



MCB FUNDS  
Investments for Life

# ANNUAL REPORT 2024

Funds Under Management of  
MCB Investment Management Limited



# **ALHAMRA ISLAMIC INCOME FUND**

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## FUND'S INFORMATION

<b>Management Company</b>	<b>MCB Investment Management Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
<b>Board of Directors</b>	Mr. Haroun Rashid <b>Mr. Shoaib Mumtaz</b> Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir <b>Mr. Manzar Mushtaq</b> Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman <b>Director</b> Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Syed Savail Meekal Hussain Mr. Ahmed Jahangir <b>Mr. Manzar Mushtaq</b>	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	<b>Mr. Fahd Kamal Chinoy</b> Mr. Ahmed Jahangir <b>Mr. Shoaib Mumtaz</b> Ms. Mavra Adil Khan <b>Mr. Khawaja Khalil Shah</b>	Chairman Member Member Member Member
<b>Credit Committee</b>	<b>Mr. Ahmed Jahangir</b> <b>Mr. Manzar Mushtaq</b> Syed Savail Meekal Hussain <b>Mr. Khawaja Khalil Shah</b>	<b>Member</b> <b>Member</b> <b>Member</b> <b>Member</b>
<b>Chief Executive Officer</b>	<b>Mr. Khawaja Khalil Shah</b>	
<b>Chief Operating Officer &amp; Chief Financial Officer</b>	Mr. Muhammad Asif Mehdi Rizvi	
<b>Company Secretary</b>	Mr. Altaf Ahmad Faisal	
<b>Trustee</b>	<b>Central Depository Company of Pakistan Ltd.</b> 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.odcpakistan.com	
<b>Bankers</b>	MCB Bank Limited United Bank Limited Faysal Bank Limited MCB Islamic Bank Limited Habib Bank Limited National Bank of Pakistan	Askari Bank Limited Bank Islamic Pakistan Limited Dubai Islamic Bank Limited Soneri Bank Limited Bank Al Falah Limited
<b>Auditors</b>	<b>A. F. Ferguson &amp; Co.</b> Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor</b>	<b>Bawaney &amp; Partners</b> 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
<b>Rating</b>	<b>AM1</b> Asset Manager Rating assigned by PACRA	
<b>Transfer Agent</b>	<b>MCB Investment Management Limited</b> Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

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Dear Investor,

On behalf of the Board of Directors, I am pleased to present **Alhamra Islamic Income Fund** accounts review for the year ended June 30, 2024.

### **Economy Review**

Fiscal year 2024 marked a period of macroeconomic recovery for Pakistan, averting a looming default brought about by continued economic mismanagement. This turnaround was primarily attributed to Pakistan entering a new IMF program after several months of delay. The government secured a much-needed Stand-by Arrangement (SBA) facility of USD 3.0 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 complete the program.

The caretaker government took office in August 2023 and immediately faced speculative pressure on the currency, causing it to spike to a record high of 307 in the interbank market. Exchange rate in informal market reached a higher of near 330 PKR/USD reflecting an increase of speculative activity and rampant uncertainty. The government took decisive steps against smuggling of dollar, abuse of Afghan Transit and illegal money dealers in September 2023, which spurred a rapid recovery in the exchange rate. This helped in improving confidence and narrower spreads in open and interbank rates. The authorities also placed mechanisms to strictly monitor exchange rate payments to manage the overall external balance. Combination of both administration measures and steps to discipline external and fiscal accounts helped restore overall stability. The USD PKR close the year at 278.3 appreciating by 2.6% since the start of the year.

Country posted a current account deficit (CAD) of USD 464 million in the first eleven months of the fiscal year 2024 (11MFY24) declining by 88% 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 11.3% increase in exports coupled with an 2.3% drop in imports led to a 17.0% contraction in the trade deficit. The country's external position improved with SBP's foreign exchange reserves increasing to USD 9.4 billion as of June 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 23.9% during the fiscal year 2024 compared to 29.0% 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 reduced the policy rate by 150bps to 20.5% in the last monetary policy of the year held on June 10, 2024. The monetary policy noted a significant decline in inflation, resulting in a substantially positive real interest rate, which justifies initiating a monetary easing cycle.

The country's GDP grew by 2.4% in the financial year 2023-24 as compared to -0.2% last year. Agriculture grew by 6.3%, Services and industrial sector witnessed a paltry increase of 1.2% each. Historic high interest rates coupled with political uncertainty were the major culprits behind the subdued industrial and services output. On the fiscal side,

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

FBR tax collection increased by 29.6% in FY24 to PKR 9,285 billion, missing the target by a modest PKR 130 billion.

### FUND PERFORMANCE

During the period under review, the fund generated a return of 20.79% as against its benchmark return of 10.10%.

The allocation of fund was towards Ijara Sukuk and Cash with the exposures standing at 58.6% and 30.3% respectively.

The Net Assets of the Fund as at June 30, 2024 stood at Rs. 12,298 million as compared to Rs. 4,275 million as at June 30, 2023 registering an increase of 187.67%.

The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 104.0607 as compared to opening NAV of Rs. 102.9884 per unit as at June 30, 2023 registering an increase of Rs. 1.0723 per unit.

### Economy & Market – Future Outlook

Pakistan GDP is expected to rebound to 3.5% in FY25 after a disappointing performance last year where the GDP increased by only 2.4%. The outlook for industrial output is relatively optimistic with an expected growth of 4.0% compared to 1.2% last year. Macroeconomic stability, stable currency and decline in interest rates will help revive the industrial and service sector growth. Agriculture performance is likely to remain on the lower side due to high base effect.

A new staff-level loan agreement has been reached between Pakistan and the International Monetary Fund (IMF) under which the country will receive USD 7.0 billion over 37 months. The final approval of the loan will be given by the IMF Executive Board. Successful continuation of the IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. However, our external position still remains precarious due to debt outflows and our inability to raise funds through international Eurobond or Sukuk. Thus, we would continue to run a sustainable current account this year to stave off external concerns. We expect a CAD of USD 1.0 billion (0.2% 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 311.

The inflation reading has started to come down due to base effect and relatively stable currency. The headline inflation number in June 2024 clocked of 12.6% compared to a high of 38.0% in May 2023. The core inflation also registered a significant slowdown, clocking at 14.1% which is a low of 23 months. The inflation reading is expected to decline to single digits in 1HFY25. Keeping in view the inflationary trends, external and fiscal position we expect interest rate to decline to 14-15% by June 25.

## **REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024**

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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 64.6% during FY24 to PKR 2,574 billion. Total money market funds grew by about 45.0% since June 2023. Within the money market sphere, conventional funds showed a growth of 33.0% to PKR 629 billion while Islamic funds increased by 58.2% to PKR 679 billion. In addition, the total fixed Income funds increased by about 104.7% since June 2023 to PKR 756 billion while Equity and related funds increased by 52.3% to PKR 255 billion.

In terms of the segment share, Money Market funds were the leader with a share of around 50.8%, followed by Income funds with 37.3% and Equity and Equity related funds having a share of 9.9% as at the end of June 30, 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.

### **MANAGEMENT COMPANY**

On April 18, 2023, MCB Bank Limited (MCB), being the parent company of MCB-Arif Habib Savings and Investments Limited, has acquired 21,664,167 (30.09%) shares of MCB-Arif Habib Savings & Investment Limited (MCB-AH) from Arif Habib Corporation Limited (AHCL). By virtue of this transaction MCB Bank Limited's shareholding in MCB-AH has increased from 36,956,768 (51.33%) shares to 58,620,935 (81.42%) and AHCL no longer holds any shares in MCB-AH.

Consequently, members of the Company in an Extra Ordinary General Meeting (EOGM) held on July 07, 2023 have resolved via special resolution that the name of the Company be changed from MCB-Arif Habib Savings and Investments Limited to MCB Investment Management Limited and Securities and Exchange Commission of Pakistan (SECP) has approved the change in name on August 15, 2023.

## REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2024

### CORPORATE GOVERNANCE

The Fund is committed to implement the highest standards of corporate governance. The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

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

The details of above are as under:

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

\* HR&R stands for Human Resource and Remuneration

Management is continuing to comply with the provisions of best practices set out in the code of corporate governance. The Fund remains committed to conduct business in line with listing regulations of Pakistan Stock Exchange, which clearly defined the role and responsibilities of Board of Directors and Management.

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the fund have been maintained;



**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2024**

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- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulations) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the respective Trust Deeds and directives issued by the Securities & Exchange Commission of Pakistan have been followed in the preparation of financial statements.;
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the fund's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements;
- i. The statement as to the value of investments of provident/gratuity and pension fund is not applicable on the Fund but applies to the Management Company; hence no disclosure has been made in the Directors' Report.
- j. As at June 30, 2024, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2024 is annexed;
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2024:

**1. Meeting of the Audit Committee.**

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

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2024**

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Syed Savail Meekal Hussain	4	4	4	0
2. Mr. Ahmed Jahangir	4	4	4	0
3. Mr. Manzar Mushtaq	4	4	4	0

**2. Meeting of the Human Resource and Remuneration Committee.**

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

Name of Persons	Number of meetings	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Fahd Kamal Chinoy	2	2	2	-
2. Mr. Shoaib Mumtaz	2	2	2	-
3. Mr. Ahmed Jahangir	2	2	1	1
4. Ms. Mavra Adil Khan	2	2	1	1

- n. The trades in the Units of the Fund were carried out during the year by Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, and Chief Internal Auditor of the Management Company and their spouses and minor children.

S. No.	Name	Designation	Investment	Redemption	Dividend Distribution
			(Number of Units)		
1.	Muhammad Asif Mehdi Rizvi	Chief Financial & Operating Officer	7,537.88	71.97	-
2.	Altaf Ahmed Faisal	Company Secretary	55,358.42	52,064.44	-

**EXTERNAL AUDITORS**

The Fund's external auditor's **M/s. A.F Ferguson & Co. Chartered Accountants** have retired after completion of audit for Financial Year ended June 30, 2024. The Audit Committee has recommended re-appointment of **M/s. A.F Ferguson & Co. Chartered Accountants** as external auditors of the Fund for financial year ending June 30, 2025 and

**REPORT OF THE DIRECTOR OF THE MANAGEMENT COMPANY  
FOR THE YEAR ENDED JUNE 30, 2024**

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the Board has also endorsed the recommendation of the Audit Committee. **M/s. A.F Ferguson & Co. Chartered Accountants** has also expressed their willingness to act as the Fund's external auditors.

**ACKNOWLEDGMENT**


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

On behalf of Directors,



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**Khawaja Khalil Shah**  
Chief Executive Officer  
September 25, 2024



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**Manzar Mushtaq**  
Director  
September 25, 2024

## ڈائریکٹرز رپورٹ

بیرونی آڈیٹرز

فنڈ کے بیرونی آڈیٹر ایم ایس اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس 30 جون 2024 کو ختم ہونے والے مالی سال کے آڈٹ کی تکمیل کے بعد اپنا کام مکمل کر چکے ہیں۔ آڈٹ کمیٹی نے سفارش کی ہے کہ ایم ایس اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس کا 30 جون 2025 کو ختم ہونے والے مالی سال کے لیے فنڈ کے بیرونی آڈیٹرز کے طور پر دوبارہ انتخاب کیا جائے اور بورڈ نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔ ایم ایس اے ایف فرگوسن اینڈ کو چارٹرڈ اکاؤنٹنٹس نے بھی فنڈ کے بیرونی آڈیٹرز کے طور پر کام کرنے پر آمادگی ظاہر کی ہے۔

اعتراف

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

ڈائریکٹرز کی جانب سے،

*Mansoor Mushtaq*

منظر مشتاق

ڈائریکٹر

25 ستمبر 2024

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

25 ستمبر 2024

## ڈائریکٹرز رپورٹ

ملاقاتوں کی تعداد			منعقد ہونے والی ملاقاتوں کی تعداد	افراد کے نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
0	4	4	4	1 سید سادیل میکال حسین
0	4	4	4	2 جناب احمد جہانگیر
0	4	4	4	3 جناب منظر مشتاق

2۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کا اجلاس۔

سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے دو (2) اجلاس ہوئے۔ ہر شریک کی حاضری حسب ذیل ہے۔

ملاقاتوں کی تعداد			منعقد ہونے والی ملاقاتوں کی تعداد	افراد کے نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری		
-	2	2	2	1 جناب فہد کمال چنائے
-	2	2	2	2 جناب شعیب ممتاز
1	1	2	2	3 جناب احمد جہانگیر
1	1	2	2	4 محترمہ ماورا عادل خان

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

سیریل نمبر	نام	عہدہ	سرمایہ کاری	واپسی	ڈیویڈنڈ کی تقسیم
(پنٹوں کی تعداد)					
1.	محمد آصف مہدی رضوی	چیف فنانشل اینڈ آپریٹنگ آفیسر	7,537.88	71.97	-
2.	الطاف احمد فیصل	کمپنی سیکرٹری	55,358.42	52,064.44	-

## ڈائریکٹرز رپورٹ

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں قسم کے کوئی شبہات نہیں ہیں۔

g. لسٹنگ ریگولیشن میں واضح کردہ کارپوریٹ گورننس کی بہترین رہایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے۔

h. واجب الادائیکس، قانونی چارجز اور ڈیویڈنڈز، اگر کوئی ہیں، مکمل طور پر آڈٹ شدہ مالیاتی گوشواروں میں ظاہر کیے گئے ہیں۔

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

j. 30 جون 2024 تک، کمپنی ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہی ہے، جیسا کہ کود کے ریگولیشن نمبر 20 میں موجود ہے۔

k. 30 جون 2024 تک حصص یافتگی کا تفصیلی نمونہ منسلک ہے۔

l. بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور بورڈ کی کمیٹیوں کی سالانہ جانچ کے لیے ایک باضابطہ اور موثر نظام تازہ کیا گیا ہے۔

m. بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کی تفصیلات مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔ ذیل میں سالانہ 30 جون 2024 کے دوران منعقدہ کمیٹی کے اجلاسوں کی تفصیلات درج ہیں۔

1. آڈٹ کمیٹی کا اجلاس۔

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس ہوئے۔ ہر شریک کی حاضری حسب ذیل ہے۔

## ڈائریکٹرز رپورٹ

5	سید سادیل میکان حسین	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
6	جناب فہد کمال چنائے	خود مختار ڈائریکٹر	آڈٹ کمیٹی (چیئر مین)
7	محترمہ ماہر عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی
8	جناب خواجہ خلیل شاہ	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی

\* ایچ آر اینڈ آر کا مطلب ہیومن ریورس اور معاوضہ ہے۔

انتظامیہ کارپوریٹ گورننس کے ضابطہ میں متعین بہترین طریقوں کی دفعات کی تعمیل جاری رکھے ہوئے ہے۔ فنڈ پاکستان اسٹاک ایکسچینج کے لسٹنگ قوانین کے مطابق کاروبار جاری رکھنے کے لیے پرعزم ہے، جس میں بورڈ آف ڈائریکٹرز اور انتظامیہ کے کردار اور ذمہ داریوں کی واضح وضاحت کی گئی ہے۔

بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ:

a. مالیاتی بیانات کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کے آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں۔

c. مالیاتی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ معقول اور محتاط اندازوں پر مبنی ہیں؛

d. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، نان بینکنگ فنانس کمپنیز (اسٹیبلیشمنٹ اینڈ ریگولیشنز) رولز، 2003، نان بینکنگ فنانس کمپنیز اینڈ ٹائیٹانیا ریگولیشن 2008، متعلقہ ٹرسٹ ڈیڈز کے تقاضے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ ہدایات کی تعمیل کی گئی ہے۔

e. اندرونی کنٹرول کا نظام مستحکم خطوط پر اسطور ہے اور اسے مزید بہتر بنانے کے لیے جاری کوششوں کے ساتھ موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔

## ڈائریکٹرز رپورٹ

MCB-AH کی حصص یا فٹنگی 36,956,935 (81.42 فیصد) ہو گئی ہے اور AHCL اب MCB-AH میں حصص کا حامل نہیں ہے۔

نتیجتاً، کمپنی کے اراکین نے 07 جولائی 2023 کو منعقدہ ایک غیر معمولی جنرل میٹنگ (EOGM) میں خصوصی قرارداد کے ذریعے فیصلہ کیا کہ کمپنی کا نام ایم سی بی-عارف حبیب سیولکس اینڈ انویسٹمنٹس لمیٹڈ سے ایم سی بی انویسٹمنٹ مینجمنٹ لمیٹڈ میں تبدیل کر دیا جائے اور سکیورٹیز ایکسچینج کمیشن آف پاکستان (SECP) نے 15 اگست 2023 کو نام میں تبدیلی کی منظوری دے دی ہے۔

### کارپوریٹ گورننس

فنڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو نافذ کرنے کے لیے پرعزم ہے۔ بورڈ آف ڈائریکٹرز (8 اراکین پر مشتمل ہے جس میں چیف ایگزیکٹو آفیسر (CEO) شامل ہیں اور اس میں صنف اور علم کا متنوع امتزاج ہے۔ بورڈ (1) خاتون اور (7) حضرات ڈائریکٹرز پر مشتمل ہے، جن کی درجہ بندی درج ذیل ہے:

40 نان - ایگزیکٹو ڈائریکٹرز؛

30 خود مختار ڈائریکٹرز؛ اور

10 ایگزیکٹو ڈائریکٹر (CEO)۔

مندرجہ بالا تفصیلات درج ذیل ہیں:

سیریل نمبر	نام	حیثیت	دیگر بورڈ کمیٹیوں میں رکنیت
1	ہارون رشید صاحب	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2	جناب شعیب ممتاز	نان ایگزیکٹو ڈائریکٹر	* ایچ آر اینڈ آر کمیٹی
3	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی آڈٹ کمیٹی
4	جناب منظر مشتاق	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی



## ڈائریکٹرز رپورٹ

سود کی شرح کے نقطہ نظر کے تناظر میں سرمائے میں اضافے کے مواقع پیدا کرے گی۔ ہم نے انکم فنڈز میں سرکاری بانڈز شامل کیے ہیں تاکہ قریب کی مدت میں متوقع مالیاتی نرمی سے فائدہ اٹھایا جاسکے۔

### میوچل فنڈ انڈسٹری کا جائزہ

اوپن اینڈ میوچل فنڈز انڈسٹری کے خالص اثاثے مالی سال 2024 کے دوران تقریباً 64.6 فیصد بڑھ کر 2,574 بلین روپے ہو گئے۔ جون 2023 کے بعد سے کل منی مارکیٹ فنڈز میں تقریباً 45.0 فیصد اضافہ ہوا۔ منی مارکیٹ کے دائرے میں، روایتی فنڈز نے 33.0 فیصد اضافے سے بڑھ کر 629 PKR بلین ہو گئے جبکہ اسلامک فنڈز 58.2 فیصد بڑھ کر 679 PKR بلین ہو گئے۔ اس کے علاوہ، کل فیکسڈ انکم فنڈز جون 2023 سے تقریباً 104.7 فیصد بڑھ کر 756 PKR بلین ہو گئے جبکہ ایکویٹی اور متعلقہ فنڈز 52.3 فیصد اضافے سے 255 PKR بلین ہو گئے۔

سیگمنٹ شیئر کے لحاظ سے، منی مارکیٹ فنڈز تقریباً 50.8 فیصد کے شیئر کے ساتھ سرفہرست تھے، اس کے بعد انکم فنڈز 37.3% کے ساتھ اور ایکویٹی اور ایکویٹی سے متعلق فنڈز کا حصہ 9.9 فیصد کے ساتھ 30 جون 2024 کا اختتام ہوا۔

### میوچل فنڈ انڈسٹری آؤٹ لک

سود کی شرح میں کمی کی وجہ سے بانڈز اور ایکویٹیز دونوں اگلے سال میں اچھی کارکردگی کا مظاہرہ کریں گے۔ سال کے دوران، انکم فنڈز میں سرمایہ کاروں کی نمایاں دلچسپی پہلے ہی نظر آ رہی ہے جبکہ ایکویٹی فنڈز میں آئی ایم ایف کے نئے معاہدے کے بعد آمد کا امکان ہے۔ اس مدت کے دوران نسبتاً زیادہ شرح سود منی مارکیٹ کے فنڈز میں مسلسل بہاؤ کی حوصلہ افزائی کرے گی کیونکہ یہ مختصر مدت کے افق اور کم رسک پروفائل والے سرمایہ کاروں کے لیے مثالی ہیں۔

ہمارے کام بغیر کسی رکاوٹ کے رہے اور ڈیجیٹل رسائی اور آن لائن کسٹمرز کے تجربے میں مسابقتی برتری کے پیش نظر، ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد کے فوائد حاصل کرنے کے لیے تیار ہیں۔

### بینجمنٹ کمپنی

18 اپریل 2023 کو ایم سی بی۔ عارف حبیب سیونگس اینڈ انویسٹمنٹس لمیٹڈ (MCB-AH) کی parent کمپنی ایم سی بی بینک (MCB) نے عارف حبیب کارپوریشن لمیٹڈ (AHCL) سے ایم سی بی۔ عارف حبیب سیونگس اینڈ انویسٹمنٹس لمیٹڈ کے 21,664,167 (30.09 فیصد) حصص حاصل کر لیے ہیں۔ اس پیش رفت کے بعد MCB

معیشت اور مارکیٹ - مستقبل کا آؤٹ لک

پاکستان کی جی ڈی پی گزشتہ سال کی مایوس کن کارکردگی جہاں جی ڈی پی میں صرف 2.4 فیصد اضافہ ہوا تھا اس سال FY24 میں 3.5 فیصد تک واپس آنے کی توقع ہے۔ گزشتہ سال 1.2 فیصد کے مقابلے میں 4.0 فیصد کی متوقع نمو کے ساتھ صنعتی پیداوار کے لیے آؤٹ لک نسبتاً پر امید ہے۔ معاشی استحکام، مستحکم کرنسی اور شرح سود میں کمی سے صنعتی اور سروس سیکٹر کی نمو کو بحال کرنے میں مدد ملے گی۔ اعلیٰ بنیاد کے اثر کی وجہ سے زراعت کی کارکردگی پختی طرف رہنے کا امکان ہے۔

پاکستان اور انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے درمیان عملے کی سطح پر قرض کا نیا معاہدہ طے پا گیا ہے جس کے تحت ملک کو 37 ماہ کے دوران 7.0 بلین امریکی ڈالر ملیں گے۔ قرض کی حتمی منظوری آئی ایم ایف کا ایگزیکٹو بورڈ دے گا۔ آئی ایم ایف پروگرام کا کامیاب تسلسل ایک اہم مثبت ہے کیونکہ یہ ہمیں دو طرفہ اور کثیر جہتی ذرائع سے فنڈنگ حاصل کرنے کی اجازت دے گا۔ تاہم، قرضوں کے اخراج اور بین الاقوامی یورو بانڈ یا سکوک کے ذریعے فنڈز اکٹھا کرنے میں ہماری ناکامی کی وجہ سے ہماری بیرونی پوزیشن اب بھی غیر یقینی ہے۔ اس طرح، ہم بیرونی خدشات کو دور کرنے کے لیے اس سال ایک پائیدار کرنٹ اکاؤنٹ چلاتے رہیں گے۔ ہمیں مالی سال 25 میں 1.0 USD بلین (GDP کا 0.2%) کی CAD کی توقع ہے کیونکہ IMF کی چھتری کے تحت استحکام کی پالیسی جاری رہنے کا امکان ہے۔

PKR USD کے مستحکم رہنے کی توقع ہے کیونکہ حکومت برآمدات اور ترسیلات زر میں بحالی کی پشت پر کرنٹ اکاؤنٹ خسارے کو بہتر بنانے پر توجہ دے رہی ہے۔ آئی ایم ایف کے نئے پروگرام میں داخلے سے بیرونی فنڈنگ کی نمائش میں بھی اضافہ ہوگا۔ ہمیں توقع ہے کہ PKR/USD مالی سال کو 311 PKR پر بند کرے گا۔

بنیادی اثر اور نسبتاً مستحکم کرنسی کی وجہ سے افراط زر کی شرح میں کمی آنا شروع ہو گئی ہے۔ جون 2024 میں ہیڈ لائن افراط زر کی تعداد مئی 2023 میں 38.0 فیصد کی بلند ترین سطح کے مقابلے میں 12.6 فیصد تک پہنچ گئی۔ بنیادی افراط زر میں بھی نمایاں کمی درج کی گئی، جو 14.1 فیصد پر پہنچ گئی جو کہ 23 ماہ کی کم ترین سطح ہے۔ 1HFY25 میں افراط زر کی ریڈنگ سنگل ہندسوں تک گرنے کی توقع ہے۔ افراط زر کے رجحانات، بیرونی اور مالیاتی پوزیشن کو مد نظر رکھتے ہوئے ہم توقع کرتے ہیں کہ 25 جون تک شرح سود 14-15 فیصد تک گر جائے گی۔

قرض ہولڈرز کے لیے، ہم توقع کرتے ہیں کہ منی مارکیٹ فنڈز سال بھر پالیسی کی شرحوں کی بغیر کسی رکاوٹ کے آئینہ دار ہوتے رہیں گے۔ وسط سے طویل مدتی نقطہ نظر کے حامل سرمایہ کار بانڈ اور انکم فنڈز سے فائدہ اٹھا سکتے ہیں جہاں زیادہ مدت

## ڈائریکٹرز رپورٹ

مقابلے میں ملک کی بیرونی صورتحال میں بہتری کو ظاہر کرتے ہیں۔ یہ آئی ایم ایف، دوست ممالک اور کثیر جہتی ذرائع سے آنے والے بہاؤ کی وجہ سے تھا۔

مالی سال 2024 کے دوران CPI کی طرف سے پیش کردہ ہیڈ لائن افراط زر کی اوسط 23.9 فیصد رہی جو گزشتہ سال 29.0 فیصد تھی۔ افراط زر کی شرح بلندی پر رہی کیونکہ سابقہ ادوار میں کرنسی کی قدر میں زبردستی کمی کی وجہ سے توانائی اور خوراک کی قیمتوں میں اضافہ ہوا۔ حکومت نے آئی ایم ایف کی شرائط پر عمل کرنے کے لیے بجلی کے بنیادی ٹیرف اور گیس کی قیمتوں میں بھی اضافہ کیا، جس سے مہنگائی کا دباؤ مزید بڑھ گیا۔ اسٹیٹ بینک نے 10 جون 2024 کو منعقدہ سال کی آخری مانیٹری پالیسی میں پالیسی ریٹ کو 150bps سے کم کر کے 20.5 فیصد کر دیا۔ مانیٹری پالیسی نے افراط زر میں نمایاں کمی کو نوٹ کیا، جس کے نتیجے میں کافی حد تک مثبت حقیقی سود کی شرح ہوئی، جو مانیٹری سائیکل شروع کرنے کا جواز فراہم کرتی ہے۔

مالی سال 2023-24 میں ملک کی جی ڈی پی میں گزشتہ سال -0.2 فیصد کے مقابلے میں 2.4 فیصد اضافہ ہوا۔ زراعت میں 6.3 فیصد اضافہ ہوا، خدمات اور صنعتی شعبے میں ہر ایک میں 1.2 فیصد کا معمولی اضافہ ہوا۔ دبے ہوئے صنعتی اور خدمات کی پیداوار کے پیچھے سیاسی غیر یقینی صورتحال کے ساتھ تاریخی بلند شرح سود سب سے بڑے مجرم تھے۔ مالیاتی پہلو پر، FBR ٹیکس وصولی مالی سال 24 میں 29.6 فیصد بڑھ کر 9,285 بلین روپے تک پہنچ گئی، جس سے ہدف میں 130 بلین روپے کی معمولی کمی واقع ہوئی۔

### فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران، فنڈ نے 10.10 فیصد کے مینج مارک ریٹرن کے مقابلے میں 20.79 فیصد کار ریٹرن دیا۔ فنڈ کی مختص رقم اجارہ سکوک اور کیش کے لیے تھی جس کی سرمایہ کاری بالترتیب 58.6 فیصد اور 30.3 فیصد تھی۔

30 جون 2023 تک فنڈ کے خالص اثاثے 4,275 بلین روپے تھے جب کہ 30 جون 2024 کو یہ 12,298 بلین روپے رہے جو 187.67 فیصد کے اضافے کو ظاہر کرتے ہیں۔

30 جون 2023 اور پبلک میٹ اثاثہ (NAV) کی قیمت فی یونٹ 102.9884 روپے تھی جب کہ 30 جون 2024 کو یہ فی یونٹ 104.0607 روپے رہی جو 1.0723 روپے فی یونٹ کے اضافے کو ظاہر کرتی ہے۔

پیارے سرمایہ کار،

بورڈ آف ڈائریکٹرز کی جانب سے مجھے الحمد للہ اسلامک انکم فنڈ کے 30 جون 2024 کو ختم ہونے والے سال کے اکاؤنٹس کا جائزہ پیش کرنے پر خوشی ہے۔

معیشت کا جائزہ

مالی سال 2024 پاکستان کے لیے میکرو اکنامک بحالی کا ایک دور تھا، جس نے مسلسل معاشی پدانتظامی کی وجہ سے ہونے والے ڈیفالٹ کو روک دیا۔ یہ تبدیلی بنیادی طور پر پاکستان کے کئی ماہ کی تاخیر کے بعد آئی ایم ایف کے نئے پروگرام میں داخل ہونے کی وجہ سے تھی۔ حکومت نے 23 جون میں IMF سے 3.0 USD بلین کی انتہائی ضروری اسٹینڈ بائی آرٹجمنٹ (SBA) کی سہولت حاصل کی، اور دوست ممالک سے بروقت رول اوور حاصل کرنے میں کامیاب ہوئی۔ اس نے آئی ایم ایف کے اہداف کی تعمیل کرنے کے لیے غیر متوازن عزم کا بھی اظہار کیا اور اس کے نتیجے میں حکومت نے اس پروگرام کو کامیابی سے مکمل کر لیا۔

نگراں حکومت نے اگست 2023 میں اقتدار سنبھالا اور فوری طور پر کرنسی پر قیاس آرائی کے دباؤ کا سامنا کرنا پڑا، جس کی وجہ سے یہ انٹرنیٹ مارکیٹ میں 307 کی بلند ترین سطح پر پہنچ گئی۔ غیر رسمی مارکیٹ میں زر مبادلہ کی شرح 330 USD/ PKR کے قریب پہنچ گئی جو قیاس آرائیوں کی سرگرمیوں میں اضافے اور غیر یقینی صورتحال کی عکاسی کرتی ہے۔ حکومت نے ستمبر 2023 میں ڈالر کی اسمگلنگ، افغان ٹرانزٹ کے غلط استعمال اور غیر قانونی کرنسی ڈیلرز کے خلاف فیصلہ کن اقدامات کیے، جس سے شرح مبادلہ میں تیزی سے بحالی ہوئی۔ اس سے اعتماد کو بہتر بنانے میں مدد ملی اور اوپن اور بینک ریٹ میں اسپرڈ کو کم کیا گیا۔ حکام نے مجموعی بیرونی توازن کو منظم کرنے کے لیے شرح مبادلہ کی ادائیگیوں کی سختی سے نگرانی کرنے کے لیے میکانزم بھی بنائے۔ انتظامیہ کے اقدامات اور بیرونی اور مالی کھاتوں کے نظم و ضبط کے اقدامات دونوں کے امتزاج نے مجموعی استحکام کو بحال کرنے میں مدد کی۔ PKR USD سال کے آغاز سے 2.6 فیصد اضافے کے ساتھ 278.3 پر سال کا اختتام ہوا۔

ملک نے مالی سال 2024 (11MFY24) کے پہلے گیارہ مہینوں میں 464 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ (CAD) پوسٹ کیا جو گزشتہ سال کی اسی مدت میں 3.8 USD بلین کے خسارے کے مقابلے میں 88 فیصد کم ہے۔ تجارتی خسارہ کم ہونا CAD کو بہتر بنانے میں اہم کردار ادا کرنے والا تھا کیونکہ برآمدات میں 11.3 فیصد اضافہ اور درآمدات میں 2.3 فیصد کمی سے تجارتی خسارے میں 17.0 فیصد کمی واقع ہوئی۔ جون 2024 تک اسٹیٹ بینک کے زرمبادلہ کے ذخائر بڑھ کر 9.4 بلین امریکی ڈالر ہو گئے جو کہ گزشتہ مالی سال کے اختتام پر 4.4 بلین امریکی ڈالر کے

## REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2024

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### Fund Type and Category

Alhamra Islamic Income Fund is an Open-End Shariah Compliant (Islamic) Income Scheme.

### Fund Benchmark

The benchmark for ALHIIF is Six (6) months average deposits rates of three (3) A rated Scheduled Islamic Banks or Islamic windows of Conventional Banks as selected by MUFAP.

### Investment Objective

To generate superior risk adjusted returns by investing in short, medium and long-term Shariah Compliant Fixed income instruments.

### Investment Strategy

The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long, medium and short term, high quality Shariah Compliant fixed income instruments.

### Manager's Review

During the period under review, the fund generated a return of 20.79% as against its benchmark return of 10.10%. The fund was 3.3% in Government Backed Securities, 4.0% invested in Sukuks 58.6% in GoP Ijara Sukuk while remaining exposure was in Cash.

The Net Assets of the Fund as at June 30, 2024 stood at Rs. 12,298 million as compared to Rs. 4,193 million as at June 30, 2023 registering a decrease of 193.3%. The Net Asset Value (NAV) per unit as at June 30, 2024 was Rs. 104.0607 as compared to opening NAV of Rs. 102.9884 per unit as at June 30, 2023 registering an increase of Rs. 1.0723 per unit.

### Asset Allocation as on June 30, 2024 (% of total assets)

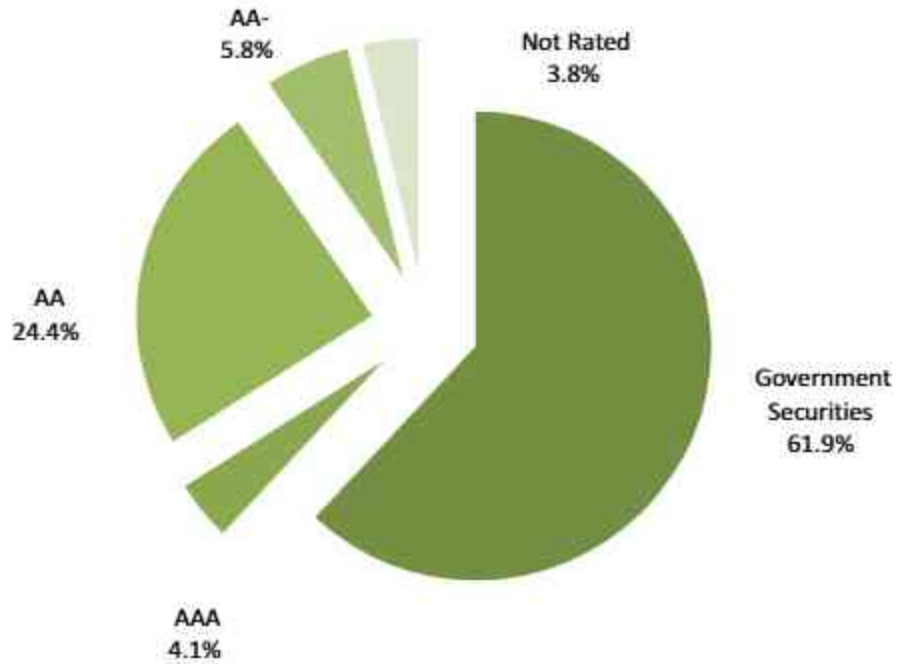
Asset Allocation (%age of Total Assets)	Jun-24
Cash	30.3%
Sukuks	4.0%
Government Backed / Guaranteed Securities	3.3%
GoP Ijara Sukuk	58.6%
Shariah Compliant Placement with Banks and DFIs	0.0%
Shariah Compliant Commercial Papers	0.0%
Others including Receivables	3.8%
TDRs	0.0%

**REPORT OF THE FUND MANAGER  
FOR THE YEAR ENDED JUNE 30, 2024**

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**Asset Quality as on June 30, 2024 (% of total assets)**



**Syed Mohammad Usama Iqbal  
Fund Manager**

# TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shalra-e-Faisal  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326021 - 23  
URL: www.cdcpk.com  
Email: info@cdcpak.com



## TRUSTEE REPORT TO THE UNIT HOLDERS

### ALHAMRA ISLAMIC INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Alhamra Islamic Income Fund (the Fund) are of the opinion that MCB Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2024 in accordance with the provisions of the following:

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

For the attention of unit holders, during an onsite inspection of the Management Company, the Securities and Exchange Commission of Pakistan (SECP) identified certain matters related to the charging and allocation of selling and marketing expenses to the Fund. Accordingly, the Management Company, following the guidance and interpretation provided by the SECP, will compensate to the entitled unit holders.

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi: September 30, 2024



## REPORT OF THE SHARIAH ADVISORY BOARD

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Karachi: September 23, 2024

### REPORT OF THE SHARIAH ADVISORY BOARD

Alhamdulillah, We the Shariah Advisory Board of the Fund, are issuing this report in accordance with the Offering document of Alhamra Islamic Income Fund (the Fund). The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of M/s MCB Investment Management Limited, the management company of the fund, to establish and maintain a system of internal controls to ensure compliance with Shariah guidelines. Our responsibility is to express an opinion, based on our review of the representation made by the management, to the extent where such compliance can be objectively verified.

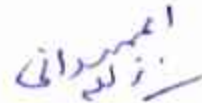
A review is limited primarily to inquire to the Management Company's personnel and review of various documents prepared by the management company to comply with prescribed criteria. In the light of the above, we hereby certify that:

- We have reviewed and approved the modes of investment of Alhamra Islamic Income Fund (ALHIIF) in the light of the Shariah guidelines.
- All the provisions of the scheme and investments made on account of ALHIIF by Management Company are Shariah Compliant and in accordance with the criteria established.
- On the basis of information provided by the Management Company, all the operations of ALHIIF for the year ended June 30, 2024 have been in compliance with Shariah principles.

May Allah bless us with Tawfeeq to accomplish these cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.



Dr Muhammad Zubair Usmani  
(Shariah Advisor)



Dr Ejaz Ahmed Samadani  
(Shariah Advisor)

For and on behalf of Shariah Advisory Board



# SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE UNIT HOLDERS



402 Progressive Center  
Shariah-e-Faisal,  
Karachi, Pakistan.

Phone +92 21 34322551-3  
Web www.uhy-hnco.com

## Independent Assurance Report on Compliance with the Shariah Governance Regulations, 2023

To the unit holders of Alhamra Islamic Income Fund (the Fund)

### 1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of Alhamra Islamic Income Fund (the Fund) for assessing compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2024. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar(s).

### 2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2024) is assessed, comprise the Shariah principles and rules as defined in the Regulations and reproduced as under.

- i. Legal and regulatory framework administered by the Commission;
- ii. Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by Commission;
- iii. Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- iv. Guidance and recommendations of the Shariah advisory committee, as notified by Commission; and
- v. Approvals, rulings or pronouncements of the Shariah supervisory board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above

The above criteria were evaluated for their implications on the financial statements of the Fund for the year ended June 30, 2024, which are annexed.

### 3. Management's Responsibility for Shariah Compliance

Management is responsible to ensure that the financial arrangements, contracts, and transactions having Shariah implications, entered into by the Fund with its customers, other financial institutions, and stakeholders, and related policies and procedures, are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for the design, implementation, and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

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Islamabad Office: West Tower Ground, Pak Plaza (10-A) Feroze-Haq Road, Blue Area, Islamabad (Pakistan)



# SHARIAH COMPLIANCE AUDITOR'S REPORT TO THE UNIT HOLDERS



## 4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

## 5. Our Responsibility and Summary of the Work Performed

Our responsibility in connection with this engagement is to express an opinion on the compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2024, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board.


That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Fund's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts, and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

We believe that the evidence we have obtained through performing our procedures was sufficient and appropriate to provide a basis for our opinion.

## 7. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, Fund's financial arrangements, contracts, and transactions for the year ended June 30, 2024 are in compliance with the Shariah principles (criteria specified in para 2 above), in all material respects.

  
UHY Hassan Naeem & Co.  
Chartered Accountants  
Engagement Partner: Arslan Ahmed  
Dated: September 27, 2024

A member of UHY International, a network of independent, accounting and consulting firms.

# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



A.F. FERGUSON & CO.

## INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Alhamra Islamic Income Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Alhamra Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value (NAV)</b> (Refer notes 5 and 6 to the financial statements)  Balances with banks and Investments constitute the most significant components of the net asset value. Balances with banks of the Fund as at June 30, 2024 aggregated to Rs. 3,746,343 million and Investments amounted to Rs. 8,155,182 million.  The existence of balances with banks and the existence and proper valuation of Investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>• Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>• Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

A.F.F.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, J.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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## **Other Matter**

The financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 20, 2023.

## **Other Information**

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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# INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: October 4, 2024

UDIN: AR2024106118cEM7HYa9

**STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2024**

	Note	June 30, 2024 ----- (Rupees in '000') -----	June 30, 2023 ----- (Rupees in '000') -----
<b>ASSETS</b>			
Balances with banks	5	3,746,343	1,539,887
Investments	6	8,155,182	2,178,742
Advance against IPO subscription of Corporate sukuk certificates		-	397,000
Profit receivables	7	432,090	165,903
Advances, deposits, prepayments and other receivables	8	41,244	20,570
<b>Total assets</b>		<b>12,374,859</b>	<b>4,302,102</b>
<b>LIABILITIES</b>			
Payable to MCB Investment Management Limited - Management Company	9	20,640	6,190
Payable to Central Depository Company of Pakistan Limited - Trustee	10	846	298
Payable to the Securities and Exchange Commission of Pakistan	11	749	1,171
Accrued expenses and other liabilities	12	54,191	19,318
<b>Total liabilities</b>		<b>76,426</b>	<b>26,977</b>
<b>NET ASSETS</b>		<b>12,298,433</b>	<b>4,275,125</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>12,298,433</b>	<b>4,275,125</b>
<b>Contingencies and commitments</b>	13	----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>118,185,188</b>	<b>41,510,753</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>104.0607</b>	<b>102.9884</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

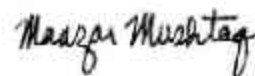
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

## INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	For the year ended	
		June 30, 2024	June 30, 2023
—— (Rupees in '000') ——			
<b>INCOME</b>			
Profit on savings accounts with banks		455,574	328,841
Income from government securities and commercial papers		891,495	171,464
Income from Corporate sukuk certificates		307,936	356,049
Income on term deposits receipts		12,440	71,643
Net realized Loss on sale of investments		(10,041)	(10,185)
Other income		273	-
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.5	46,803	(15,982)
		<u>1,704,480</u>	<u>901,830</u>
<b>EXPENSES</b>			
Remuneration of MCB Investment Management Limited - Management Company	9.1	61,543	32,736
Sindh Sales Tax on remuneration of the Management Company	9.2	8,001	4,256
Allocated expenses	9.3	7,685	5,859
Selling and marketing expenses	9.4	35,055	5,646
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	6,261	4,394
Sindh Sales Tax on remuneration of the Trustee	10.2	814	571
Fee to the Securities and Exchange Commission of Pakistan	11.1	6,261	1,171
Auditors' remuneration	14	1,062	820
Legal and professional charges		191	174
Brokerage and settlement charges		658	349
Bank charges		234	531
Fees and subscription		563	538
Shariah advisory fee		490	710
Printing and related costs		34	40
<b>Total expenses</b>		<u>128,852</u>	<u>57,795</u>
<b>Net income for the year before taxation</b>		<u>1,575,628</u>	<u>844,035</u>
Taxation	16	-	-
<b>Net income for the year after taxation</b>		<u>1,575,628</u>	<u>844,035</u>
<b>Earnings per unit</b>	4.13		
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		1,575,628	844,035
Income already paid on units redeemed		(860,892)	(442,831)
		<u>714,736</u>	<u>401,204</u>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		22,663	-
- Excluding capital gains		692,073	401,204
		<u>714,736</u>	<u>401,204</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

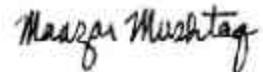
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024**

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	For the year ended	
	June 30, 2024	June 30, 2023
	---- (Rupees in '000') ----	
<b>Net income for the year after taxation</b>	1,575,628	844,035
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>1,575,628</u>	<u>844,035</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

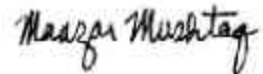
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director



**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Year ended June 30, 2024			Year ended June 30, 2023		
	Capital value	Undistribut d income	Total	Capital value	Undistribut d income	Total
	(Rupees in '000')					
<b>Net assets at the beginning of the year</b>	4,226,347	48,778	4,275,125	4,747,853	35,522	4,783,375
Issuance of 287,917,302 units (2023: 153,633,867 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	29,652,135	-	29,652,135	15,695,774	-	15,695,774
- Element of income	3,122,906	-	3,122,906	840,709	-	840,709
<b>Total proceeds on issuance of units</b>	<b>32,775,041</b>	<b>-</b>	<b>32,775,041</b>	<b>16,536,483</b>	<b>-</b>	<b>16,536,483</b>
Redemption of 211,242,867 units (2023: 158,943,882 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	(21,755,560)	-	(21,755,560)	16,238,263	-	16,238,263
- Element of loss	(1,832,321)	(860,892)	(2,693,213)	(33,143,532)	(442,831)	(33,586,363)
<b>Total payments on redemption of units</b>	<b>(23,587,881)</b>	<b>(860,892)</b>	<b>(24,448,773)</b>	<b>(16,905,269)</b>	<b>(442,831)</b>	<b>(17,348,100)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,575,628</b>	<b>1,575,628</b>	<b>-</b>	<b>844,035</b>	<b>844,035</b>
Distribution for the year ended June 30, 2024 @ Rs. 20.235 per unit (declared on June 22, 2024)	-	(655,925)	(655,925)	-	-	-
Refund of capital during the year	(1,222,663)	-	(1,222,663)	-	-	-
Distribution for the year ended June 30, 2023 @ Rs. 14.9742 per unit (declared on June 16, 2023)	-	-	-	-	(387,948)	(387,948)
Refund of capital for the year	-	-	-	(152,720)	-	(152,720)
<b>Net income for the year less distribution</b>	<b>(1,222,663)</b>	<b>919,703</b>	<b>(302,960)</b>	<b>(152,720)</b>	<b>456,087</b>	<b>303,367</b>
<b>Net assets at the end of the year</b>	<b>12,190,844</b>	<b>107,589</b>	<b>12,298,433</b>	<b>4,226,347</b>	<b>48,778</b>	<b>4,275,125</b>
<b>Undistributed income brought forward</b>						
- Realised income		64,760			37,763	
- Unrealised loss		(15,982)			(2,241)	
		<u>48,778</u>			<u>35,522</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		22,663			-	
- Excluding capital gains		692,073			401,204	
		<u>714,736</u>			<u>401,204</u>	
Distribution made during the year		(655,925)			(387,948)	
<b>Undistributed income carried forward</b>		<u>107,589</u>			<u>48,778</u>	
<b>Undistributed income carried forward</b>						
- Realised income		60,786			64,760	
- Unrealised income / (loss)		46,803			(15,982)	
		<u>107,589</u>			<u>48,778</u>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
<b>Net asset value per unit at the beginning of the year</b>	<u>102.9884</u>			<u>102.1635</u>		
<b>Net asset value per unit at the end of the year</b>	<u>104.0607</u>			<u>102.9884</u>		

The annexed notes from 1 to 28 form an integral part of these financial statements.

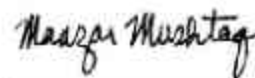
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2024

	Note	For the year ended	
		June 30, 2024	June 30, 2023
— (Rupees in '000') —			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		1,575,628	844,035
<b>Adjustments for:</b>			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.5	(46,803)	15,982
		<u>1,528,825</u>	<u>860,017</u>
<b>(Increase) / decrease in assets</b>			
Investments - net		(5,929,637)	1,028,508
Profit receivables		(266,187)	(83,696)
Advance against IPO subscription of Corporate sukuk certificates		397,000	(20,000)
Advances, deposits, prepayments and other receivables		(20,674)	(588)
		<u>(5,819,498)</u>	<u>924,224</u>
<b>Increase / (decrease) in liability</b>			
Payable to MCB Investment Management Limited - Management Company		14,450	929
Payable to Central Depository Company of Pakistan Limited - Trustee		548	(121)
Payable to the Securities and Exchange Commission of Pakistan		(422)	(335)
Payable against purchase of investments		-	(741,576)
Accrued expenses and other liabilities		34,873	(6,595)
		<u>49,449</u>	<u>(747,698)</u>
<b>Net cash (used in) / generated from operating activities</b>		<u>(4,241,224)</u>	<u>1,036,543</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units - net of refund of capital		31,552,378	16,383,763
Payments against redemption and conversion of units		(24,448,773)	(17,348,100)
Dividend paid		(655,925)	(387,948)
<b>Net cash generated from / (used in) financing activities</b>		<u>6,447,680</u>	<u>(1,352,285)</u>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<u>2,206,456</u>	<u>(315,742)</u>
Cash and cash equivalents at the beginning of the year		1,539,887	1,855,629
<b>Cash and cash equivalents at the end of the year</b>	5	<u>3,746,343</u>	<u>1,539,887</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

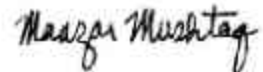
For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

## 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Alhamra Islamic Income Fund (the Fund) was established through a Trust Deed executed between MCB-Arif Habib Savings and Investments Limited (now: MCB Investment Management Limited), as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The draft Trust Deed of the Fund was approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated January 25, 2011 consequent to which Trust Deed was executed on March 07, 2011 in accordance with the Asset Management Companies Rules, 1995 (AMC Rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to promulgation of Provisional Trust Act namely "Sindh Trusts Act, 2021" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund was registered under the Sindh Trust Act on August 13, 2021.

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 Management Company and AHCL no longer holds any shares in the Management Company. Consequently, members of the Management Company in an Extra Ordinary General Meeting (EOGM) held on July 7, 2023 resolved via special resolution that the name of the Management Company be changed from MCB Arif Habib Savings and Investments Limited to MCB Investment Management Limited.

- 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 Regulation) Rules, 2003 (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-end collective investment scheme and is listed on the Pakistan Stock Exchange Limited. The principal objective of the Fund is to seek to generate superior risk adjusted returns by investing in short, medium and long-term Shariah Compliant fixed income instruments. The units of the Fund were initially offered for public subscription at a par value of Rs 100 per unit. Thereafter, the units are being offered for public subscription on a continuous basis. The units of the Fund are transferable and can also be redeemed by surrendering them to the Fund. The Fund has been categorised as a "Shariah Compliant Islamic 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 the SECP.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of 'AM1' dated October 06, 2023 (2023: 'AM1' dated October 6, 2022) to the Management Company and AA-(f) as stability rating dated September 8, 2023 (2023: "AA-(f)" dated March 09, 2023) to the Fund. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

## 2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

### **3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements; and
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

### **3.4 Critical accounting estimates and judgments**

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

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

### **3.5 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and are measured at fair values.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

## 3.6 Functional and presentation currency

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

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

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

### 4.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

### 4.2 Financial assets

#### 4.2.1 Initial recognition and measurement

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

#### 4.2.2 Classification and subsequent measurement

##### 4.2.2.1 Debt instruments

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

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

based on the business model of the entity.

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

##### 4.2.3 Impairment

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

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

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

##### 4.2.4 Impairment loss on debt securities

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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### 4.2.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

### 4.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss arising on derecognition of financial assets is taken to the Income Statement.

### 4.3 Financial liabilities

#### 4.3.1 Classification and subsequent measurement

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

#### 4.3.2 Derecognition

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

### 4.4 Offsetting of financial assets and financial liabilities

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

### 4.5 Provisions

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

### 4.6 Net asset value per unit

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

### 4.7 Issuance and redemption of units

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

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

### 4.8 Distributions to unit holders

Distribution to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

### 4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place;
- Unrealised appreciation / (diminution) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on balances with banks is recognised on an accrual basis.

### 4.11 Expenses

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

### 4.12 Taxation

#### Current

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

#### Deferred

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

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

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

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.

### 4.13 Earnings per unit

Earnings per unit is calculated by dividing the net income for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 4.14 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5	BALANCES WITH BANKS	Note	2024 ----- (Rupees '000) -----	2023
	- In savings accounts	5.1	3,717,907	1,502,321
	- In current accounts	5.2	28,436	37,566
			3,746,343	1,539,887

5.1 These carry profit at the rates ranging between 12.00% to 21.30% per annum (2023: 12.52% to 20.25% per annum) and include Rs. 1.61 million (2023: Rs. 202.84 million) maintained with MCB Islamic Bank Limited (a related party) which carries profit at the rate of 19.70% (2023: 18.50%) per annum.

5.2 These include balance held with MCB Bank Limited (a related party) of Rs. 28.23 million (2023: Rs. 37.51 million).

6	INVESTMENTS	Note	2024 ----- (Rupees '000) -----	2023
	<b>Investments at 'fair value through profit or loss'</b>			
	Unlisted securities - Corporate sukuk certificates	6.1	498,557	658,539
	Listed securities - Corporate sukuk certificates	6.2	405,987	405,581
	GoP Ijarah Sukuk certificates	6.3	7,250,638	559,622
			8,155,182	1,623,742
	<b>At amortised cost</b>			
	Term deposit receipts	6.4	-	555,000
			8,155,182	2,178,742

### 6.1 Unlisted securities - Corporate sukuk certificates

Certificates have a face value of Rs. 1,000,000 each unless stated otherwise

Name of the security	Principal redemptions	Issue date	Maturity date	Profit rate (%)	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to		
												Net assets of the Fund	Total market value of investments	
								----- Number of certificates -----		----- (Rupees '000) -----		----- % -----		
<b>Chemical</b>														
Ghani Chemical Industries Limited* (A, PACRA)	At maturity	February 3, 2017	February 3, 2024	3 months KIBOR plus base rate of 1.00%	1,000	-	1,000	-	-	-	-	-	-	-
<b>Commercial banks</b>														
Meezan Bank Limited (AAA, VIS, non-traded)	At maturity	January 9, 2020	January 9, 2030	6 months KIBOR plus base rate of 0.90%	355	-	70	285	286,918	267,779	861	2.34	3.53	
Meezan Bank Limited (AAA, VIS, non-traded)	At maturity	December 16, 2021	December 16, 2031	6 months KIBOR plus base rate of 0.35%	272	-	83	189	187,110	188,706	1,586	1.53	2.31	
Dubai Islamic Bank Pakistan Limited (AA-, VIS, traded)	At maturity	December 2, 2021	December 2, 2032	6 months KIBOR plus base rate of 0.70%	-	22	-	22	22,000	22,072	72	0.18	0.27	
<b>Pharmaceuticals</b>														
Aspin Pharma (Private) Limited* (A, VIS)	At maturity	November 30, 2017	November 30, 2023	3 months KIBOR plus base rate of 1.50%	2,033	-	2,033	-	-	-	-	-	-	
<b>Total as at June 30, 2024</b>									496,028	498,557	2,529			
<b>Total as at June 30, 2023</b>									670,270	658,539	(11,731)			

\* Nominal value of these sukuk certificates is Rs.100,000 per certificate.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 6.2 Listed securities - Corporate sukuk certificates

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

Name of the security	Principal redemptions	Issue date	Maturity date	Profit rate (%)	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to		
												Net assets of the Fund	Total market value of investments	
								Number of certificates	(Rupees '000)		%			
<b>Energy</b>														
Pakistan Energy Sukuk - II (Unrated, tradad)	At maturity	May 21, 2020	May 21, 2030	6 months KIBOR less base rate of 0.10%	81,100	-	-	81,100	405,581	405,987	406	3.30	4.98	
<b>Total as at June 30, 2024</b>									405,581	405,987	406			
<b>Total as at June 30, 2023</b>									408,339	405,581	(2,758)			

### 6.3 GoP Ijarah Sukuk certificates

Name of security	Tenor	Issue date	Maturity date	Profit rate (%)	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market Value as a percentage of	
												Net assets of the Fund	Total market value of investments
								Number of certificates	(Rupees '000)		%		

#### Government of Pakistan- Ijarah Sukuk

GoP Ijarah Sukuk Certificates - XL - VRR	1 year	December 4, 2023	December 4, 2024	Weighted average 6 months T-Bills	-	175,000	-	175,000	150,019	150,510	491	1.22	1.85
GoP Ijarah Sukuk Certificates - XX - FRR	1 year	April 17, 2023	April 17, 2024	23.60%	-	27,000	27,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXX - VRR	1 year	April 17, 2023	April 17, 2024	Weighted average 6 months T-Bills	-	11,000,000	11,000,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXII - FRR	1 year	October 9, 2023	October 9, 2024	22.49%	-	710,000	710,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXVIII - FRR	1 year	August 7, 2023	August 7, 2024	22.00%	-	400,000	400,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXVI - VRR	1 year	August 7, 2023	August 7, 2024	Weighted average 6 months T-Bills	-	12,000	-	12,000	12,003	12,004	1	0.10	0.15
GoP Ijarah Sukuk Certificates - XXVI - FRR	1 year	July 12, 2023	July 12, 2024	22.15%	-	6,113,000	6,000,000	113,000	113,001	113,057	56	0.92	1.39
GoP Ijarah Sukuk Certificates - FRR	1 year	March 15, 2024	March 14, 2025	19.19%	-	525,000	-	525,000	463,346	463,575	229	3.77	5.68
GoP Ijarah Sukuk Certificates - XXXVIII - VRR	1 year	September 20, 2023	September 20, 2024	Weighted average 6 months T-Bills	-	275,000	-	275,000	274,991	274,890	(101)	2.24	3.37
GoP Ijarah Sukuk Certificates - XXXIII - FRR	3 years	December 4, 2023	December 4, 2026	16.19%	-	399,840	75,000	324,840	325,119	325,358	239	2.65	3.99
GoP Ijarah Sukuk Certificates - XLI - VRR	3 years	December 4, 2023	December 4, 2026	Weighted average 6 months T-Bills	-	475,000	225,000	400,000	250,044	249,550	(494)	2.03	3.06
GoP Ijarah Sukuk Certificates - FRR-PSX	3 years	January 24, 2024	January 24, 2027	16.05%	-	37,500	-	37,500	37,500	37,500	-	0.30	0.46
GoP Ijarah Sukuk Certificates - VRR-PSX	3 years	January 24, 2024	January 24, 2027	Weighted average 6 months T-Bills	-	487,500	-	487,500	487,500	489,937	2,437	3.98	6.01
GoP Ijarah Sukuk Certificates - XXIV - FRR	3 years	June 26, 2023	June 26, 2026	18.49%	-	550,000	-	550,000	552,164	569,305	17,141	4.63	6.98
GoP Ijarah Sukuk Certificates - XXXIV - FRR	5 years	December 4, 2023	December 4, 2028	15.75%	-	1,450,000	500,000	950,000	952,142	962,634	10,492	7.83	11.80

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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Name of security	Tenor	Issue date	Maturity date	Profit rate (%)	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market Value as a percentage of	
												Number of certificates	(Rupees '000)
GoP Ijarah Sukuk Certificates - XLII - VRR	5 years	December 4, 2023	December 4, 2028	Weighted average 6 months T-Bills	-	550,000	200,000	350,000	350,113	350,560	447	2.85	4.30
GoP Ijarah Sukuk Certificates - XXIII - VRR	5 years	October 6, 2021	October 6, 2026	Weighted average 6 months T-Bills	-	185,000	-	185,000	184,194	185,869	1,675	1.51	2.28
GoP Ijarah Sukuk Certificates - VRR-PSX	5 years	January 24, 2024	January 24, 2029	Weighted average 6 months T-Bills	-	1,237,500	-	1,237,500	1,228,625	1,239,975	11,350	10.08	15.20
GoP Ijarah Sukuk Certificates - FRR-PSX	5 years	January 24, 2024	January 24, 2029	15.49%	-	912,500	-	912,500	912,066	912,039	(27)	7.42	11.18
GoP Ijarah Sukuk Certificates - XXVI - FRR	5 years	October 26, 2022	October 26, 2027	Weighted average 6 months T-Bills	-	200,000	-	200,000	201,697	201,160	(537)	1.64	2.47
GoP Ijarah Sukuk Certificates - XXI - VRR	5 years	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	563,000	150,000	-	713,000	712,246	712,715	469	5.80	8.74
<b>Total as at June 30, 2024</b>									<b>7,286,770</b>	<b>7,250,638</b>	<b>43,868</b>		
<b>Total as at June 30, 2023</b>									<b>561,115</b>	<b>559,622</b>	<b>(1,493)</b>		

**6.4 Term deposit receipts**

Name of the bank	Profit rate (%)	Issue date	Maturity date	Face value				Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Market value as a percentage of		
				As at July 01, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024				Net assets of the Fund	Total market value of investments	
MCB Islamic Bank Limited (a related party of the Fund)	15.50%	August 24, 2022	August 24, 2023	555,000	-	555,000	-	-	-	-	-		
<b>Total as at June 30, 2024</b>									<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total as at June 30, 2023</b>									<b>555,000</b>	<b>555,000</b>	<b>-</b>		

**6.5 Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'**

	Note	2024 (Rupees '000)	2023 (Rupees '000)
Market value of investments	6.1, 6.2 & 6.3	8,155,182	1,623,742
Less: Carrying value of investments	6.1, 6.2 & 6.3	(8,108,379)	(1,639,724)
		<u>46,803</u>	<u>(15,982)</u>

**7 PROFIT RECEIVABLES**

Profit receivable on:

- Savings accounts	62,514	23,986
- Corporate sukuk certificates	13,546	28,620
- GoP Ijarah Sukuks certificates	356,030	41,654
- Term deposit receipts	-	71,643
	<u>432,090</u>	<u>165,903</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		(Rupees '000')	
<b>8 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Security deposits with:			
- National Clearing Company of Pakistan Limited (NCCPL)		2,500	2,500
- Central Depository Company of Pakistan Limited (CDC)		100	100
Prepayments		296	270
Other receivables		32,158	11,492
Advance tax	8.1	6,190	6,208
		<u>41,244</u>	<u>20,570</u>

- 8.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on profit on debt securities and profit on savings accounts with banks paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt securities and profit on savings accounts with banks amounts to Rs. 6.19 million (2023: Rs. 6.21 million). Pending resolution of the matter, the amount of withholding tax deducted on profit on debt securities and profit on savings accounts with banks paid to the Fund has been shown as Advance tax under 'Advances, deposits, prepayments and other receivables' as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC.

	Note	2024	2023
		(Rupees '000')	
<b>9 PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management remuneration payable	9.1	6,536	2,422
Sindh Sales Tax payable on remuneration of Management Company	9.2	850	315
Sales load payable		3,232	566
Allocated expenses payable	9.3	798	351
Selling and marketing expenses payable	9.4	9,194	2,486
Shariah advisory fee payable		30	50
		<u>20,640</u>	<u>6,190</u>

- 9.1** As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rates ranging from 0.45% to 10.00% (2023 : 3.25% to 5.00%) of the gross earnings of the scheme calculated on a daily basis during the year ended June 30, 2024. The remuneration is payable to the Management Company monthly in arrears.

- 9.2** During the year, an amount of Rs. 8.00 million (2023: Rs. 4.25 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13.00% (2023: 13.00%) and an amount of Rs. 7.46 million (2023: Rs. 4.38 million) has been paid to the Management Company which acts as a collecting agent.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

- 9.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has charged such expenses at the rate of 0% to 1.81% (2023: 0.10%) per annum of the average annual net assets of the Fund during the year.

- 9.4** The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds, upto a maximum limit approved by the Board of Directors of Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion ranging from 0.05% to 0.65% (2023: 0.10% to 0.65%) duly authorised by the Board of Directors while keeping in view the annual plan, overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations.

	Note	2024	2023
		(Rupees '000')	
<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee remuneration payable	10.1	749	264
Sindh Sales Tax payable on Trustee remuneration	10.2	97	34
		846	298

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2023: 0.075%) per annum of the average annual net assets of the Fund.

- 10.2** During the year, an amount of Rs. 0.81 million (2023: Rs. 0.57 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13.00% (2023: 13.00%) and an amount of Rs. 0.75 million (2023: Rs. 0.58 million) was paid to the Trustee which acts as a collecting agent.

	Note	2024	2023
		(Rupees '000')	
<b>11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Fee payable	11.1	749	1,171
		749	1,171

- 11.1** In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP) Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2023: 0.02%) per annum of the daily net assets during the year.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the Fund was required to pay SECP fee within three months of the close of accounting year.

	Note	2024	2023
		(Rupees '000')	
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Provision for federal excise duty payable on			
- Remuneration of the Management Company	12.1	8,639	8,639
- Sales load		3,028	3,028
Auditors' remuneration payable		849	554
Printing charges payable		40	40
Brokerage and settlement charges payable		-	282
Legal and professional charges payable		739	739
Capital gain tax payable		40,873	4,050
Other payables		23	1,986
		54,191	19,318

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

- 12.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company and sales load with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 11.66 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2024 would have been higher by Re. 0.10 (2023: Re. 0.28) per unit.

### 13 CONTINGENCIES AND COMMITMENTS

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

	<b>2024</b>	<b>2023</b>
	(Rupees '000')	
<b>14 AUDITORS' REMUNERATION</b>		
Annual audit fee	525	375
Fee for half yearly review of condensed interim financial statements	225	187
Fee for other certifications	115	128
Out of pocket expenses	118	69
	983	759
Sindh Sales Tax	79	61
	1,062	820

### 15 TOTAL EXPENSE RATIO

The total expense ratio (TER) of the Fund as at June 30, 2024 is 1.63% (2023: 0.99%) which includes 0.18% (2023: 0.11% ) representing government levies on the Fund such as sales taxes, fee to the SECP. This ratio is within the maximum limit of 2.50% (excluding government levies) under the NBFC Regulations for a collective investment scheme categorised as an "Income Scheme".

### 16 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 NBFC Regulations, 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 17 TRANSACTIONS WITH CONNECTED PERSONS AND RELATED PARTIES

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

Transactions with connected persons essentially comprise of sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges 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.

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

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

The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

	For the year ended June 30, 2024	For the year ended June 30, 2023
	(Rupees '000')	
<b>17.1 Details of transactions with connected persons are as follows:</b>		
<b>MCB Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	61,543	32,736
Sindh Sales Tax on remuneration of the Management Company	8,001	4,256
Allocated expenses	7,685	5,859
Selling and marketing expenses	35,055	5,646
Shariah advisory fee	490	710
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	6,261	4,394
Sindh Sales Tax on remuneration of the Trustee	814	571
CDC settlement charges	37	5
<b>MCB Bank Limited</b>		
Bank charges	146	140
<b>MCB Islamic Bank Limited</b>		
Profit on savings accounts with banks	98,586	12,723
Profit on term deposit receipts	12,440	71,643

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>2024</b>	<b>2023</b>
	(Rupees '000')	
<b>17.2 Amounts outstanding at year end</b>		
<b>MCB Investment Management Limited - Management Company</b>		
Management remuneration payable	6,536	2,422
Sindh Sales Tax payable on remuneration of the Management Company	850	315
Allocated expenses payable	798	351
Back-end load payable	-	2,486
Shariah advisory fee payable	30	50
Selling and marketing expenses payable	9,194	2,486
Sales load payable	3,232	566
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Trustee remuneration payable	749	264
Sindh Sales Tax payable on Trustee remuneration	97	34
Security deposit	100	100
<b>MCB Bank Limited</b>		
Balance with bank	28,233	37,514
<b>MCB Islamic Bank Limited</b>		
Balance with bank	1,611	202,819
Profit receivable on savings account	411	508,877
Term deposit receipts	-	555,000
Profit receivable on term deposit receipts	-	71,643

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

	For the year ended June 30, 2024							
	As at July 01, 2023	Issued for cash	Redeemed	As at June 30, 2024	As at July 01, 2023	Issued for cash	Redeemed	As at June 30, 2024
	Units				(Rupees in '000)			
<b>Associated companies:</b>								
MCB Investment Management Limited	61,940	-	61,940	-	6,379	-	6,379	-
Adamjee Life Assurance Company Limited	-	2,547,800	2,016,193	531,607	-	280,047	228,083	55,319
Adamjee Life Assurance Company Limited - Tameen	-	4,968,633	4,968,633	-	-	513,984	515,343	-
Hyundai Nishat Motor Private Limited - Employees Provident Fund	-	1,651,398	1,213,292	438,106	-	185,228	141,667	45,590
Anif Habib Securities Limited - Employees Provident Fund Trust	73,293	-	73,293	-	7,548	-	7,626	-
MCB FSL Trustee Alhamra Smart Portfolio	798,631	1,076,796	899,283	976,144	82,250	112,364	110,208	101,578
Adamjee Insurance Company Limited - Window Takaful Operations	-	3,355,173	1,528,303	1,826,870	-	357,581	189,014	190,105
<b>Key management personnel*</b>	52,063	1,102,206	1,039,541	114,728	5,362	125,178	117,560	11,939
<b>Mandate under discretionary portfolio services</b>	201,242	3,129,231	2,108,743	1,221,730	20,726	346,017	224,497	127,134
<b>Unit holders holding 10% or more units</b>	-	-	-	-	-	-	-	-

\* This reflects the position of related party / connected persons status as at June 30, 2024.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

	For the year ended June 30, 2023							
	As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023	As at July 01, 2022	Issued for cash	Redeemed	As at June 30, 2023
	Units				(Rupees in '000)			
<b>Associated companies:</b>								
MCB Investment Management Limited	-	715,607	653,667	61,940	-	75,399	70,613	6,379
Adarjee Life Assurance Company Limited Amanat Fund	-	493,041	493,041	-	-	52,000	52,894	-
Adarjee Life Assurance Company Limited - Tameen	-	6,695,676	6,695,676	-	-	710,073	733,159	-
Hyundai Nishat Motor Private Limited Employees Provident Fund	-	417,208	417,208	-	-	44,913	46,238	-
Arif Habib Securities Limited Employees Provident Fund Trust	87,440	-	14,147	73,293	8,933	-	1,500	7,548
MCB FSL Trustee Alhamra Smart Portfolio	1,009,242	265,110	475,721	798,631	103,108	27,107	50,968	82,250
Adarjee Life Assurance Company Limited - Saman	-	14,541	14,541	-	-	1,530	1,591	-
Adarjee Life Assurance Company Limited - Managed Growth Fund	-	8,609	8,609	-	-	895	896	-
<b>Key management personnel*</b>	126,373	373,509	447,819	52,063	12,911	40,589	48,844	5,362
<b>Mandate under discretionary portfolio services</b>	756	4,045,116	3,844,630	201,242	77	437,654	432,782	20,726
<b>Unit holders holding 10% or more units</b>	-	-	-	-	-	-	-	-

\* This reflects the position of related party / connected persons status as at June 30, 2023

**18 FINANCIAL INSTRUMENTS BY CATEGORY**

	2024		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees '000')		
<b>Financial assets</b>			
Balances with banks	3,746,343	-	3,746,343
Investments	-	8,155,182	8,155,182
Advance against IPO subscription of Corporate sukuk certificates	-	-	-
Profit receivables	432,090	-	432,090
Deposits and other receivables	34,758	-	34,758
	<u>4,213,191</u>	<u>8,155,182</u>	<u>12,368,373</u>
<b>Financial liabilities</b>			
Payable to MCB Investment Management Limited - Management Company	20,640	-	20,640
Payable to Central Depository Company of Pakistan Limited - Trustee	846	-	846
Accrued expenses and other liabilities	1,651	-	1,651
	<u>23,137</u>	<u>-</u>	<u>23,137</u>
<b>2023</b>			
	At amortised cost	At fair value through profit or loss	Total
	(Rupees '000)		
<b>Financial assets</b>			
Balances with banks	1,539,887	-	1,539,887
Investments	555,000	1,623,742	2,178,742
Advance against IPO subscription of corporate sukuk certificates	397,000	-	397,000
Profit receivables	165,903	-	165,903
Deposits and other receivables	14,092	-	14,092
	<u>2,671,882</u>	<u>1,623,742</u>	<u>4,295,624</u>
<b>Financial liabilities</b>			
Payable to MCB Investment Management Limited - Management Company	6,190	-	6,190
Payable to Central Depository Company of Pakistan Limited - Trustee	298	-	298
Accrued expenses and other liabilities	3,601	-	3,601
	<u>10,089</u>	<u>-</u>	<u>10,089</u>



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

## 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 19.1 Market risk

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

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

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

#### (i) Yield / profit rate risk

Yield / profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market yield / profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks and investment in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

#### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks and KIBOR based sukuk certificates which expose the Fund to cash flow yield / profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 84.78 million (2023: Rs. 36.26 million)

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the impact on the Fund's net assets of future movements in yield / profit

Yield / profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's yield / profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2024 can be determined as follows:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

2024						
Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
Rupees ('000)						
<b>Financial assets</b>						
Balances with banks	12.00% - 21.30%	3,717,907	-	-	28,436	3,746,343
Investments						
Unlisted securities - Corporate sukuk certificates	21.16% - 22.33%	287,779	210,778	-	-	498,557
Listed securities - Corporate sukuk certificates	21.14%	-	405,987	-	-	405,987
GoP Ijarah Sukuk certificates	15.49% - 23.60%	2,129,863	2,313,939	2,806,836	-	7,250,638
Term deposit receipts		-	-	-	-	-
Profit receivables		-	-	-	432,090	432,090
Deposits and other receivables		-	-	-	34,758	34,758
		6,135,549	2,930,704	2,806,836	495,284	12,368,373
<b>Financial liabilities</b>						
Payable to MCB Investment Management Limited - Management Company		-	-	-	20,640	20,640
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	846	846
Accrued expenses and other liabilities		-	-	-	1,651	1,651
		-	-	-	23,137	23,137
<b>On-balance sheet gap (a)</b>		6,135,549	2,930,704	2,806,836	472,147	12,345,236
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		6,135,549	2,930,704	2,806,836		
<b>Cumulative profit rate sensitivity gap</b>		6,135,549	9,066,253	11,873,089		

2023						
Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
Rupees ('000)						
<b>Financial assets</b>						
Balances with banks	12.52% - 20.25%	1,502,321	-	-	37,566	1,539,887
Investments						
Unlisted securities - Corporate sukuk certificates	22.06% - 22.12%	389,259	269,280	-	-	658,539
Listed securities - Corporate sukuk certificates	22.06%	-	405,581	-	-	405,581
GoP Ijarah Sukuk certificates	17.65%	559,622	-	-	-	559,622
Term deposit receipts	15.15%	555,000	-	-	-	555,000
Advance against IPO subscription of corporate sukuk certificates		-	-	-	397,000	397,000
Profit receivables		-	-	-	165,903	165,903
Deposits and other receivables		-	-	-	14,092	14,092
		3,006,202	674,861	-	614,561	4,295,624
<b>Financial liabilities</b>						
Payable to MCB Investment Management Limited - Management Company		-	-	-	6,190	6,190
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	298	298
Accrued expenses and other liabilities		-	-	-	3,601	3,601
		-	-	-	10,089	10,089
<b>On-balance sheet gap (a)</b>		3,006,202	674,861	-	604,472	4,285,535
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		3,006,202	674,861	-		
<b>Cumulative profit rate sensitivity gap</b>		3,006,202	3,681,063	3,681,063		

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### (ii) Currency risk

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

### (iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

## 19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

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

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

	2024						Total
	Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	
	(Rupees in '000)						
<b>Financial assets</b>							
Balances with banks	3,746,343	-	-	-	-	-	3,746,343
Investments							
Unlisted securities - Corporate sukuk certificates	-	-	-	-	498,557	-	498,557
Listed securities - Corporate sukuk certificates	-	-	-	-	405,987	-	405,987
GoP Ijarah Sukuk certificates	113,057	286,894	614,085	4,084,589	2,152,014	-	7,250,638
Term deposit receipts	-	-	-	-	-	-	-
Profit receivables	432,090	-	-	-	-	-	432,090
Deposits and other receivables	27,101	-	-	-	-	7,657	34,758
	4,318,590	286,894	614,085	4,084,589	3,056,557	7,657	12,368,373
<b>Financial liabilities</b>							
Payable to MCB Investment Management Limited - Management Company	20,640	-	-	-	-	-	20,640
Payable to Central Depository Company of Pakistan Limited - Trustee	846	-	-	-	-	-	846
Accrued expenses and other liabilities	802	849	-	-	-	-	1,651
	22,288	849	-	-	-	-	23,137
<b>Net financial assets</b>	4,296,302	286,045	614,085	4,084,589	3,056,557	7,657	12,345,236

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

	2023						Total
	Within one month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than five years	Financial instruments with no fixed maturity	
	(Rupees in '000)						
<b>Financial assets</b>							
Balances with banks	1,539,887	-	-	-	-	-	1,539,887
Investments							
Unlisted securities - Corporate sukuk certificates	-	-	31,870	-	626,669	-	658,539
Listed securities - Corporate sukuk certificates	-	-	-	-	405,581	-	405,581
GoP Ijarah Sukuk certificates	559,622	-	-	-	-	-	559,622
Term deposit receipts	-	555,000	-	-	-	-	555,000
Advance against IPO subscription of corporate sukuk certificates	-	-	397,000	-	-	-	397,000
Profit receivables	165,903	-	-	-	-	-	165,903
Deposits and other receivables	6,436	-	-	-	-	7,656	14,092
	2,271,848	555,000	428,870	-	1,032,250	7,656	4,295,624
<b>Financial liabilities</b>							
Payable to MCB Investment Management Limited - Management Company	6,190	-	-	-	-	-	6,190
Payable to Central Depository Company of Pakistan Limited - Trustee	298	-	-	-	-	-	298
Accrued expenses and other liabilities	3,047	554	-	-	-	-	3,601
	9,535	554	-	-	-	-	10,089
<b>Net financial assets</b>	2,262,313	554,446	428,870	-	1,032,250	7,656	4,285,535

**19.3 Credit risk**

**19.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units and sale of investments.

Credit risk arises from balances with banks and financial instruments, profit receivable on balances with banks and credit exposure arising on investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the Fund minimises the credit risk. In accordance with the risk management policy of the Fund, the investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	2024		2023	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	(Rupees in '000)		(Rupees in '000)	
Balances with banks	3,746,343	3,746,343	1,539,887	1,539,887
Investments	8,155,182	904,544	2,178,742	1,619,120
Advance against IPO subscription of corporate sukuk certificates	-	-	397,000	397,000
Profit receivables	432,090	76,060	165,903	124,249
Deposits and other receivables	34,758	34,758	14,092	14,092
	12,368,373	4,761,705	4,295,624	3,694,348

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in government securities of Rs. 7,250.64 million (2023: Rs. 559.62 million) and profit receivable from these securities of Rs. 356.03 million (2023: Rs. 41.65 million) are not exposed to credit risk.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 19.3.2 Credit quality of financial assets

The Fund's significant credit risk (other than in government backed securities) arises mainly on account of its investment in sukuk certificates, placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2024	2023
AAA	0.79%	2.52
AA	80.68%	0.01
AA-	18.47%	84.30
A+	0.06%	-
A	-	13.17
	100.00%	100.00

Ratings of investments in sukuk certificates have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

### Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

## 20 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing at the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### 20.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair value measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

As at June 30, 2024 and June 30, 2023, the Fund holds the following financial instrument measured at fair value:

Financial assets 'at fair value through profit or loss'	2024			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Unlisted securities - Corporate sukuk certificates	-	498,557	-	498,557
Listed securities - Corporate sukuk certificates	405,987	-	-	405,987
GoP Ijarah Sukuk certificates	2,679,451	4,571,187	-	7,250,638
	3,085,438	5,069,744	-	8,155,182

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Financial assets 'at fair value through profit or loss'	2023			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Unlisted securities - Corporate sukuk certificates	-	658,539	-	658,539
Listed securities - Corporate sukuk certificates	405,581	-	-	405,581
GoP Ijarah Sukuk certificates	-	559,622	-	559,622
	<u>405,581</u>	<u>1,218,161</u>	<u>-</u>	<u>1,623,742</u>

### 21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

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

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

### 22 PATTERN OF UNITHOLDING

#### Details of pattern of unitholding

	June 30, 2024			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
	(Rupees in '000)			%
Individuals	8209	87,744,020	9,130,704	74.24%
Insurance companies	5	2,094,621	217,968	1.77%
Associated companies	4	3,772,728	392,593	3.20%
Retirement funds	40	15,063,153	1,567,482	12.75%
Public Limited Companies	3	854,042	88,872	0.72%
Others	39	8,656,625	900,814	7.32%
	<u>8,300</u>	<u>118,185,188</u>	<u>12,298,433</u>	<u>100.00%</u>

	June 30, 2023			
	Number of unit holders	Number of units held	Investment amount	Percentage investment
	(Rupees in '000)			%
Individuals	7,354	31,784,216	3,273,405	76.57%
Insurance companies	5	1,716,444	176,774	4.13%
Associated companies	2	871,924	89,798	2.10%
Retirement funds	42	5,224,504	538,063	12.59%
Public Limited Companies	-	-	-	0.00%
Others	29	1,913,665	197,085	4.61%
	<u>7,432</u>	<u>41,510,753</u>	<u>4,275,125</u>	<u>100.00%</u>

### 23 TOP TEN BROKERS / DEALERS BY PERCENTAGE OF COMMISSION PAID

Details of commission paid by the Fund to top ten brokers by percentage during the year are as follows:

	2024 (Percentage)
1 Alfalah CLSA Securities (Private) Limited	61.12%
2 Paramount Capital (Private) Limited	18.34%
3 JS Global Capital Limited	7.25%
4 AKD Securities Limited	7.25%
5 Arif Habib Limited	6.04%

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<b>2023 (Percentage)</b>
1 AKD Securities Limited	80.85%
2 Continental Exchange (Private) Limited	16.17%
3 JS Global Capital Limited	2.98%

**24 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS**

The 189th, 190th, 191th, 192nd, 193rd, 194th, 195th & 196th meeting of the Board of Directors were held on July 21, 2023, July 26, 2023, September 28, 2023, October 12, 2023, October 18, 2023, February 02, 2024, April 19, 2024 and April 22, 2024 respectively. Information in respect of attendance by the directors and other persons in the meetings is given below:

Name of directors	Designation	Number of meetings held	Number of meetings			Meetings not attended
			Attendance required	Attended	Leave granted	
Mr. Haroon Rashid	Chairman	8	8	8	-	-
Mr. Ahmed Jahangir	Director	8	8	8	-	-
Syed Savail Meekal Hussain	Director	8	8	7	1	195th
Ms. Mavra Adil Khan	Director	8	8	6	2	192nd, 195th
Mr. Muhammad Saqib Saleem <sup>1</sup>	Ex - Chief Executive Officer	8	5	5	-	-
Mr. Fahd Kamal Chinoy	Director	8	8	5	3	190th, 192nd, 195th
Mr. Manzar Mushlaq	Director	8	8	8	-	-
Mr. Shoaib Mumtaz	Director	8	8	5	3	192nd, 193th, 195th
Mr. Khawaja Khalil Shah <sup>2</sup>	Chief Executive Officer	8	3	3	-	-

<sup>1</sup> Mr. Muhammad Saqib Saleem resigned from the Board with effect from October 21, 2023.

<sup>2</sup> Mr. Khawaja Khalil Shah has been appointed on the Board with effect from November 01, 2023.

**25 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER**

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

S. No.	Name	Designation	Qualification	Experience in years
1	Mr. Khawaja Khalil Shah*	Chief Executive Officer	MBA	32
2	Mr. Muhammad Asim	Chief Investment Officer	MBA, CFA	21
3	Mr. Awais Abdul Sattar	Portfolio Manager Equities	MBA, CFA	13
4	Mr. Saad Ahmed	Head of Fixed Income	MBA	18
5	Syed Abid Ali	Head of Equities	MBA	16
6	Mr. Usama Iqbal	Fund Manager	Graduate	20

\*Mr. Khawaja Khalil Shah appointed on the Board with effect from November 01, 2023.

Mr. Usama Iqbal is the Manager of the Fund as at year end. Other funds being managed by him are as follows:

- Alhamra Islamic Money Market Fund;
- Alhamra Wada Plan VIII;
- Alhamra Wada Plan IX;
- Alhamra Wada Plan X;
- Alhamra Wada Plan XI;
- Alhamra Smart Portfolio;
- Pakistan Income Fund;
- MCB Pakistan Fixed Return Plan XVI;
- MCB Pakistan Fixed Return Plan XVII;
- MCB Pakistan Fixed Return Plan XVIII;
- MCB Pakistan Fixed Return Plan XIX;
- MCB DCF Fixed Return Plan I;
- MCB DCF Fixed Return Plan II; and
- MCB DCF Fixed Return Plan III.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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### 26 CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

### 27 GENERAL

27.1 Figures have been rounded off to the nearest rupee, unless otherwise stated.

### 28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 25, 2024 by the Board of Directors of the Management Company.

For MCB Investment Management Limited  
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director



**PATTERN OF UNITS HOLDING BY SIZE  
FOR THE YEAR ENDED JUNE 30, 2024**

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No. of Unit Holders	Unit holdings	Total units held
5,659	A. 001-10,000	89,141
1,016	B. 10,001 – 100,000	340,017
791	C. 100,001 – 1000,000	2,830,508
834	D. 1000,001 & Above	114,925,522
<u>8,300</u>		<u>118,185,188</u>

## PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2024

Performance Information	2024	2023	2022	2021	2020
Total Net Assets Value – Rs. in million	12,298.4331	4,275.1245	4,783.3750	5,575.1160	4,442.2006
Net Assets value per unit – Rupees	104.0607	102.9884	102.1635	101.9608	101.8452
Closing Offer Price	105.8245	104.7341	103.8952	103.6890	103.5715
Closing Repurchase Price	104.0607	104.7341	101.2977	101.0967	100.1189
Highest offer price per unit	125.8523	119.2606	112.7264	110.2535	114.9713
Lowest offer price per unit	104.7835	103.9229	103.6983	103.5912	102.9669
Highest Redemption price per unit	123.7547	119.2606	110.8475	108.4159	113.0550
Lowest Redemption price per unit	103.037	103.9229	101.9699	101.8646	101.2507
Distribution per unit – Rs. *	20.235	14.9742	8.8867	6.5076	11.1515
<b>Average Annual Return - %</b>					
One year	20.79	15.56	8.93	6.51	11.63
Two year	18.18	12.25	7.72	9.07	9.94
Three year	15.09	10.33	9.02	8.79	8.28
Net Income for the period – Rs. in million	1,575.628	844.035	645.2008	422.3480	357.2150
Distribution made during the year – Rs. in million	1516.817	830.7790	642.2110	419.7500	348.9930
Accumulated Capital Growth – Rs. in million	58.8111	13.2560	2.9898	2.5980	8.2220
Weighted average Portfolio Duration (Days)	814	767	1,351	949	1314

\* Date of Distribution

2024	
Date	Rate
22-Jun-24	20.235

2023	
Date	Rate
16-Jun-23	14.9742

2022	
Date	Rate
24-Jun-22	8.8867

2021	
Date	Rate
25-Jun-21	6.5076

2020	
Date	Rate
30-Jun-20	11.1515

### Disclaimer

The past performance is not necessarily indicative of future performance and unit prices and investments and returns may go down, as well as up.

**MCB INVESTMENT MANAGEMENT LIMITED**

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

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

**URL:** [www.mcbfunds.com](http://www.mcbfunds.com), **Email:** [info@mcbfunds.com](mailto:info@mcbfunds.com)

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