknowledgment

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,



Muhammad Saqib Saleem
Chief Executive Officer
October 18, 2023



Manzar Mushtaq
Director
October 18, 2023

ڈائریکٹرز رپورٹ

اظہار تشکر

بورڈ فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فنڈ کے ٹرسٹیز کا اُن کی مسلسل معاونت اور حمایت کے لیے شکر گزار ہے۔ علاوہ ازیں، ڈائریکٹرز انتظامی ٹیم کی کاوشوں کو بھی خراج تحسین پیش کرتے ہیں۔

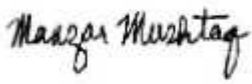
من جانب ڈائریکٹرز،



محمد ثاقب سلیم

چیف ایگزیکٹو آفیسر

18 اکتوبر 2023ء



منظر مشتاق

ڈائریکٹر

تجارت ہو رہی ہے جبکہ ڈیویڈنڈ کی سطح 12.2 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۔ ہم ڈیٹا پوائنٹس کی نگرانی اور پُرکشش شرحوں پر انکم فنڈز میں حکومتی بانڈز شامل کرنے کے مواقع سے استفادہ جاری رکھیں گے تاکہ درمیانی 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 کی پہلی سہ ماہی کے دوران تقریباً 14.7 فیصد بڑھ کر 1,793 بلین روپے ہو گئے۔ منی مارکیٹ کے مجموعی فنڈز میں جون 2023ء سے اب تک تقریباً 15.8 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز تقریباً 17.0 فیصد بڑھ کر 553 بلین روپے ہو گئے، جبکہ اسلاک فنڈز 14.4 فیصد بڑھ کر 491 بلین روپے ہو گئے۔ مزید براں، فیکسڈ انکم کے مجموعی فنڈز جون 2023ء سے اب تک تقریباً 23.0 فیصد بڑھ کر 454 بلین روپے ہو گئے، جبکہ ایکویٹی اور متعلقہ فنڈز 1.7 فیصد بڑھ کر 170 بلین روپے ہو گئے۔ شعبہ جاتی شراکت کے اعتبار سے ستمبر 2023ء کے اختتام پر منی مارکیٹ فنڈز تقریباً 58.2 فیصد کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر انکم فنڈز 25.3 فیصد کے ساتھ تھے، اور تیسرے نمبر پر ایکویٹی اور متعلقہ فنڈز 8.5 فیصد کے ساتھ تھے۔

میوچل فنڈ صنعت کی مستقبل کا منظر

سود کی موجودہ شرحوں سے منی مارکیٹ فنڈز میں زیادہ آمدورفت کی حوصلہ افزائی ہوگی کیونکہ یہ مختصر المیعاد سرمایہ کاروں کے لیے موزوں ترین ہیں جو خطرے کی کم سطح پر رہنا چاہتے ہیں۔ تاہم آئی ایم ایف معاہدے کے بعد خارجی خدشات کم ہو گئے ہیں اور طویل المیعاد سرمایہ کاران بے حد پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگا سکتے ہیں۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کرنے کے لیے تیار ہیں۔

ڈائریکٹر زر پورٹ

زراعت کے شعبے کی ترقی متوقع طور پر base کے اثر کی بدولت بلند سطح پر ہوگی کیونکہ گزشتہ سال سیلابوں کے باعث بڑے پیمانے پر زرعی پیداوار متاثر ہوئی تھی۔ فصلوں کی پیداوار حوصلہ افزا رہی، مثلاً کپاس دوران سہ ماہی 72 فیصد YoY (سال در سال) بڑھ کر 5.0 ملین گانٹھیں ہوگئی۔

آئی ایم ایف پروگرام کی کامیابی اہم ترین پیش رفت ہے کیونکہ اس سے پاکستان کو باہمی اور کثیرالاجہتی ذرائع سے رقم کے حصول میں مدد ملے گی۔ دوستانہ ممالک، آئی ایم ایف اور کثیرالاجہتی ایجنسیوں سے آمدات کی بدولت اسٹیٹ بینک آف پاکستان کے ذخائر متوقع طور پر بڑھ کر 10.5 بلین ڈالر ہو جائیں گے۔ تاہم ہماری خارجی صورتحال تاحال بے یقینی کا شکار ہے کیونکہ ہم مشکل عالمی حالات کے باعث بین الاقوامی یورو بانڈ اور سٹاک کا اجراء ممکن نظر نہیں آ رہا۔ غیر ملکی براہ راست سرمایہ کاری (ایف ڈی آئی) اور RDA سے ہونے والی آمدنی بھی موجودہ معاشی مسائل کے باعث ممکنہ طور پر تعطل کا شکار رہیں گی۔ چنانچہ ہمیں سال رواں میں ایک قابل بقاء کرنٹ اکاؤنٹ یقینی بنانا ہوگا تاکہ خارجی مسائل کا خطرہ ٹل سکے۔ مالی سال 2024ء میں کرنٹ اکاؤنٹ خسارہ (سی اے ڈی) متوقع طور پر 3.1 بلین ڈالر (جی ڈی پی کا 0.9 فیصد) ہوگا کیونکہ آئی ایم ایف کی چھتری تلے استحکام کے حصول کی پالیسی ممکنہ طور پر جاری رہے گی۔

ڈالر کی اسمگلنگ اور ذخیرہ اندوزی کی روک تھام کے حکومتی اقدامات کی بدولت روپے کی قدر اپنی حالیہ پستی سے بحال ہوئی ہے۔ تاہم اس بحالی کی قابلیت بقاء کا انحصار برآمدات اور ترسیلات کے بہاؤ کی بحالی پر ہے۔ مزید برآں، خارجی منظر نامے کے لیے باہمی اور کثیرالاجہتی ذرائع سے آمدات اور ذخائر میں اضافہ اہمیت کے حامل ہیں۔ ڈالر / یورو پیہ مالی سال کے اختتام پر 311.7 ہوگا اور اختتامی REER 95 ہوگی۔

مالی سال 2024ء کی اوسط مہنگائی متوقع طور پر مالی سال 2023ء کی سطح 29.0 فیصد سے کم ہو کر 24.1 فیصد ہو جائے گی کیونکہ base کا اثر اپنا کردار ادا کرے گا۔ مہنگائی کی سطحیں عروج پر پہنچ گئی ہیں اور اس میں بتدریج کمی متوقع ہے، اور ہیڈ لائن عدد مالی سال 2024ء کی دوسری سہ ماہی میں تیزی سے گرے گا۔ اس کے ساتھ ساتھ دوران مدت زیر مبادلہ کے ذخائر میں اضافے کی بدولت سال کے نصف آخر میں مالیاتی تسہیل کی گردش شروع ہو سکتی ہے۔ جون 2024ء تک مجموعی طور پر تقریباً 4.0 فیصد مجموعی متوقع ہے، تاہم اس کی رفتار اور اس کے وقت کا انحصار زیر مبادلہ کے ذخائر کے رجحان پر ہوگا۔

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 7.6 فیصد ہو گیا ہے جو اس کے قدیم اوسط 19.7 فیصد سے 61 فیصد کی ہے۔ اسی طرح Earning Yield مائنس محفوظ شرح تقریباً 5.6 فیصد کے قریب ہے، اور جو کہ 2.7 فیصد کی تاریخی اوسط 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 اُن کمپنیز پر توجہ مرکوز کی جانی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں 4.6x PER پر

ڈائریکٹر رپورٹ

میں جو جمود کو بنیادی طور پر برقرار رکھا کیونکہ افراد ذریعہ شرح نیچے کی طرف رہنے کا امکان ہے اور سود کی حقیقی شرحیں ترقی پسندانہ بنیاد پر بدستور مثبت زمرے میں برقرار ہیں۔

مجموعی ملکی پیداوار (GDP) میں مالی سال 2023ء میں 0.29 فیصد ترقی ہوئی۔ اس ضمن میں زراعت اور خدمات کے شعبوں میں بالترتیب 1.6 فیصد اور 0.9 فیصد اضافہ ہوا جبکہ صنعتی شعبے میں 2.9 فیصد گراوٹ ہوئی۔ سود کی اب تک کی بلند ترین شرحوں کے ساتھ ساتھ درآمداتی پابندیاں صنعتی پیداوار میں کمی کے سب سے بڑے عوامل تھے۔ مالیاتی جہت میں دیکھا جائے تو ایف بی آر ٹیکس وصولی مالی سال 2024ء کی پہلی سہ ماہی میں 24.1 فیصد بڑھ کر 2,041 بلین روپے ہو گئی، بالمقابل گزشتہ سال مماثل مدت میں 1,644 بلین روپے کے، چنانچہ ہدف سے 63 بلین روپے زیادہ ٹیکس وصولی ہوئی۔

ثانوی مارکیٹوں کی پیداوار میں ستمبر 2023ء کی مانیٹری پالیسی سے قبل مدت میں ابتدائی طور پر اضافہ ہوا کیونکہ مارکیٹ میں اس بات پر اتفاق تھا کہ MPS میں سود کی شرحوں میں 100 سے 200 بی پی ایس اضافہ ہوگا۔ تین ماہانہ منافع جات 22.7 فیصد سے بڑھ کر 23.8 فیصد ہو گئے جبکہ تین سالہ بانڈز کے منافع جات 19.5 فیصد سے بڑھ کر 21.2 فیصد ہو گئے۔ ایس بی پی کی جانب سے MPS میں جمود کو برقرار رکھنے اور ڈالر کی قدر میں کمی کے بعد منافع جات میں بھی کمی ہونا شروع ہو گئی۔ تین ماہانہ ٹی بل کے منافع جات ستمبر 2023ء کے اختتام پر کم ہو کر 22.5 فیصد ہو گئے جبکہ تین سالہ پی آئی بی کم ہو کر 19.1 فیصد ہو گئے۔

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ کا ایک سال پر محیط منافع 19.06 فیصد تھا، جبکہ اس کا بنچ مارک منافع 24.22 فیصد تھا۔ فنڈ کی WAM 1.1 سال کی سطح پر تھی۔ فنڈ کی زیادہ تر سرمایہ کاری پی آئی بی اور نقد میں تھی۔ اختتام مدت پر فنڈ کی سرمایہ کاری 54.1 فیصد پی آئی بی میں اور 22.8 فیصد نقد میں تھی۔

30 ستمبر 2023ء کو فنڈ کے net اثاثہ جات 1,067 ملین روپے تھے، جبکہ 30 جون 2023ء کو 1,201 ملین روپے تھے، یعنی 11.16 فیصد کمی ہوئی۔

30 ستمبر 2023ء کو net اثاثہ جاتی قدر (این اے وی) فی یونٹ 57.0881 روپے تھی، جبکہ 30 جون 2023ء کو ابتدائی این اے وی 54.4717 روپے فی یونٹ تھی، یعنی 2.6164 روپے فی یونٹ اضافہ ہوا۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) میں گزشتہ سال مایوس ٹخن کارکردگی کے بعد مالی سال 2024ء میں 4.1 فیصد بہتری متوقع ہے۔ صنعت اور خدمات کے شعبے میں ترقی متوقع ہے کیونکہ درآمدات پر عائد پابندی ختم کر دی گئی ہے جس کی بدولت کاروباری سرگرمیاں بحال ہوں گی۔

بورڈ آف ڈائریکٹرز کی جانب سے پاکستان انکم اینہینسمنٹ فنڈ کے اکاؤنٹس کا جائزہ برائے سہ ماہی اگست 2023ء پیش خدمت ہے۔

معیشت اور بازار کا جائزہ

نیامالی سال مثبت انداز میں شروع ہوا کیونکہ حکومت نے آئی ایم ایف سے بے حد مطلوبہ 3 بلین ڈالر کا اسٹینڈ بائے اگریمنٹ (ایس بی اے) کر لیا، جس میں سے 1.2 بلین ڈالر فوری طور پر جاری کر دیئے گئے۔ اس کے بعد سعودی عرب اور متحدہ عرب امارات سے 3 بلین ڈالر کی مزید آمد، اور چین کی طرف سے بروقت رول اوور کی فراہمی عمل میں آئی۔ اس کے نتیجے میں خارجی منظر نامے میں خوش آئند پیش رفت کی بدولت Fitch کی جاری کردہ پاکستان کی خود مختار درجہ بندی -CCC سے بہتر ہو کر CCC ہو گئی۔

مجموعی معاشی مسائل اگست 2023ء میں دوبارہ ابھرنے لگے جب سیاسی منظر نامہ تبدیل ہوا اور نگران حکومت آئی۔ درآمدات کے واجبات کی ادائیگی کے لیے نئی مالیاتی ٹیم کی فوری کوشش کو خارجی اکاؤنٹ کی صورتحال میں کمزوری کے طور پر قیاس کیا گیا جس سے روپے پر قابض ڈکرباؤ پڑا۔ انٹرنیٹ میں ڈالر کے مقابلے میں روپے کی قدر میں 307 روپے کی کمی ہوئی جبکہ اوپن مارکیٹ کی شرح تقریباً 330 روپے کے آس پاس رہی۔ نگران حکومت نے، اگرچہ کچھ تاخیر کے ساتھ، ڈالر کی اسمگلنگ اور افغان ٹرانزٹ کے ناجائز استعمال کے حوالے سے فیصلہ گن اقدام کیے جس کے نتیجے میں زیر مبادلہ کی شرح تیزی سے بحال ہوئی اور اوپن مارکیٹ اور انٹرنیٹ کی شرحوں میں فرق ختم ہوا۔ باقاعدہ بنیادوں پر کارروائی اور اشیاء اور روپے کی اسمگلنگ کی روک تھام ملک کے حالات میں بہتری کی نوید ہیں۔

ملک کا کرنٹ اکاؤنٹ خسارہ (CAD) مالی سال 2024ء کے پہلے دو ماہ میں 0.9 بلین ڈالر تھا، جبکہ گزشتہ سال مماثل مدت میں 2.0 بلین ڈالر تھا، یعنی 54 فیصد سال در سال (YoY) کمی ہوئی۔ تجارتی خسارے کا کم ہونا CAD کو بہتر بنانے میں اہم کردار ادا کر رہا ہے۔ برآمدات میں 8.3 فیصد کمی اور درآمدات میں 26.0 فیصد کمی کی بدولت کاروباری خسارے میں 39.5 فیصد کمی ہوئی۔

ملک کی خارجی صورتحال میں بہتری آئی کیونکہ اسٹیٹ بینک آف پاکستان کے زیر مبادلہ کے ذخائر گزشتہ مالی سال کے اختتام پر 4.5 بلین ڈالر کے مقابلے میں بڑھ کر ستمبر 2023ء کے اختتام تک 7.6 بلین ڈالر ہو چکے تھے۔ اس کی وجہ آئی ایم ایف اور دوستانہ ممالک کی طرف سے مالیاتی آمدات تھیں۔

ہیڈ لائن مہنگائی، جس کی ترجمانی CPI یعنی صارفی قیمت کے انڈیکس سے ہوتی ہے، کا اوسط مالی سال 2024ء کی پہلی سہ ماہی کے دوران 29.0 فیصد تھا جبکہ گزشتہ سال مماثل مدت میں 25.1 فیصد تھا۔ اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ بجلی، گیس اور پٹرول کی بڑھتی ہوئی قیمتیں CPI میں اضافے کے عوامل رہے۔ حکومت نے آئی ایم ایف کی شرائط پوری کرنے کے لیے بجلی کی بنیادی قیمت میں اضافہ کیا جس کے نتیجے میں مہنگائی کے دباؤ میں مزید اضافہ ہوا۔ ایس بی پی نے ستمبر 2023ء کی مانیٹری پالیسی

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2023

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	(Rupees in '000)	
ASSETS			
Balances with banks		249,884	244,161
Investments	5	742,142	965,765
Dividend, profit and other receivable		37,621	15,269
Receivables against sale of investment		60,394	-
Advances, deposits and prepayments		3,430	3,565
Receivable from National Clearing Company of Pakistan Limited		2,181	2,181
Total assets		1,095,652	1,230,941
LIABILITIES			
Payable to the Management Company		3,575	2,800
Payable to Central Depository Company of Pakistan Limited - Trustee		77	86
Payable to the Securities and Exchange Commission of Pakistan		68	245
Payable against redemption of units		2,079	2,079
Accrued expenses and other liabilities	8	22,668	24,750
Total liabilities		28,467	29,961
NET ASSETS		1,067,185	1,200,980
Unit holders' fund (as per statement attached)		1,067,185	1,200,980
Contingencies and Commitments	9		
		(Number of units)	
NUMBER OF UNITS IN ISSUE		18,693,642	22,047,796
		(Rupees)	
NET ASSETS VALUE PER UNIT		57.0881	54.4717

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

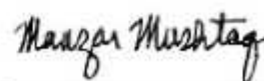
For MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	Quarter Ended September 30,	
		2023	2022
		(Rupees in '000)	
INCOME			
Income from government securities		54,236	10,613
Income from Term Finance Certificates		4,947	7,493
Profit on bank deposits		8,116	19,957
Capital (loss) / gain on sale of investments - net		(7,557)	4,924
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net		(219)	(1,269)
Other income		101	64
Total income		59,624	41,782
EXPENSES			
Remuneration of Management Company		1,632	1,594
Sindh sales tax on remuneration of Management Company		212	207
Remuneration of Central Depository Company of Pakistan Limited - Trustee		215	183
Sindh Sales tax on remuneration of Central Depository Company of Pakistan Limited - Trustee		28	24
Annual fee to Securities and Exchange Commission of Pakistan		215	49
Allocated expenses		608	294
Selling and Marketing		2,537	507
Securities transaction cost		259	134
Fees and subscription		135	131
Legal and professional charges		79	67
Auditors' remuneration		190	168
Bank charges		145	78
Printing and related costs		25	31
Total expenses		6,280	3,467
Net income for the period before taxation		53,344	38,315
Taxation	10	-	-
Net income for the period after taxation		53,344	38,315
Allocation of net income for the period:			
Net income for the period		53,344	38,315
Income already paid on units redeemed		(5,738)	(5,141)
		47,606	33,174
Accounting income available for distribution			
- Relating to capital gains		-	2,880
- Excluding capital gains		47,606	30,294
		47,606	33,174
Earnings per unit	11		

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

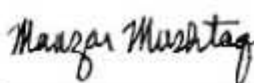
For MCB Investment Management Limited
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

	Quarter Ended	
	September 30,	
Note	2023	2022
	(Rupees in '000)	
Net income for the period after taxation	53,344	38,315
Other Comprehensive Income	-	-
Total comprehensive income for the period	53,344	38,315

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

For MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended					
	September 30, 2023			September 30, 2022		
	(Rupees in '000)					
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the period	1,091,607	109,374	1,200,980	766,138	104,220	870,358
Issue of units 4,010,932 (2022: 13,824,324 units) including additional units						
- Capital value (at net asset value per unit at the beginning of the period)	218,482	-	218,482	748,693	-	748,693
- Element of income	4,652	-	4,652	15,963	-	15,963
	223,134	-	223,134	764,656	-	764,656
Redemption of 7,365,086 units (2022: 10,160,940 units)						
- Capital value (at net asset value per unit at the beginning of the period)	(401,189)	-	(401,189)	(550,292)	-	(550,292)
- Element of income	(3,346)	(5,738)	(9,084)	(6,072)	(5,141)	(11,213)
	(404,535)	(5,738)	(410,273)	(556,364)	(5,141)	(561,505)
Total comprehensive income for the period	-	53,344	53,344	-	38,315	38,315
	-	-	-	-	-	-
	-	53,344	53,344	-	38,315	38,315
Net assets at end of the period	910,206	156,980	1,067,185	974,430	137,394	1,111,824
Undistributed income brought forward						
- Realised		115,885			102,893	
- Unrealised		(6,511)			1,327	
		109,374			104,220	
Accounting income available for distribution						
- Relating to capital gains		-			2,880	
- Excluding capital gains		47,606			30,293	
		47,606			33,174	
Cash distribution during the period		-			-	
Undistributed income carried forward		156,980			137,394	
Undistributed income carried forward						
- Realised		157,199			138,663	
- Unrealised		(219)			(1,269)	
		156,980			137,394	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the period			54.4717			54.1576
Net assets value per unit at end of the period			57.0881			56.3399

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

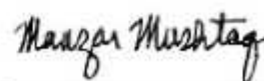
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(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended	
	September 30, 2023	September 30, 2022
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	53,344	38,315
Adjustments for non cash and other items:		
Unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss' - net	219	1,269
	<u>53,563</u>	<u>39,584</u>
(Decrease) / Increase in assets		
Investments - net	223,403	88,983
Dividend, profit and other receivable	(22,352)	(993)
Receivable against marginal trading system	-	1
Receivables against sale of investment	(60,394)	-
Advances, deposit and prepayments	135	129
	<u>140,792</u>	<u>88,120</u>
(Decrease) / Increase in liabilities		
Payable to the Management Company	775	(2,641)
Payable to Central Depository Company of Pakistan Limited - Trustee	(9)	12
Payable to the Securities and Exchange Commission of Pakistan	(177)	(164)
Payable against purchase of investment	-	(335,236)
Accrued expenses and other liabilities	(2,082)	(139)
	<u>(1,493)</u>	<u>(338,168)</u>
Net cash generated from/ (used in) operating activities	<u>192,862</u>	<u>(210,464)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units (excluding additional units)	223,134	764,656
Payment against redemption and conversion of units	(410,273)	(561,505)
Net cash (used in) /generated from financing activities	<u>(187,139)</u>	<u>203,151</u>
Net increase in cash and cash equivalents during the year	<u>5,723</u>	<u>(7,314)</u>
Cash and cash equivalents at beginning of the period	244,161	676,103
Cash and cash equivalents at end of the period	<u>249,884</u>	<u>668,789</u>

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

For MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan Income Enhancement Fund (the Fund) was established through a Trust Deed executed between Arif Habib Investments Limited (now MCB-Arif Habib Savings and Investments Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The draft Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated June 26, 2008 and July 7, 2008 consequent to which Trust Deed was executed on July 14, 2008 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 Fund are required to be registered under the Sindh Trust Act. Accordingly, on August 13, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

In April 2023, MCB Bank Limited acquired the entire shareholding of Arif Habib Corporation Limited (AHCL) in MCB Arif Habib Savings and Investments Limited after which the shareholding of MCB Bank Limited has increased from 51.33% to 81.42% in the Company and AHCL no longer holds any shares in the Company. Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investments Management Limited. Thereafter, the Company applied to SECP, for approval of change of name, which was granted on August 15, 2023 and as such, the change of name became effective from that date.

- 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-ended mutual fund and has been categorised as 'Aggressive Fixed Income Scheme' by the Board of Directors of the Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. Unit holders are divided into plan 'A' and plan 'B'. The unit holders under plan 'A' are entitled for bonus units as well as cash dividend, whereas unit holders under plan 'B' are entitled for cash dividend only. The units are listed on the Pakistan Stock Exchange Limited (PSX).
- 1.4** The Fund primarily invests in debt securities, unlisted government securities, secured debt securities, money market transactions, reverse repurchase transactions, spread transactions and transactions under Margin Trading System.
- 1.5** The Pakistan Credit Rating Agency (PACRA) Limited has assigned Management quality rating of AM1 dated October 06, 2023 to the Management Company and "A+(f)" as stability rating dated September 08, 2023 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 for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:
- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
 - Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), 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 VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulation and the requirements of the Trust Deed have been followed.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

- 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 30 September 2023 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 quarter ended 30 September 2022.
- 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

- 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. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund and therefore not disclosed in this condensed interim financial information.
- 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.

4 BALANCES WITH BANKS	Note	Sep 30, 2023 (Un-audited) (Rupees in '000)	June 30, 2023 (Audited)
In current accounts		8,948	11,705
In saving accounts	4.1	240,936	232,456
	4.2	<u>249,884</u>	<u>244,161</u>

4.1 These carry mark-up at rates ranging to 20.50% per annum (June 30, 2023: 13.50% to 19.50% per annum).

4.2 These include balances held with MCB Bank Limited (a related party) of Rs 8.972 million (June 30, 2023: Rs 11.733) million.

5 INVESTMENTS	Note	Sep 30, 2023 (Un-audited) (Rupees in '000)	June 30, 2023 (Audited)
<i>At fair value through profit or loss</i>			
Government securities	5.1	717,176	870,674
Unlisted debt securities	5.3	24,966	95,091
		<u>742,142</u>	<u>965,765</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

5.1 Government securities - Fair value through profit or loss

Tenure	Issue Date	Face value				At Sep 30, 2023			Market value as a percentage of net assets	Market value as a percentage of total investment
		At July 01, 2023	Purchased during the period	Sales / matured during the period	At Sep 30, 2023	Carrying value	Market value	(Diminution) / appreciation		
(Rupees in '000)										
%										
*Treasury bills - 3 months	May 18, 2023	100,000	100,000	200,000	-	-	-	-	-	-
	June 1, 2023	250,000	100,000	350,000	-	-	-	-	-	-
	June 15, 2023	-	175,000	175,000	-	-	-	-	-	-
	June 22, 2023	-	50,000	50,000	-	-	-	-	-	-
	July 13, 2023	-	500,000	500,000	-	-	-	-	-	-
	August 10, 2023	-	550,000	550,000	-	-	-	-	-	-
	September 21, 2023	-	500,000	500,000	-	-	-	-	-	-
*Treasury bills - 6 months	June 15, 2023	-	2,270,000	2,270,000	-	-	-	-	-	-
*Treasury bills - 12 months	July 14, 2022	-	200,000	200,000	-	-	-	-	-	-
	June 15, 2023	500,000	-	500,000	-	-	-	-	-	-
	July 13, 2023	-	300,000	300,000	-	-	-	-	-	-
Government of Pakistan Ijara Securities - 1 year	September 20, 2023	-	125,000	-	125,000	125,000	124,974	(26)	12	17
Pakistan Investment Bonds - FRB - 2 years	April 6, 2023	-	1,060,000	460,000	600,000	592,686	592,202	(484)	55	80
Pakistan Investment Bonds - 3 years	July 4, 2023	-	750,000	750,000	-	-	-	-	-	-
Pakistan Investment Bonds - FRB - 5 years	May 6, 2021	125,000	-	125,000	-	-	-	-	-	-
	August 10, 2023	-	325,000	325,000	-	-	-	-	-	-
As at September 30, 2023 (Unaudited)						717,686	717,176	(510)		
As at June 30, 2023 (Audited)						875,183	870,674	(4,509)		

5.2 Listed debt securities - Term Finance Certificates/Sukuks

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

Name of investee company	Number of Certificates					At Sep 30, 2023			Market value as a percentage of net assets	Market value as a percentage of total investment
	At July 01, 2023	Purchased during the period	Matured during the period	Disposed during the period	At Sep 30, 2023	Carrying value	Market value	diminution		
-----Rupees in '000-----										

* Face value of the investment is Rs. 100,000

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

5.3 Unlisted debt securities - Term Finance Certificates/Sukuks - Fair value through profit or loss

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

Name of investee company	Number of Certificates					At Sep 30, 2023			Market value** as a percentage of net assets	Market value** as a percentage of total investment
	At July 01, 2023	Purchased during the period	Matured during the period	Disposed during the period	At Sep 30, 2023	Carrying value*	Market value	Appreciation / (diminution)		
						----- Rupees in '000 -----			----- % -----	
Financial Institutions										
Askari Bank Limited (17-3-20 issue)**	20	-	-	20	-	-	-	-	0.00	0.00
Samba Bank Limited (01-03-2021)*	400	-	-	400	-	-	-	-	0.00	0.00
Jahangir Siddiqui & Company Limited (18-07-2017 issue)***	17,000	-	17,000	-	-	-	-	-	0.00	0.00
Bank AL Habib Ltd. - TFC*** (30-09-2021 issue)	5,000	-	-	-	5,000	24,680	24,966	286	2.34	3.36
Construction and Material										
Eden Housing Limited - Sukuk - (31-03-2008 issue) - Due but not received	10,415	-	-	-	10,415	10,252	-	-	-	-
Less: Provision for impairment						(10,252)				
As at September 30, 2023 (Unaudited)						24,680	24,966	286		
As at June 30, 2023 (Audited)						97,093	95,091	(2,002)		

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

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

*** Nominal value of this certificate is Rs. 5,000 per certificate.

5.4 Unrealised (diminution) / appreciation in value of investments at fair value through profit or loss - net

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
	'--- (Rupees in '000) ---	
Market value of investments	742,142	965,765
Carrying value of investments	742,361	972,276
	(219)	(6,511)

6 PAYABLE TO THE MANAGEMENT COMPANY

	(Unaudited) September 30, 2023	(Audited) June 30, 2023
	'--- (Rupees in '000) ---	
Management remuneration payable	6.1 636	525
Sindh sales tax payable on remuneration of the Management Company	6.2 83	68
Allocated expenses payable	6.3 315	151
Selling and marketing expenses payable	6.4 2,537	1,719
Sales load payable	4	337
	3,575	2,800

6.1 The management company charged management fee at the rate of up to 15% of the gross earnings of the scheme, calculated on a daily basis. The remuneration is paid to the Management Company on a monthly basis in arrears.

6.2 Sales tax on management remuneration has been charged at the rate of 13%.

6.3 The Management Company has charged allocated expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

6.4 The Management Company has charged Selling and Marketing Expenses to the fund to the extent as it has think expedient on its discretion subject to not being higher than actual expenses.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

7 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

	Sep 30, September 30, (Unaudited) (Rupees in '000)	June 30, 2023 (Audited)
SECP Fee Payable	68	245
	<u>68</u>	<u>245</u>

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) on annual basis at the rate of 0.02% of average Net Assets of Collective investment Scheme calculated on daily basis.

Effective as of July 1, 2023, the SECP, through SRO 592 dated May 17, 2023, has revised the annual fee rate from 0.02% to 0.075% and introduced a shift in payment frequency, from annual to monthly basis.

8 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	Sep 30, 2023 (Unaudited) (Rupees in '000)	June 30, 2023 (Audited)
Provision for federal excise duty and related taxes on			
- Management fee	8.1	16,590	16,590
- Sales load		4,746	4,746
Brokerage payable		153	62
Capital gain tax payable		354	2,737
Auditors' remuneration payable		726	536
Printing expense payable		65	40
Legal advisor payable		33	38
Other payable		1	-
		<u>22,668</u>	<u>24,750</u>

8.1 Federal Excise Duty on remuneration of the management company and sales load

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 provision for FED not been made, the Net Assets Value of the Fund as at September 30, 2023 would have been higher by Rs 1.14 (June 30, 2023: Rs 0.97) per unit.

9 CONTINGENCIES AND COMMITMENTS

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

10 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 to be earned during current year to the unit holders 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 during the period. 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.

11 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

12 TOTAL EXPENSE RATIO

The annualized total Expense Ratio (TER) of the Fund for the period ended September 30, 2023 is 2.19% which includes 0.17% representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc.

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

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

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

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

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

The details of transactions during the current period and balances at period end with related parties / connected persons are as follows:

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

	For the Quarter ended September 30, 2023 (unaudited)							
	As at July 01, 2023	Issued for cash	Redeemed	As at Sep 30, 2023	As at July 01, 2023	Issued for cash	Redeemed	As at Sep 30, 2023
	Units				(Rupees in '000)			
Associated Companies:								
D.G Khan Cement Company Limited								
Employees Provident Fund Trust	556,063	-	556,063	-	30,290	-	30,897	-
Key management personnel*	61,503	331,109	18,304	374,308	3,350	18,749	7,025	21,369
Unit holders holding 10% or more units	5,443,068	-	-	5,443,068	296,493	-	-	310,734

	For the Quarter ended September 30, 2022 (unaudited)							
	As at July 01, 2022	Issued for cash	Redeemed	As at Sep 30, 2022	As at July 01, 2022	Issued for cash	Redeemed	As at Sep 30, 2022
	Units				(Rupees in '000)			
Associated Companies:								
D.G Khan Cement Company Limited								
Employees Provident Fund Trust	477,036	-	-	477,036	25,835	-	-	26,876
Key management personnel*	-	124,740	124,740	-	-	7,022	7,025	-
Unit holders holding 10% or more units	2,231,978	-	-	2,231,978	120,879	-	-	125,749

* This reflects position of related party / connected persons status

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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

	September 30, 2023 (Unaudited) ----- (Rupees in '000) -----	September 30, 2022 (Unaudited) ----- (Rupees in '000) -----
MCB Investments Management Limited - Management Company (Formerly: MCB Arif Habib Savings and Investments Limited)		
Remuneration including indirect taxes	1,844	1,801
Selling and Marketing	2,537	507
Allocated expenses including indirect taxes	608	294
Central Depository Company of Pakistan Limited		
Remuneration of the trustee (including indirect taxes)	243	207
CDC settlement charges	7	3
MCB Bank Limited		
Profit on bank deposits	3	2
Bank charges	6	5

13.3 Amount outstanding as at period end / year end

	September 30, 2023 (Unaudited) ----- (Rupees in '000) -----	June 30, 2023 (Audited) ----- (Rupees in '000) -----
MCB Investments Management Limited - Management Company (Formerly: MCB Arif Habib Savings and Investments Limited)		
Remuneration payable	636	525
Sindh Sales tax payable on remuneration to the Management Company	83	68
Selling and Marketing	2,537	1,719
Sales load payable	4	337
Allocated expenses payable	315	151
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	68	76
Sindh Sales tax payable on remuneration of Trustee	9	10
Security deposits	200	200
MCB Bank Limited		
Bank deposits held	8,972	11,733

14 FAIR VALUE MEASUREMENTS

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 (unadjusted) in active markets for identical assets or liabilities;

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

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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023**

15 GENERAL

- 15.1** Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.
- 15.2** Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation.

16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 18, 2023 by the Board of Directors of the Management Company.

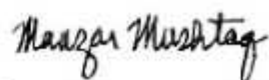
For MCB Investment Management Limited
(Formerly: MCB-Arif Habib Savings and Investments Limited)
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

MCB INVESTMENT MANAGEMENT LIMITED

(Formerly: MCB Arif Habib Savings and Investments Limited)

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

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