



MCB FUNDS
Investments for Life

ANNUAL REPORT 2025

Funds Under Management of
MCB Investment Management Limited



MCB PAKISTAN SOVEREIGN FUND

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FUND'S INFORMATION

| | | |
|--|---|--|
| Management Company | MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi. | |
| Board of Directors | Mr. Haroun Rashid Mr. Muhammad Nauman Chughtai Mr. Khawaja Khalil Shah Mr. Ahmed Jahangir Mr. Manzar Mushtaq Mr. Fahd Kamal Chinoy Syed Savail Meekal Hussain Ms. Mavra Adil Khan | Chairman Director Chief Executive Officer Director Director Director Director Director |
| Audit Committee | Syed Savail Meekal Hussain Mr. Ahmed Jahangir Mr. Manzar Mushtaq | Chairman Member Member |
| Human Resource & Remuneration Committee | Mr. Fahd Kamal Chinoy Mr. Ahmed Jahangir Ms. Mavra Adil Khan Mr. Khawaja Khalil Shah Mr. Muhammad Nauman Chughtai | Chairman Member Member Member Member |
| Credit Committee | Mr. Ahmed Jahangir Mr. Manzar Mushtaq Syed Savail Meekal Hussain Mr. Khawaja Khalil Shah | Member Member Member Member |
| Chief Executive Officer Chief Operating Officer & Chief Financial Officer | Mr. Khawaja Khalil Shah Mr. Muhammad Asif Mehdi Rizvi | |
| Company Secretary | Mr. Muhammad Rehan Khan | |
| Trustee | Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B'S,M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcpakistan.com | |
| Bankers | MCB Bank Limited Habib Bank Limited Allied Bank Limited Bank Alfalah Limited Faysal Bank Limited | Habib Metropolitan Bank Limited United Bank Limited Zarai Taraqati Bank Limited Js Bank Limited National Bank Of Pakistan |
| Auditors | A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi. | |
| Legal Advisor | Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi | |
| Rating | AM1 Asset Manager Rating assigned by PACRA | |
| Transfer Agent | MCB Investment Management Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi. | |

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

Dear Investor,

On behalf of the Board of Directors, I am pleased to present **MCB Pakistan Sovereign Fund** accounts review for the year ended June 30, 2025.

Economy Review

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

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

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

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

FUND PERFORMANCE

During the period under review, the fund generated a return of 18.72% as against its benchmark return of 13.59%. At period-end, the fund exposure towards cash was 15.6%.

The Net Assets of the Fund as at June 30, 2025 stood at Rs. 28,813 million as compared to Rs. 11,082 million as at June 30, 2024 registering an increase of 159.99%.

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

The Net Asset Value (NAV) per unit as at June 30, 2025 was Rs. 55.03 as compared to opening NAV of Rs. 54.0600 per unit as at June 30, 2024 registering an increase of Rs. 0.97 per unit.

Economy & Market – Future Outlook

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

The continuation of the IMF program is a key positive as it will allow us to tap funding from bilateral and multilateral sources. We expect SBP reserves to increase to USD 17.4 billion by year end on the back of timely bilateral rollover, and inflows from IMF and multilateral agencies. Our external position has improved which could allow Pakistan to consider re-entering the international capital markets to explore options such as Eurobonds, Sukuk, and Panda bonds.

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

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

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

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

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

Mutual Fund Industry Review

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

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

Fixed Rate funds increased by about 29.2% since June 2024 to PKR 1,242 billion while Equity and related funds increased by 92.3% to PKR 491 billion.

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

Mutual Fund Industry Outlook

Money market funds should benefit from higher liquidity as they are ideal for investors with a short-term horizon and low risk profile. As economic recovery gains further traction and becomes broader based, the interest in capital markets particularly equities will continue to remain strong. Our operations remained seamless and given our competitive edge in digital access and online customer experience, we are prepared to get benefits of the growing number of investors available online.

HOLDING COMPANY

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

CORPORATE GOVERNANCE

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

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

The details of above are as under:

| Sr. No. | Name | Status | Membership in other Board Committees |
|---------|------------------------------|------------------------|--------------------------------------|
| 1. | Mr. Haroun Rashid | Non-Executive Director | None |
| 2. | Mr. Muhammad Nauman Chughtai | Non-Executive Director | HR&R* Committee |
| 3. | Mr. Ahmed Jahangir | Non-Executive Director | HR&R* Committee Audit Committee |
| 4. | Mr. Manzar Mushtaq | Non-Executive Director | Audit Committee |
| 5. | Syed Savail Meekal Hussain | Independent Director | Audit Committee (Chairman) |

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

| | | | |
|----|-------------------------|----------------------|-----------------------------|
| 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;
- 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;

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

- j. As at June 30, 2025, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code;
- k. The detailed pattern of shareholding as on June 30, 2025 is annexed;
- l. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- m. The details of attendance of Board of Directors meeting is disclosed in financial statements. Below are the details of committee meetings held during the year ended June 30, 2025:

1. Meeting of the Audit Committee.

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

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

2. Meeting of the Human Resource and Remuneration Committee.

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

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

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

* Resigned on December 21, 2024

** Appointed on January 06, 2025

- 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 Nauman Chughtai | Director | 1,887,717.68 | 2,030,781.43 | 3,511.51 |
| 2 | Sara Mushtaq | W/o Manzar Mushtaq | 4,660,907.58 | 4,685,548.49 | 14.78 |
| 3 | Haroun Rashid | Director/ Chairman | 2,502,332.86 | 2,757,944.81 | 152.94 |

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, 2025. 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, 2026 and 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.

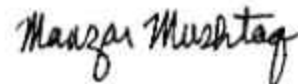
ACKNOWLEDGMENT

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,



Khawaja Khalil Shah
Chief Executive Officer
August 04, 2025



Manzar Mushtaq
Director
August 04, 2025

ڈائریکٹرز رپورٹ

خارجی آڈیٹرز

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

اظہار تشکر

فنڈ کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور فنڈ کے ٹرسٹیز کی مسلسل معاونت اور حمایت کے لیے بورڈ اُن کا شکریہ ادا کرتا ہے۔ مزید برآں، ڈائریکٹرز مینجمنٹ ٹیم کی کاوشوں کو خراج تحسین پیش کرتے ہیں۔

منجانب ڈائریکٹرز،

Mansur Mushtaq

منظر مشتاق

ڈائریکٹر

04 اگست 2025ء

خواجہ خلیل شاہ

خواجہ خلیل شاہ

چیف ایگزیکٹو آفیسر

04 اگست 2025ء

ڈائریکٹرز رپورٹ

2. ہیومن ریورس اور ریویو نیشن کمیٹی کی میٹنگ

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

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

* 21 دسمبر 2024ء کو مستعفی ہو گئے

** 06 جنوری 2025ء کو تقرری ہوئی

n. فنڈ کے یونٹس 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۔

| نمبر شمار | نام | عہدہ | سرمایہ کاری | سرمایہ کاری جو نکال لی گئی | ڈیویڈنڈ کی تقسیم |
|----------------|-------------------|-------------------|--------------|----------------------------|------------------|
| یونٹس کی تعداد | | | | | |
| 1 | محمد نعمان چغتائی | ڈائریکٹر | 1,887,717.68 | 2,030,781.43 | 3,511.51 |
| 2 | سارہ مشتاق | اہلیہ منظر مشتاق | 4,660,907.58 | 4,685,548.49 | 14.78 |
| 3 | بارون رشید | ڈائریکٹر ایگزیکٹو | 2,502,332.86 | 2,757,944.81 | 152.94 |

ڈائریکٹرز رپورٹ

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

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

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

g. لسٹنگ ضوابط میں تفصیلاً بیان کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں کیا گیا ہے؛

h. واجب الاداء ٹیکسز، قانونی چارجز اور ڈیوٹیز، اگر کوئی ہیں تو، کو آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کر دیا گیا ہے؛

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

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

k. 30 جون 2025ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛

l. بورڈ اور اس کے ارکان اور کمیٹیوں کی کارکردگی کی سالانہ جانچ کے لیے ایک باضابطہ اور موثر طریقہ کار نافذ کیا گیا ہے؛

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

1. آڈٹ کمیٹی کی میٹنگ

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

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

ڈائریکٹرز رپورٹ

تفصیل درج ذیل ہے:

| نمبر شمار | نام | حیثیت | دیگر بورڈ کمیٹیوں میں رکنیت |
|-----------|-------------------------|------------------------|--------------------------------|
| 1. | جناب ہارون رشید | نان- ایگزیکٹو ڈائریکٹر | کوئی نہیں |
| 2. | جناب محمد نعمان چغتائی | نان- ایگزیکٹو ڈائریکٹر | ایچ آراینڈ آر کمیٹی |
| 3. | جناب احمد جہانگیر | نان- ایگزیکٹو ڈائریکٹر | ایچ آراینڈ آر کمیٹی، آڈٹ کمیٹی |
| 4. | جناب منظر مشتاق | نان- ایگزیکٹو ڈائریکٹر | آڈٹ کمیٹی |
| 5. | جناب سید ساول میاں حسین | انڈپینڈنٹ ڈائریکٹر | آڈٹ کمیٹی (چیئر مین) |
| 6. | جناب فہد کمال چنائے | انڈپینڈنٹ ڈائریکٹر | ایچ آراینڈ آر کمیٹی (چیئر مین) |
| 7. | محترمہ ماوراء عادل خان | انڈپینڈنٹ ڈائریکٹر | ایچ آراینڈ آر کمیٹی |
| 8. | جناب خواجہ خلیل شاہ | ایگزیکٹو ڈائریکٹر | ایچ آراینڈ آر کمیٹی |

* 'ایچ آراینڈ آر' ہیومن ریسورس اینڈ ریموونیشن کا مخفف 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 خوشی ہے کہ وہ مندرجہ ذیل امور رپورٹ کر رہے ہیں:

- مالیاتی گوشوارے کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور اس کی ایکویٹی میں تبدیلیوں کو منصفانہ انداز میں پیش کرتے ہیں؛
- فنڈ کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں؛
- مالیاتی گوشواروں کی تیاری میں (مالیاتی گوشواروں سے منسلک اہم نکات میں مذکور) موزوں اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، نان بینکنگ فنانس کمپنیز (اسٹیمبلشمنٹ اینڈ

ڈائریکٹرز رپورٹ

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

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

میوچل فنڈز صنعت کے مستقبل کا منظر نامہ

منی مارکیٹ فنڈز کو بہتر نقدیت کا فائدہ اٹھانا چاہیے کیونکہ یہ مختصر میعاد کے لیے اور کم رسک کے ساتھ سرمایہ کاری کرنے والوں کے لیے موزوں ترین ہوتے ہیں۔ معاشی بحالی کے تیز تر اور وسیع تر ہونے کے ساتھ ساتھ کیپیٹل مارکیٹس، خصوصاً ایکویٹیز، میں گہری دلچسپی برقرار رہے گی۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور صارفین کو اچھا تجربہ فراہم کرنے کے معاملے میں ہماری بہتر استعداد کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے فائدہ اٹھانے کے لیے تیار ہیں۔

ہولڈنگ کمپنی

18 اپریل 2023ء کو ایم سی بی بینک لمیٹڈ (ایم سی بی) نے، ایم سی بی-عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی-اے ایچ) کی سپرنٹ (سرپرست) کمپنی کی حیثیت میں، عارف حبیب کارپوریشن لمیٹڈ (اے ایچ سی ایل) سے ایم سی بی-اے ایچ کے 21,664,167 (یعنی 30.09 فیصد) حصص خرید لیے۔ اس سودے کے ذریعے ایم سی بی بینک لمیٹڈ کی ایم سی بی-اے ایچ میں حاملیت حصص 36,956,768 (یعنی 51.33 فیصد) حصص سے بڑھ کر 58,620,935 (یعنی 81.42 فیصد) ہو گئی ہے اور اے ایچ سی ایل اب ایم سی بی-اے ایچ میں حصص کی حامل نہیں ہے۔

کارپوریٹ گورننس

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

* 4 نان-ایگزیکٹو ڈائریکٹرز؛

* 3 انڈپنڈنٹ ڈائریکٹرز؛ اور

* 1 ایگزیکٹو ڈائریکٹر (سی ای او)۔

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

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

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

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

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

میوچل فنڈ صنعت کا جائزہ

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

ڈائریکٹرز رپورٹ

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

فنڈ کی کارکردگی

زیر جائزہ مدت کے دوران فنڈ نے 18.72 فیصد منافع بنایا، جبکہ اس کے بالمقابل بیچ مارک منافع 13.59 فیصد تھا۔ اختتام مدت پر فنڈ کی نقد میں سرمایہ کاری 15.6 فیصد تھی۔

30 جون 2025ء کو فنڈ کے net اثاثہ جات 28,813 ملین روپے تھے، جبکہ اس کے بالمقابل 30 جون 2024ء کو 11,082 ملین روپے تھے، چنانچہ 159.99 فیصد اضافہ ہوا۔

30 جون 2025ء کو net اثاثہ جاتی قدر (این اے وی) نی یونٹ 55.03 روپے تھی، جبکہ اس کے بالمقابل 30 جون 2024ء کو ابتدائی این اے وی نی یونٹ 54.0600 روپے تھی، چنانچہ 0.97 روپے نی یونٹ اضافہ ہوا۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

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

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

عزیز سرمایہ کار

بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی پاکستان سوورین فنڈ کے اکاؤنٹس برائے سال مختتمہ 30 جون 2025ء کا جائزہ پیش خدمت ہے۔

معیشت کا جائزہ

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

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

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

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

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

Fund Type and Category

MCB Pakistan Sovereign Fund (MSF) is an open-end fund, which invests in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Fund Benchmark

90% six (6) months PKRV rates + 10% six (6) months average of the highest rates on savings account of three (3) AA rated scheduled banks as selected by MUFAP.

Investment Objective

The objective of the fund is to deliver income primarily from investment in Government securities.

Investment Strategy

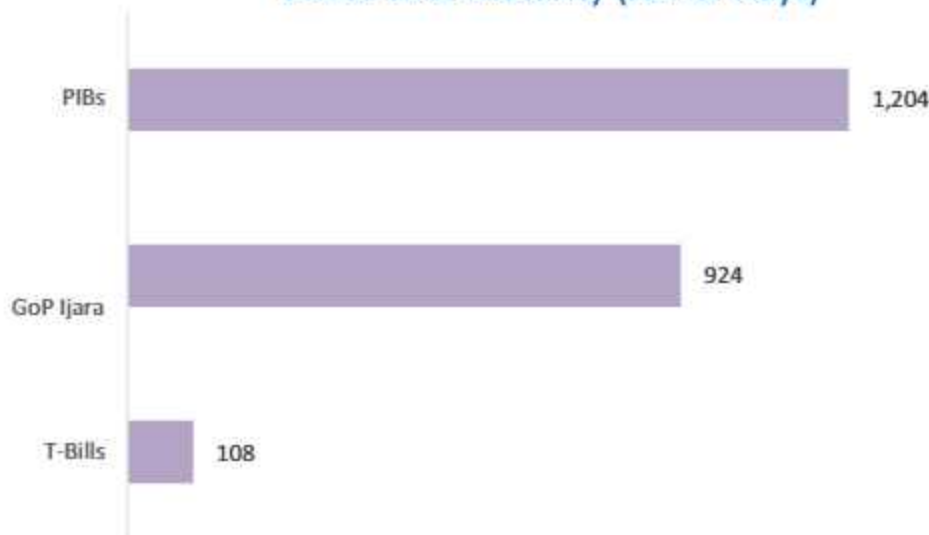
The Fund through active management will aim to provide optimum returns for its Unit Holders by investing in bonds and debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

Manager's Review

During the period under review, the fund generated a return of 18.72% as against its benchmark return of 13.59%. At period-end, the fund was invested 66.4% in PIBs, 6.5% in GOP Ijara Sukuk, and 9.3% in T-Bills.

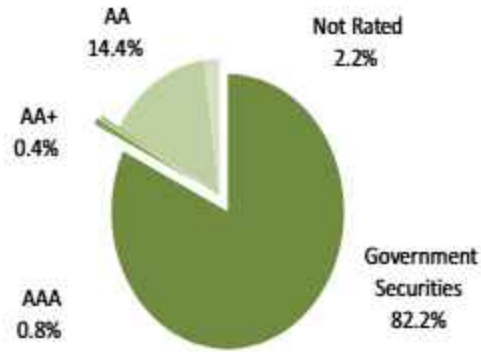
The Net Assets of the Fund as at June 30, 2025 stood at Rs. 28,813 million as compared to Rs. 11,082 million as at June 30, 2024 registering an increase of 160.0%. The Net Asset Value (NAV) per unit as at June 30, 2025 was Rs. 55.03 as compared to opening NAV of Rs. 54.06 per unit as at June 30, 2024 registering an increase of Rs. 0.97 per unit.

Asset-wise Maturity (No. of Days)



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

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



Asset Allocation as of June 30, 2025 (%age of Total Assets)

| Asset Allocation (%age of Total Assets) | Jun-25 |
|---|--------|
| Cash | 15.6% |
| T-Bills | 9.3% |
| PIBs | 66.4% |
| Others including Receivables | 2.2% |
| GOP Ijara sukuk | 6.5% |

Mr. Saad Ahmed
Fund Manager

TRUSTEE REPORT TO THE UNIT HOLDERS

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MCB PAKISTAN SOVEREIGN FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of MCB Pakistan Sovereign 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, 2025 in accordance with the provisions of the following:

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

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 09, 2025



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS



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INDEPENDENT AUDITOR'S REPORT

To the Unit holders of MCB Pakistan Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MCB Pakistan Sovereign Fund (the Fund / Collective Investment Scheme), which comprise the statement of assets and liabilities as at June 30, 2025, and the income statement, the 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, 2025, 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 the 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 | Net Asset Value (NAV) (Refer notes 4 and 5 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, 2025 aggregated to Rs. 4,552,352 million and Investments amounted to Rs. 24,037,384 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, 2025 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">Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2025 and traced them to the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andObtained bank reconciliation statements and tested reconciling items on a sample basis. |

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.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 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 these 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.
- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS

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- 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, actions taken to eliminate threats or safeguards applied.

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:

- a. the financial statements have been properly prepared in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b. proper books and records have been kept by the Collective Investment Scheme and the financial statements prepared are in agreement with the books and records of the Collective Investment Scheme; and
- c. we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 24, 2025

UDIN: AR202510611SL293Z4yc

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

| | Note | June 30, 2025 ----- (Rupees in '000) ----- | June 30, 2024 |
|---|------|--|--------------------|
| ASSETS | | | |
| Balances with banks | 4 | 4,552,352 | 1,653,319 |
| Investments | 5 | 24,037,384 | 10,768,089 |
| Profit receivables | 6 | 621,039 | 430,506 |
| Receivable against sale of investments | | - | 1,541,304 |
| Advances, deposits, prepayments and other receivables | 7 | 50,074 | 5,871 |
| Total assets | | 29,260,849 | 14,399,089 |
| LIABILITIES | | | |
| Payable against purchase of investments | | - | 3,225,183 |
| Payable to MCB Investment Management Limited - Management Company | 8 | 42,427 | 18,924 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 9 | 299 | 516 |
| Payable to the Securities and Exchange Commission of Pakistan | 10 | 1,577 | 623 |
| Accrued expenses and other liabilities | 11 | 403,404 | 72,114 |
| Total liabilities | | 447,707 | 3,317,360 |
| NET ASSETS | | 28,813,142 | 11,081,729 |
| Unit holders' fund (as per statement attached) | | 28,813,142 | 11,081,729 |
| Contingencies and Commitments | 12 | | |
| | | (Number of units) | |
| NUMBER OF UNITS IN ISSUE | | 523,550,894 | 204,996,026 |
| | | (Rupees) | |
| NET ASSET VALUE PER UNIT | | 55.0300 | 54.0600 |

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

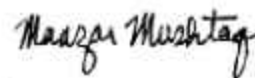
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

| | Note | June 30, 2025 | June 30, 2024 |
|---|------|------------------|------------------|
| —— (Rupees in '000) —— | | | |
| INCOME | | | |
| Income from government securities | | 3,714,778 | 1,328,583 |
| Profit on savings accounts with banks | | 201,051 | 123,914 |
| Net realised gain / (loss) on sale of investments | | 1,076,037 | (52,253) |
| Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 5.5 | 106,821 | 33,164 |
| Other income | | 1,427 | - |
| Total income | | 5,100,114 | 1,433,408 |
| EXPENSES | | | |
| Remuneration of MCB Investment Management Limited - Management Company | 8.1 | 455,908 | 81,860 |
| Sindh sales tax on remuneration of the Management Company | 8.2 | 68,386 | 10,642 |
| Allocated expenses | 8.3 | 7,588 | 7,224 |
| Sindh sales tax on allocated expenses | 8.4 | 1,138 | - |
| Selling and marketing expenses | 8.5 | - | 31,832 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 9.1 | 15,592 | 4,045 |
| Sindh sales tax on remuneration of the Trustee | 9.2 | 2,339 | 526 |
| Fee to the Securities and Exchange Commission of Pakistan | 10.1 | 21,262 | 5,516 |
| Auditors' remuneration | 13 | 1,155 | 980 |
| Fees and subscription | | 622 | 560 |
| Legal and professional charges | | 204 | 191 |
| Brokerage and settlement charges | | 12,478 | 3,226 |
| Bank charges | | 2,215 | 2,065 |
| Printing and related costs | | - | 32 |
| Total expenses | | 588,887 | 148,699 |
| Net income for the year before taxation | | 4,511,227 | 1,284,709 |
| Taxation | 14 | - | - |
| Net income for the year after taxation | | 4,511,227 | 1,284,709 |
| Allocation of net income for the year | | | |
| Net income for the year after taxation | | 4,511,227 | 1,284,709 |
| Income already paid on units redeemed | | (4,155,439) | (915,392) |
| | | <u>355,788</u> | <u>369,317</u> |
| Accounting income available for distribution | | | |
| - Relating to capital gains | | 113,191 | - |
| - Excluding capital gains | | 242,597 | 369,317 |
| | | <u>355,788</u> | <u>369,317</u> |

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

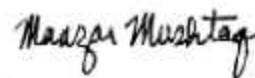
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025**

| | June 30, 2025 | June 30, 2024 |
|--|------------------------|------------------|
| | —— (Rupees in '000) —— | |
| Net income for the year after taxation | 4,511,227 | 1,284,709 |
| Other comprehensive income for the year | - | - |
| Total comprehensive income for the year | <u>4,511,227</u> | <u>1,284,709</u> |

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

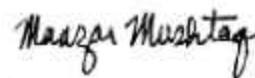
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | June 30, 2025 | | | June 30, 2024 | | |
|--|------------------|--------------------|--------------|---------------|--------------------|--------------|
| | Capital Value | Accumulated losses | Total | Capital Value | Accumulated losses | Total |
| | (Rupees in '000) | | | | | |
| Net assets at the beginning of the year | 11,746,432 | (664,703) | 11,081,729 | 1,375,200 | (701,580) | 673,620 |
| Issuance of 1,912,854,934 units (2024: 656,568,210 units) | | | | | | |
| - Capital value (at ex-net asset value per unit at the beginning of the year) | 103,408,938 | - | 103,408,938 | 35,336,501 | - | 35,336,501 |
| - Element of income | 7,429,557 | - | 7,429,557 | 3,554,635 | - | 3,554,635 |
| Total proceeds on issuance of units | 110,838,495 | - | 110,838,495 | 38,891,136 | - | 38,891,136 |
| Redemption of 1,594,300,066 units (2024: 464,087,709 units) | | | | | | |
| - Capital value (at ex-net asset value per unit at the beginning of the year) | (86,187,862) | - | (86,187,862) | (24,977,200) | - | (24,977,200) |
| - Element of loss | (6,816,626) | (4,155,439) | (10,972,065) | (2,199,623) | (915,392) | (3,115,015) |
| Total payments on redemption of units | (93,004,488) | (4,155,439) | (97,159,927) | (27,176,823) | (915,392) | (28,092,215) |
| Total comprehensive income for the year | - | 4,511,227 | 4,511,227 | - | 1,284,709 | 1,284,709 |
| Distribution for the year ended June 30, 2025 @ 0.06 per unit on July 1, 2024 | | (12,300) | (12,300) | | | |
| Distribution for the year ended June 30, 2025 @ Rs. 8.91 per unit on June 21, 2025 | - | (229,975) | (229,975) | - | - | - |
| Refund of capital for the year ended June 30, 2025 | (216,107) | - | (216,107) | - | - | - |
| Distribution for the year ended June 30, 2024 @ Rs. 11 per unit on June 24, 2024 | - | - | - | - | (332,440) | (332,440) |
| Refund of capital | - | - | - | (1,343,081) | - | (1,343,081) |
| Net income for the year less distribution | (216,107) | 4,268,952 | 4,052,845 | (1,343,081) | 952,269 | (390,812) |
| Net assets at the end of the year | 29,364,332 | (551,190) | 28,813,142 | 11,746,432 | (664,703) | 11,081,729 |
| Accumulated loss brought forward | | | | | | |
| - Realised loss | | (697,867) | | | (688,112) | |
| - Unrealised loss | | 33,164 | | | (13,468) | |
| | | (664,703) | | | (701,580) | |
| Accounting income available for distribution | | | | | | |
| - Relating to capital gains | 113,191 | | | - | | |
| - Excluding capital gains | 242,597 | | | 369,317 | | |
| | 355,788 | | | 369,317 | | |
| Distributions made during the year | | (242,275) | | | (332,440) | |
| Accumulated losses carried forward | | (551,190) | | | (664,703) | |
| Accumulated losses carried forward | | | | | | |
| - Realised loss | | (658,011) | | | (697,867) | |
| - Unrealised income | | 106,821 | | | 33,164 | |
| | | (551,190) | | | (664,703) | |
| | | (Rupees) | | | (Rupees) | |
| Net asset value per unit at the beginning of the year | | 54.0600 | | | 53.8200 | |
| Net asset value per unit at the end of the year | | 55.0300 | | | 54.0600 | |

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

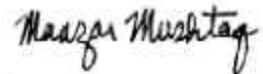
For MCB Investment Management Limited
(Management Company)



Chief Executive Officer



Chief Financial Officer



Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

| | Note | June 30, 2025 ---- (Rupees in '000) ---- | June 30, 2024 |
|--|------|--|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income for the year before taxation | | 4,511,227 | 1,284,709 |
| Adjustments for: | | | |
| Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 5.5 | (106,821) | (33,164) |
| Profit on savings accounts with banks and debt securities | | (2,423,309) | (906,758) |
| | | <u>1,981,097</u> | <u>344,787</u> |
| Increase in assets | | | |
| Investments - net | | (12,586,638) | (9,028,370) |
| Receivable against sale of investments | | 1,541,304 | (1,541,304) |
| Advances, deposits, prepayments and other receivables | | (44,203) | (2,625) |
| | | <u>(11,089,537)</u> | <u>(10,572,299)</u> |
| (Decrease) / increase in liabilities | | | |
| Payable to MCB Investment Management Limited - Management Company | | 23,503 | 17,633 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | (217) | 482 |
| Payable to the Securities and Exchange Commission of Pakistan | | 954 | 491 |
| Payable against purchase of investments | | (3,225,183) | 3,225,183 |
| Accrued expenses and other liabilities | | 331,290 | 20,071 |
| | | <u>(2,869,653)</u> | <u>3,263,860</u> |
| Profit received on savings accounts with banks and debt securities | | 2,232,776 | 495,988 |
| Net cash used in operating activities | | <u>(9,745,317)</u> | <u>(6,467,664)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Receipts against issuance and conversion of units - net of refund of capital | | 110,622,388 | 37,548,055 |
| Payments against redemption and conversion of units | | (97,159,927) | (28,092,215) |
| Dividend paid | | (242,275) | (332,440) |
| Net cash generated from financing activities | | <u>13,220,186</u> | <u>9,123,400</u> |
| Net increase in cash and cash equivalents during the year | | <u>3,474,869</u> | <u>2,655,736</u> |
| Cash and cash equivalents at the beginning of the year | | 2,847,931 | 192,195 |
| Cash and cash equivalents at the end of the year | 15 | <u><u>6,322,800</u></u> | <u><u>2,847,931</u></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, 2025

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 MCB Pakistan Sovereign Fund (the Fund) was established through a Trust Deed executed between MCB Investment Management Limited (formerly was: MCB-Arif Habib Savings and Investments 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 December 20, 2002 consequent to which Trust Deed was executed on January 07, 2003 in accordance with the Asset Management Companies Rules, 1995 (AMC rules) repealed by the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the 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 12, 2021.
- 1.2 The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non Banking Finance Companies (Establishment and Regulations) Rules 2003 through certificate of registration issued by SECP. The registered office of the Management Company situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan.
- 1.3 The Fund is an open ended mutual Fund and is listed on the Pakistan Stock Exchange Limited. MCB Pakistan Sovereign Fund has a policy of investing in Pakistani rupee denominated debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions. In addition, the Fund can also invest in sub-scheme of the Fund. The units of the Funds are offered for public subscription on a continuous basis. Units are transferable and can be redeemed by surrendering to the Fund. The Fund has been categorised as 'Income scheme' by the Board of Directors of Management Company in accordance with the requirements of Circular 7 of 2009 dated March 6, 2009 issued by SECP.
- 1.4 The Fund has a policy of investing in debt securities issued by the Government of Pakistan, reverse repurchase transaction in government securities and any otherwise un-invested funds in deposits with banks and financial institutions.
- 1.5 The Pakistan Credit Rating Agency (PACRA) Limited has assigned asset manager quality rating of "AM1" dated October 04, 2024 (2024: "AM1" dated October 6, 2023) to the Management Company and "AA-(f)" as stability rating dated May 27, 2025 (2024: "AA-(f)" as stability rating dated September 6, 2024) to the Fund. The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6 Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS 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 VIII A of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

2.2 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, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, not been disclosed in these financial statements.

2.3 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, 2025. 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 with effective date of January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

2.4 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 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 20.2.

2.6 Functional and presentation currency

Items included in the 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.

3 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.

3.1 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.

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

3.2 Financial assets

3.2.1 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.

3.2.2 Classification and subsequent measurement

Debt instruments

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

- 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 classified them as FVPL.

3.2.3 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.

3.2.4 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 12 months ECL is recorded for all financial assets in which there is no significant increase in credit risk from the date of initial recognition, whereas a lifetime ECL is recorded for all remaining financial assets.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

3.2.5 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.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, the Fund has transferred substantially all the risks and rewards of ownership or the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control. Any gain or loss on derecognition of financial assets is taken to the "Income Statement".

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

3.3 Financial liabilities

3.3.1 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.

3.3.2 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.

3.4 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.

Income and expenses are presented on a net basis only when permitted by the accounting and reporting standards as applicable in Pakistan.

3.5 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.

3.6 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.

3.7 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.

3.8 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 / (loss) 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 on redemption of units.

3.9 Revenue recognition

- Gains / (losses) arising on sale of investments on financial assets at 'FVPL' are included in Income Statement and are recognised 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 government securities is recognised on a time proportionate basis using the effective yield method; and
- Profit on savings accounts with bank is recognised on time proportion basis using the effective yield method;

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

3.10 Expenses

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

3.11 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.

3.12 Distribution to units holders fund

Distributions 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

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.

| | Note | June 30, 2025 | June 30, 2024 |
|------------------------------|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| 4 BALANCES WITH BANKS | | | |
| - In savings accounts | 4.1 | 4,546,738 | 1,653,304 |
| - In current accounts | 4.2 | 5,614 | 15 |
| | | <u>4,552,352</u> | <u>1,653,319</u> |

4.1 These carry profit at the rates ranging from 8.5% to 10.5% (2024: 19.00% to 21.85%) per annum and include Rs. 8.290 million (2024: Rs. 5.32 million) maintained with MCB Bank Limited, a related party, which carries profit at the rate of 9.50% (2024: 20.50%) per annum.

4.2 This includes balance held with MCB Bank Limited (a related party) of Rs. 5.61 million (2024: Rs. 0.01 million).

| | Note | June 30, 2025 | June 30, 2024 |
|------------------------------|------|------------------|------------------|
| ----- (Rupees in '000) ----- | | | |
| 5 INVESTMENTS | | | |

Investments at 'fair value through profit or loss'

Government securities

| | | | |
|--|-----|-------------------|-------------------|
| Market Treasury Bills | 5.1 | 2,711,640 | 2,498,037 |
| Pakistan Investment Bonds | 5.2 | 12,211,659 | 2,503,802 |
| Pakistan Investment Bonds - Floating Rate Bond (FRB) | 5.3 | 7,211,081 | 1,924,997 |
| GoP Ijarah Sukuks | 5.4 | 1,903,004 | 3,841,253 |
| | | <u>24,037,384</u> | <u>10,768,089</u> |

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

5.1 Market Treasury Bills

| Name of security | Tenor | Issue date | Maturity date | At July 01, 2024 | Purchased during the year | Sold / matured during the year | At June 30, 2025 | Carrying value as at June 30, 2025 | Market value as at June 30, 2025 | Unrealised appreciation/ (diminution) as at June 30, 2025 | Market value as a percentage of | |
|-----------------------|-----------|-------------------|-------------------|------------------|---------------------------|--------------------------------|-------------------|------------------------------------|----------------------------------|---|---------------------------------|-------------------------------|
| | | | | | | | | | | | Net assets of the Fund | Total investments of the fund |
| | | | | | | | Face value ('000) | Rupees '000 | | % | | |
| Market Treasury Bills | 1 month | April 3, 2025 | May 2, 2025 | - | 5,105,000 | 5,105,000 | - | - | - | - | - | - |
| Market Treasury Bills | 1 month | May 15, 2025 | June 12, 2025 | - | 2,800,000 | 2,800,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | June 12, 2025 | September 4, 2025 | - | 3,900,000 | 3,400,000 | 500,000 | 490,344 | 490,335 | (9) | 1.70 | 2.04 |
| Market Treasury Bills | 3 months | May 29, 2025 | August 21, 2025 | - | 1,800,000 | 500,000 | 1,300,000 | 1,280,186 | 1,280,113 | (73) | 4.44 | 5.33 |
| Market Treasury Bills | 3 months | July 11, 2024 | October 3, 2024 | - | 250,000 | 250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | May 30, 2024 | August 22, 2024 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | August 8, 2024 | October 31, 2024 | - | 350,000 | 350,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | August 22, 2024 | November 14, 2024 | - | 250,000 | 250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | October 17, 2024 | January 9, 2025 | - | 24,450,000 | 24,450,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | October 31, 2024 | January 23, 2025 | - | 3,000,000 | 3,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | November 14, 2024 | February 6, 2025 | - | 4,600,000 | 4,600,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | November 28, 2024 | February 20, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | December 12, 2024 | March 6, 2025 | - | 1,250,000 | 1,250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | December 26, 2024 | March 20, 2025 | - | 2,900,000 | 2,900,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | January 9, 2025 | April 3, 2025 | - | 250,000 | 250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | January 23, 2025 | April 17, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | February 20, 2025 | May 15, 2025 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | March 6, 2025 | May 29, 2025 | - | 1,379,000 | 1,379,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | May 2, 2025 | July 24, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 3 months | May 15, 2025 | August 7, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | May 15, 2025 | November 13, 2025 | - | 7,444,000 | 7,444,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | June 12, 2025 | December 11, 2025 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | December 26, 2024 | June 26, 2025 | - | 6,100,000 | 6,100,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | July 11, 2024 | January 9, 2025 | - | 250,000 | 250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | July 25, 2024 | January 23, 2025 | - | 250,000 | 250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | August 8, 2024 | February 6, 2025 | - | 2,250,000 | 2,250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | April 4, 2024 | October 3, 2024 | - | 6,000,000 | 6,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | August 22, 2024 | February 20, 2025 | - | 5,650,000 | 5,650,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | September 5, 2024 | March 6, 2025 | - | 36,600,000 | 36,600,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | October 3, 2024 | April 3, 2025 | - | 750,000 | 750,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | October 17, 2024 | April 17, 2025 | - | 7,405,000 | 7,405,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | October 31, 2024 | May 2, 2025 | - | 3,425,000 | 3,425,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | May 16, 2024 | November 14, 2024 | - | 2,000,000 | 2,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | November 14, 2024 | May 15, 2025 | - | 7,780,000 | 7,780,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | November 28, 2024 | May 29, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | December 12, 2024 | June 12, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | January 9, 2025 | July 10, 2025 | - | 19,500,000 | 19,500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | January 23, 2025 | July 24, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | March 6, 2025 | September 4, 2025 | - | 1,500,000 | 1,500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | April 17, 2025 | October 16, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | May 2, 2025 | October 30, 2025 | - | 2,000,000 | 2,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 6 months | May 29, 2025 | November 27, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | May 2, 2025 | April 30, 2026 | - | 4,500,000 | 4,500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | July 11, 2024 | July 10, 2025 | - | 7,250,000 | 7,250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | July 25, 2024 | July 24, 2025 | - | 6,950,000 | 6,950,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | March 6, 2025 | March 5, 2026 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | January 23, 2025 | January 22, 2026 | - | 825,000 | 825,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | October 17, 2024 | October 16, 2025 | - | 4,800,000 | 4,300,000 | 500,000 | 484,272 | 484,397 | 125 | 1.68 | 2.02 |
| Market Treasury Bills | 12 months | May 15, 2025 | May 14, 2026 | - | 1,000,000 | 500,000 | 500,000 | 455,564 | 456,795 | 1,231 | 1.59 | 1.90 |
| Market Treasury Bills | 12 months | October 3, 2024 | October 2, 2025 | - | 5,030,000 | 5,030,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | July 13, 2023 | July 11, 2024 | 1,200,000 | - | 1,200,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | May 2, 2024 | May 2, 2025 | 1,000,000 | 3,650,000 | 4,650,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | May 16, 2024 | May 15, 2025 | 500,000 | 7,500,000 | 8,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | January 11, 2024 | January 9, 2025 | - | 35,000 | 35,000 | - | - | - | - | - | - |

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

| Name of security | Tenor | Issue date | Maturity date | At July 01, 2024 | Purchased during the year | Sold / matured during the year | At June 30, 2025 | Carrying value as at June 30, 2025 | Market value as at June 30, 2025 | Unrealised appreciation/ (diminution) as at June 30, 2025 | Market value as a percentage of | |
|----------------------------|-----------|-------------------|-------------------|------------------|---------------------------|--------------------------------|------------------|------------------------------------|----------------------------------|---|---------------------------------|-------------------------------|
| | | | | | | | | | | | Net assets of the Fund | Total investments of the fund |
| | | | | Face value (000) | | | | Rupees (000) | | | % | |
| Market Treasury Bills | 12 months | January 25, 2024 | January 23, 2025 | 600 | 1,000,000 | 1,000,600 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | April 18, 2024 | April 17, 2025 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | May 30, 2024 | May 29, 2025 | - | 300,000 | 300,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | August 8, 2024 | August 7, 2025 | - | 850,000 | 850,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | November 30, 2023 | November 28, 2024 | 10,000 | 2,050,000 | 2,060,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | August 22, 2024 | August 21, 2025 | - | 5,270,000 | 5,270,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | October 19, 2023 | October 17, 2024 | 3,900 | 13,100,000 | 13,103,900 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | September 5, 2024 | September 4, 2025 | - | 45,240,000 | 45,240,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | December 14, 2023 | December 12, 2024 | - | 11,800,000 | 11,800,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | November 2, 2023 | October 31, 2024 | - | 17,000,000 | 17,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | April 4, 2024 | April 3, 2025 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | October 31, 2024 | October 30, 2025 | - | 12,850,000 | 12,850,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | November 16, 2023 | November 14, 2024 | - | 2,100,000 | 2,100,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | November 14, 2024 | November 13, 2025 | - | 4,794,000 | 4,794,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | December 28, 2023 | December 26, 2024 | - | 31,705,710 | 31,705,710 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | November 28, 2024 | November 27, 2025 | - | 2,250,000 | 2,250,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | December 12, 2024 | December 11, 2025 | - | 11,375,000 | 11,375,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | January 9, 2025 | January 8, 2026 | - | 8,200,000 | 8,200,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | March 7, 2024 | March 6, 2025 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | February 6, 2025 | February 6, 2026 | - | 1,000,000 | 1,000,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | April 17, 2025 | April 16, 2026 | - | 4,570,000 | 4,570,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | May 29, 2025 | May 29, 2026 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | June 13, 2024 | June 12, 2025 | - | 3,400,000 | 3,400,000 | - | - | - | - | - | - |
| Market Treasury Bills | 12 months | June 12, 2025 | June 11, 2026 | - | 500,000 | 500,000 | - | - | - | - | - | - |
| As at June 30, 2025 | | | | | | | | 2,710,366 | 2,711,640 | 1,274 | | |
| As at June 30, 2024 | | | | | | | | 2,498,606 | 2,498,837 | (569) | | |

5.2 Pakistan Investment Bonds

| Name of security | Tenor | Issue date | Maturity date | Profit rate (%) | At July 01, 2024 | Purchased during the year | Sold / matured during the year | At June 30, 2025 | Carrying value as at June 30, 2025 | Market value as at June 30, 2025 | Unrealised appreciation/ (diminution) as at June 30, 2025 | Market value as a percentage of | |
|----------------------------|----------|--------------------|--------------------|------------------|------------------|---------------------------|--------------------------------|------------------|------------------------------------|----------------------------------|---|---------------------------------|-------------------------------|
| | | | | | | | | | | | | Net assets of the Fund | Total investments of the fund |
| | | | | Face value (000) | | | | Rupees (000) | | | % | | |
| Pakistan Investment Bonds | 5 years | January 16, 2025 | January 16, 2030 | 11.66% | - | 18,550,000 | 17,550,000 | 1,000,000 | 1,018,547 | 1,021,174 | 2,627 | 3.54 | 4.25 |
| Pakistan Investment Bonds | 10 years | July 12, 2018 | July 12, 2028 | 11.36% | - | 1,768,000 | 509,000 | 1,259,000 | 1,176,714 | 1,182,693 | 5,979 | 4.10 | 4.92 |
| Pakistan Investment Bonds | 3 years | July 4, 2023 | July 4, 2026 | 11.09% | 1,250,000 | 8,908,000 | 6,775,000 | 3,383,000 | 3,411,517 | 3,419,171 | 7,654 | 11.87 | 14.22 |
| Pakistan Investment Bonds | 2 years | January 16, 2025 | January 16, 2027 | 11.16% | - | 20,600,000 | 14,250,000 | 6,350,000 | 5,388,474 | 5,407,507 | 19,033 | 18.77 | 22.50 |
| Pakistan Investment Bonds | 5 years | September 20, 2024 | September 20, 2029 | 11.65% | - | 5,500,000 | 5,000,000 | 500,000 | 538,074 | 542,797 | 4,723 | 1.88 | 2.26 |
| Pakistan Investment Bonds | 5 years | January 17, 2024 | January 17, 2029 | 11.28% | 600,000 | 4,942,000 | 5,225,000 | 317,000 | 334,816 | 341,676 | 6,860 | 1.19 | 1.42 |
| Pakistan Investment Bonds | 5 years | October 13, 2022 | October 13, 2027 | 12.82% | 100,000 | 1,000,000 | 800,000 | 300,000 | 284,246 | 296,641 | 12,395 | 1.03 | 1.23 |
| Pakistan Investment Bonds | 3 years | February 15, 2024 | February 15, 2027 | 15.48% | 742,000 | 500,000 | 1,242,000 | - | - | - | - | - | - |
| Pakistan Investment Bonds | 3 years | September 20, 2024 | September 20, 2027 | 12.66% | - | 4,058,000 | 4,058,000 | - | - | - | - | - | - |
| Pakistan Investment Bonds | 2 years | September 20, 2024 | September 20, 2026 | 12.73% | - | 11,733,000 | 11,733,000 | - | - | - | - | - | - |
| Pakistan Investment Bonds | 10 years | September 20, 2024 | September 20, 2034 | 12.73% | - | 4,250,000 | 4,250,000 | - | - | - | - | - | - |
| Pakistan Investment Bonds | 3 years | January 16, 2025 | January 16, 2028 | 11.69% | - | 3,500,000 | 3,500,000 | - | - | - | - | - | - |
| As at June 30, 2025 | | | | | | | | | 12,152,388 | 12,211,659 | 59,271 | | |
| As at June 30, 2024 | | | | | | | | | 2,511,078 | 2,503,802 | (7,276) | | |

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

5.3 Pakistan Investment Bonds - Floating Rate Bond (FRB)

| Name of security | Tenor | Issue date | Maturity date | Profit rate (%) | At July 31, 2024 | Purchased during the year | Sold / matured during the year | At June 30, 2025 | Carrying value as at June 30, 2025 | Market value as at June 30, 2025 | Unrealised appreciation / (diminution) as at June 30, 2025 | Market value as a percentage of | |
|----------------------------------|----------|--------------------|--------------------|-----------------|------------------|---------------------------|--------------------------------|------------------|------------------------------------|----------------------------------|--|---------------------------------|-------------------------------|
| | | | | | | | | | | | | Net assets of the Fund | Total investments of the fund |
| | | | | | Face value (PKR) | | | Rupees '000 | | | % | | |
| Pakistan Investment Bonds | | | | | | | | | | | | | |
| Pakistan Investment Bonds - FRB | 5 years | September 5, 2024 | September 5, 2029 | 12.18% | - | 3,516,000 | 2,308,000 | 1,208,000 | 1,186,642 | 1,185,894 | (748) | 4.12 | 4.93 |
| Pakistan Investment Bonds - FRB | 5 years | October 3, 2024 | October 3, 2029 | 12.24% | - | 44,400,000 | 41,650,000 | 2,750,000 | 2,698,036 | 2,694,725 | (3,311) | 9.35 | 11.21 |
| Pakistan Investment Bonds - FRB | 10 years | May 29, 2025 | May 29, 2035 | 12.09% | - | 2,000,000 | 1,000,000 | 1,000,000 | 951,755 | 951,700 | (55) | 3.30 | 3.96 |
| Pakistan Investment Bonds - FRB | 5 years | April 18, 2024 | April 18, 2029 | 12.48% | 1,800,000 | 4,800,000 | 6,100,000 | 500,000 | 491,896 | 492,150 | 254 | 1.71 | 2.05 |
| Pakistan Investment Bonds - FRB | 10 years | April 17, 2025 | April 17, 2035 | 12.77% | - | 1,500,000 | 750,000 | 750,000 | 714,735 | 715,275 | 540 | 2.48 | 2.98 |
| Pakistan Investment Bonds - FRB | 5 years | November 14, 2024 | November 14, 2029 | 12.52% | - | 2,000,000 | 1,000,000 | 1,000,000 | 981,467 | 982,700 | 1,233 | 3.41 | 4.09 |
| Pakistan Investment Bonds - FRB | 5 years | June 27, 2024 | June 27, 2029 | 20.22% | - | 39,625,000 | 39,625,000 | - | - | - | - | - | - |
| Pakistan Investment Bonds - FRB | 5 years | September 21, 2023 | September 21, 2028 | 18.19% | - | 3,589,000 | 3,589,000 | - | - | - | - | - | - |
| Pakistan Investment Bonds - FRB | 10 years | July 25, 2019 | July 25, 2029 | 12.61% | 100,000 | - | - | 100,000 | 98,587 | 99,060 | 473 | 0.34 | 0.41 |
| Pakistan Investment Bonds - FRB | 10 years | August 22, 2019 | August 22, 2029 | 12.88% | 90,000 | - | - | 90,000 | 88,644 | 89,577 | 933 | 0.31 | 0.37 |
| As at June 30, 2025 | | | | | | | | | 7,211,762 | 7,211,681 | (81) | | |
| As at June 30, 2024 | | | | | | | | | 1,916,491 | 1,924,997 | 8,506 | | |

5.4 GoP Ijarah Sukuks

| Name of the security | Tenor | Issue date | Maturity date | Profit / yield rate (%) | As at July 1, 2024 | Purchased during the year | Sold / matured during the year | As at June 30, 2025 | Balance as at June 30, 2025 | | | Market value as a percentage of | |
|---|---------|--------------------|--------------------|-----------------------------------|--------------------|---------------------------|--------------------------------|---------------------|-----------------------------|--------------|-------------------------|---------------------------------|-------------------------------|
| | | | | | | | | | Carrying value | Market value | Unrealised appreciation | Net assets of the Fund | Total investments of the fund |
| | | | | | Number of sukuk | | | Rupees '000 | | | % | | |
| GoP Ijarah Sukuk - XXXIX - VRR (note 5.4.1) | 1 year | October 9, 2023 | October 9, 2024 | Weighted average 6 months T-Bills | - | 9,800 | 9,800 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - XXXVII - VRR (note 5.4.1) | 1 year | August 7, 2023 | August 7, 2024 | Weighted average 6 months T-Bills | 650 | - | 650 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - XXXVIII - VRR (note 5.4.1) | 1 year | September 20, 2023 | September 20, 2024 | Weighted average 6 months T-Bills | 2,250 | - | 2,250 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - XL - VRR (note 5.4.1) | 1 year | December 4, 2023 | December 4, 2024 | Weighted average 6 months T-Bills | 1,500 | - | 1,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 3 years | June 28, 2024 | June 28, 2027 | Weighted average 6 months T-Bills | - | 15,000 | 15,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 3 years | January 24, 2024 | January 24, 2027 | Weighted average 6 months T-Bills | 57,500 | - | 57,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 3 years | September 18, 2024 | September 18, 2027 | Weighted average 6 months T-Bills | - | 12,500 | 12,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 3 years | October 21, 2024 | October 21, 2027 | Weighted average 6 months T-Bills | - | 137,000 | 137,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 3 years | January 9, 2025 | January 9, 2028 | Weighted average 6 months T-Bills | - | 12,500 | - | 12,500 | 62,500 | 62,156 | (344) | 0.22 | 0.25 |
| GoP Ijarah Sukuk - XLI - VRR (note 5.4.1) | 3 years | December 4, 2023 | December 4, 2026 | Weighted average 6 months T-Bills | 2,000 | - | - | 2,000 | 199,789 | 201,240 | 1,451 | 0.70 | 0.84 |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 5 years | May 30, 2025 | May 30, 2030 | Weighted average 6 months T-Bills | - | 25,000 | - | 25,000 | 125,013 | 125,026 | 13 | 0.43 | 0.52 |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 5 years | June 28, 2024 | June 28, 2029 | Weighted average 6 months T-Bills | - | 15,000 | 15,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 5 years | January 24, 2024 | January 24, 2029 | Weighted average 6 months T-Bills | 107,500 | - | 107,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 5 years | September 18, 2024 | September 18, 2029 | Weighted average 6 months T-Bills | - | 12,500 | 12,500 | - | - | - | - | - | - |

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

| Name of the security | Tenor | Issue date | Maturity date | Profit / yield rate (%) | As at July 1, 2024 | Purchased during the period | Sold / matured during the period | As at June 30, 2025 | Balance as at June 30, 2025 | | | Market value as a percentage of | |
|--|----------|--------------------|--------------------|-----------------------------------|--------------------|-----------------------------|----------------------------------|---------------------|-----------------------------|--------------|-------------------------|---------------------------------|-------------------------------|
| | | | | | | | | | Carrying value | Market value | Unrealised appreciation | Net assets of the Fund | Total investments of the fund |
| | | | | | | | | | | | | | |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 5 years | October 21, 2024 | October 21, 2029 | Weighted average 6 months T-Bills | - | 102,500 | 102,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 5 years | January 9, 2025 | January 9, 2030 | Weighted average 6 months T-Bills | - | 12,500 | 12,481 | 19 | 95 | 94 | (1) | 0.00 | 0.00 |
| GoP Ijarah Sukuk - XLII - VRR (note 5.4.1) | 5 years | December 4, 2023 | December 4, 2028 | Weighted average 6 months T-Bills | 2,500 | - | - | 2,500 | 250,310 | 253,450 | 3,140 | 0.88 | 1.05 |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 10 years | September 18, 2024 | September 18, 2034 | Weighted average 6 months T-Bills | - | 112,500 | 112,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - VRR (note 5.4.2) | 10 years | May 30, 2025 | May 30, 2035 | Weighted average 6 months T-Bills | - | 13,000 | - | 13,000 | 65,000 | 65,000 | - | 0.23 | 0.27 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | November 7, 2024 | November 6, 2025 | 10.58% | - | 250,000 | 250,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | January 9, 2025 | January 8, 2026 | 10.29% | - | 75,000 | 75,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | May 30, 2025 | May 29, 2026 | 10.00% | - | 120,000 | 120,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | June 26, 2025 | June 25, 2026 | 10.19% | - | 37,500 | - | 37,500 | 170,047 | 169,804 | (243) | 0.59 | 0.71 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | July 26, 2024 | July 25, 2025 | 22.70% | - | 5,000 | 5,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | March 15, 2024 | March 14, 2025 | 20.10% | 5,000 | - | 5,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | August 16, 2024 | August 15, 2025 | 15.40% | - | 10,000 | 10,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | September 18, 2024 | September 17, 2025 | 14.48% | - | 50,000 | 50,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | October 21, 2024 | October 20, 2025 | 11.43% | - | 25,000 | 25,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 1 year | December 4, 2024 | December 3, 2025 | 10.70% | - | 520,000 | 520,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 3 years | May 30, 2025 | May 30, 2028 | 10.85% | - | 20,000 | - | 20,000 | 99,973 | 100,000 | 27 | 0.35 | 0.42 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 3 years | June 28, 2024 | June 28, 2027 | 15.32% | - | 15,000 | 15,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 3 years | January 24, 2024 | January 24, 2027 | 16.05% | 7,500 | - | 7,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - XXXIII - FRR (note 5.4.1) | 3 years | December 4, 2023 | December 4, 2026 | 16.19% | 2,250 | - | 2,250 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 3 years | September 18, 2024 | September 18, 2027 | 13.89% | - | 12,500 | 12,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 3 years | October 21, 2024 | October 21, 2027 | 11.67% | - | 50,000 | 50,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 3 years | January 9, 2025 | January 9, 2028 | 11.50% | - | 12,500 | - | 12,500 | 62,500 | 63,219 | 719 | 0.22 | 0.26 |
| GoP Ijarah Sukuk - XXIV - FRR (note 5.4.1) | 3 years | June 26, 2023 | June 26, 2026 | 17.78% | 6,000 | - | - | 6,000 | 610,457 | 646,260 | 35,803 | 2.24 | 2.69 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 5 years | May 30, 2025 | May 30, 2030 | 11.39% | - | 120,000 | 107,500 | 12,500 | 61,294 | 62,500 | 1,206 | 0.22 | 0.26 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 5 years | June 28, 2024 | June 28, 2029 | 14.68% | - | 15,000 | 15,000 | - | - | - | - | - | - |

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

| Name of the security | Tenor | Issue date | Maturity date | Profit / yield rate (%) | As at July 1, 2024 | Purchased during the period | Sold / matured during the period | As at June 30, 2025 | Balance as at June 30, 2025 | | | Market value as a percentage of | |
|---|----------|--------------------|--------------------|-------------------------|--------------------|-----------------------------|----------------------------------|---------------------|-----------------------------|------------------|-------------------------|---------------------------------|-------------------------------|
| | | | | | | | | | Carrying value | Market value | Unrealised appreciation | Net assets of the Fund | Total investments of the fund |
| | | | | | Number of sukuk | | | (Rupees '000) | | | % | | |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 5 years | January 24, 2024 | January 24, 2029 | 15.49% | 162,500 | - | 162,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 5 years | September 18, 2024 | September 18, 2029 | 13.85% | - | 12,500 | 12,500 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - XXXIV - FRR (note 5.4.1) | 5 years | December 4, 2023 | December 4, 2028 | 15.75% | 4,000 | - | 4,000 | - | - | - | - | - | - |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 5 years | October 21, 2024 | October 21, 2029 | 11.95% | - | 154,500 | 137,500 | 17,000 | 86,569 | 90,049 | 3,480 | 0.31 | 0.37 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 5 years | January 9, 2025 | January 9, 2030 | 11.99% | - | 12,500 | - | 12,500 | 62,500 | 64,206 | 1,706 | 0.22 | 0.27 |
| GoP Ijarah Sukuk - PSX - FRR (note 5.4.2) | 10 years | September 18, 2024 | September 18, 2034 | 13.04% | - | 12,500 | 12,500 | - | - | - | - | - | - |
| Total as at June 30, 2025 | | | | | | | | | 1,856,047 | 1,903,804 | 46,957 | | |
| Total as at June 30, 2024 | | | | | | | | | 3,888,750 | 3,841,253 | 32,502 | | |

5.4.1 The nominal value of these sukuk is Rs. 100,000 each.

5.4.2 The nominal value of these sukuk is Rs. 5,000 each.

5.5 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'

Note **June 30, 2025** **June 30, 2024**
----- (Rupees in '000) -----

| | | | |
|-------------------------------|---------------------|----------------|---------------|
| Market value of investments | 5.1, 5.2, 5.3 & 5.4 | 24,037,384 | 10,768,089 |
| Carrying value of investments | 5.1, 5.2, 5.3 & 5.4 | 23,930,563 | 10,734,925 |
| | | <u>106,821</u> | <u>33,164</u> |

6 PROFIT RECEIVABLES

Profit receivable on:

| | | | |
|---|--|----------------|----------------|
| -Pakistan Investment Bonds | | 353,000 | 153,721 |
| -Pakistan Investment Bonds - Floating Rate Bond (FRB) | | 188,480 | 93,749 |
| -GoP Ijarah Sukuk | | 20,839 | 168,753 |
| -Savings accounts | | 58,720 | 14,283 |
| | | <u>621,039</u> | <u>430,506</u> |

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | | | |
|--|-----|---------------|--------------|
| Advance tax | 7.1 | 15,710 | 4,431 |
| Security deposits with: | | | |
| - Central Depository Company of Pakistan Limited (CDC) | | 100 | 100 |
| Prepayments | | 332 | 296 |
| Other receivables | | 33,932 | 1,044 |
| | | <u>50,074</u> | <u>5,871</u> |

7.1 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 sections 151 and 150 of the Income Tax Ordinance, 2001. However, during prior years, withholding tax on interest 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 May 12, 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 interest on debt securities and profit on savings accounts with banks amounts to Rs. 15.71 million (June 30, 2024: Rs. 4.43 million).

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

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. Pending resolution of the matter, the amount of withholding tax deducted on interest on debt securities and profit on savings accounts with bank has been shown as advance tax as at June 30, 2025 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

| 8 | PAYABLE TO MCB INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY | Note | June 30, 2025 — (Rupees in '000) — | June 30, 2024 — (Rupees in '000) — |
|---|---|------|--|--|
| | Management remuneration payable | 8.1 | 36,236 | 9,137 |
| | Sindh sales tax payable on remuneration of the Management Company | 8.2 | 5,435 | 1,188 |
| | Allocated expenses payable | 8.3 | - | 664 |
| | Sindh sales tax on allocated expenses payable | 8.4 | - | - |
| | Selling and marketing expenses payable | 8.5 | - | 7,215 |
| | Sales load payable | | 756 | 720 |
| | | | 42,427 | 18,924 |

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of the management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rates ranging from 1.25% to 10.00% per annum of the gross earnings in the month of July 01, 2024 and August 31, 2024 (June 30, 2024: 0.10% to 10% per annum on gross earnings). As per the amendment in the offering document, the Management company with effect from September 01, 2024 has charged management fee at the rate upto 2.00% of Net assets of the schemes, calculated on daily basis. From September 01, 2024, the Management company has charged management fee ranging from 0.85% to 2.00% per annum of the daily net assets. The remuneration is payable to the Management Company monthly in arrears.

During the year ended June 30, 2025, the SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, revised the management fee cap to 1.5% to be calculated on a per annum basis of the average daily net assets of the fund, applicable to a "Income Schemes". The revision has been made effective from July 01, 2025. As at June 30, 2025 the Fund is not subject to a management fee cap.

- 8.2** The Sindh Finance Act, 2024 has introduced an amendment to the Sindh Sales Tax on Services Act, 2011, whereby the rate of Sindh sales tax has increased from 13% to 15% per annum. Accordingly, during the year, an amount of Rs. 68.39 million (June 30, 2024: Rs. 10.64 million) has been charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 15% (June 30, 2024: 13%) and an amount of Rs. 64.14 million (June 30, 2024: Rs. 9.49 million) has been paid on account of sales tax on management fee to the Management Company which acts as a collecting agent.

- 8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company was 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 rates ranging from 0.02% to 0.25% (2024: 0.08% to 2.38%) per annum of the average annual net assets of the Fund during the year.

However, the SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, has issued amendments in respect of expenses chargeable to CISs as prescribed in Schedule XX of the NBFC Regulations, from which the chargeability of expenses related to registrar services, accounting, operation and valuation services has been excluded. This amendment was effective immediately upon its release on April 10, 2025, except where a later date was explicitly stated.

- 8.4** The Sindh Finance Act, 2024 has introduced an amendment to the Sindh Sales Tax on Services Act, 2011, whereby it is clarified that "consideration in money" also includes any amount of reimbursable expenditure and charged in the course of provision of a service. Accordingly, during the year, an amount of Rs. 1.14 million was charged on account of sales tax on allocated expenses being charged in the course of provision of service at the rate of 15% and an amount of Rs. 1.14 million has been paid on account of sales tax on allocated expense 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, 2025

- 8.5 The SECP had allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) subject to the condition that the expense charged remains within the Fund's total expense ratio limit, as defined under the NBFC Regulations and not being higher than the actual expenses. The Management Company has discontinued to charge the above mentioned expenses with effect from July 01, 2024.

The SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, has issued amendments in respect of expenses chargeable to CISs as prescribed in Schedule XX of the NBFC Regulations, from which the chargability of expenses related to selling and marketing has been excluded. This amendment was effective immediately upon its release on April 10, 2025, except where a later date was explicitly stated.

| | Note | June 30, 2025 | June 30, 2024 |
|--|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE | | | |
| Trustee remuneration payable | 9.1 | 260 | 457 |
| Sindh sales tax payable on Trustee remuneration | 9.2 | 39 | 59 |
| | | 299 | 516 |

- 9.1 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 0.055% (2024: 0.065%) per annum of the average annual net assets of the Fund.

- 9.2 The Sindh Finance Act, 2024 has introduced an amendment to the Sindh Sales Tax on Services Act, 2011, whereby the rate of Sindh sales tax has increased from 13% to 15% per annum. Accordingly, during the year, an amount of Rs. 2.34 million (June 30, 2024: Rs. 0.53 million) has been 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 15% (June 30, 2024: 13%) and an amount of Rs. 2.36 million (June 30, 2024: Rs. 0.47 million) was paid to the Trustee which acts as a collecting agent.

| | Note | June 30, 2025 | June 30, 2024 |
|---|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN | | | |
| Fee payable | 10.1 | 1,577 | 623 |

- 10.1 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) at the rate of fee to 0.075% per annum of the daily net assets of the Fund, applicable to an "Income Scheme". Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2024: 0.075%) 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 | June 30, 2025 | June 30, 2024 |
|--|------|------------------------------|------------------|
| | | ----- (Rupees in '000) ----- | |
| 11 ACCRUED EXPENSES AND OTHER LIABILITIES | | | |
| Provision for federal excise duty payable on | | | |
| - Remuneration of the Management Company | 11.1 | 29,028 | 29,028 |
| - Sales load | | 4,170 | 4,170 |
| Brokerage payable | | 693 | 289 |
| Withholding tax payable | | 368,549 | 37,619 |
| Auditors' remuneration payable | | 760 | 760 |
| Other payable | | 204 | 249 |
| | | 403,404 | 72,114 |

- 11.1 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.

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

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 with effect from July 1, 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. 33.198 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been recorded in the financial statements of the Fund, the net assets value of the Fund as at June 30, 2025 would have been higher by Re. 0.07 (2024: Re. 0.16) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2025 and June 30, 2024.

| | June 30, 2025 | June 30, 2024 |
|--|----------------------------|------------------|
| | ---- (Rupees in '000) ---- | |
| 13 AUDITORS' REMUNERATION | | |
| Annual audit fee | 525 | 525 |
| Fee for half yearly review of condensed interim financial statements | 314 | 225 |
| Fee for other certifications | 125 | 115 |
| Out of pocket expenses | 105 | 42 |
| | 1,069 | 907 |
| Sindh sales tax | 86 | 73 |
| | 1,155 | 980 |

14 TAXATION

The income of the Fund is exempt from income tax under clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2025 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.

| | June 30, 2025 | June 30, 2024 |
|-------------------------------------|----------------------------|------------------|
| | ---- (Rupees in '000) ---- | |
| 15 CASH AND CASH EQUIVALENTS | | |
| Balances with banks | 4,552,352 | 1,653,319 |
| Market Treasury Bills | 1,770,448 | 1,194,612 |
| | 6,322,800 | 2,847,931 |

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year is 2.08% (2024: 2.02%) which includes 0.34% (2024: 0.23%) representing government levies on the Fund such as sales tax, fee to the SECP etc. The prescribed limit for the ratio is 2.50% under the NBFC Regulations for a collective investment scheme categorised as a "Income scheme".

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

During the year ended June 30, 2025, the SECP, vide S.R.O 600(I)/2025 dated April 10, 2025, has removed the Total Expense Ratio Caps (TER) with effect from July 01, 2025. The TER limit, applicable previously, has been replaced with the management fee cap which has been disclosed in note 8.1 to the financial statements.

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

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

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

Remuneration to the Management Company of the Fund is determined in accordance with the provision of the NBFC Regulations and the Offering document.

Remuneration to the Trustee of the Fund is determined in accordance with the provision 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 and balances at year end with related parties / connected persons are as follows:

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

| | For the year ended | |
|---|------------------------------|------------------|
| | June 30, 2025 | June 30, 2024 |
| | ----- (Rupees in '000) ----- | |
| MCB Investment Management Limited - Management Company | | |
| Remuneration (including indirect taxes) | 524,294 | 92,502 |
| Allocated expenses (including indirect taxes) | 8,726 | 7,224 |
| Selling and marketing expenses | - | 31,832 |
| Units issued to unitholder on behalf of the Management Company* | 582 | - |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Remuneration (including indirect taxes) | 17,931 | 4,571 |
| MCB Bank Limited - Parent of the Management Company | | |
| Profit on savings account with bank | 1,142 | 679 |
| Bank charges | 46 | 23 |

* This represents amount reimbursed by the Management Company in the form of dividend to identified unit holders of the Fund in relation to reversal of excess amount charged against reimbursement of selling and marketing expenses as per the direction of Securities and Exchange Commission of Pakistan.

17.2 Balances outstanding at year end:

| | June 30, 2025 | June 30, 2024 |
|---|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| MCB Investment Management Limited - Management Company | | |
| Management remuneration payable | 36,236 | 9,137 |
| Sindh sales tax payable on remuneration of the Management Company | 5,435 | 1,188 |
| Allocated expenses payable | - | 664 |
| Selling and marketing expenses payable | - | 7,215 |
| Sales load payable | 756 | 720 |
| Central Depository Company of Pakistan Limited - Trustee | | |
| Trustee remuneration payable | 260 | 457 |
| Sindh sales tax payable on Trustee remuneration | 39 | 59 |
| MCB Bank Limited - Parent of the Management Company | | |
| Balances with bank | 13,897 | 5,324 |

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

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

| | For the year ended June 30, 2025 | | | | | |
|--|----------------------------------|--------------------|-------------|------------------------|------------------------|--------------------|
| | As at July 01, 2024 | Issued for cash | Redeemed | As at June 30, 2025 | As at July 01, 2024 | Issued for cash |
| | (Units) | | | (Rupees in '000) — | | |
| Associated / group companies | | | | | | |
| MCB Investment Management Limited* | 6,565,796 | 63,476,380 | 70,042,177 | - | 354,917 | 3,823,650 |
| Lalpir Staff Provident Fund | - | 2,489,042 | 1,136,921 | 1,352,121 | - | 139,513 |
| MCB Employees Provident Fund | 16,098,714 | 17,887 | 16,116,601 | - | 870,296 | 966 |
| Adamjee Insurance Company Limited | - | 1,338,808 | 1,338,808 | - | - | 75,000 |
| Adamjee Life Assurance Company Limited- Employees Gratuity Fund | 421,385 | 8,239,778 | 8,661,163 | - | 22,780 | 463,455 |
| Adamjee Insurance Company Limited Employees Provident Fund | - | 4 | - | 4 | - | - |
| Adamjee Life Assurance Company Limited | - | 756,547 | 756,547 | - | - | 44,900 |
| Adamjee Life Assurance Company Limited - DSF | 113,194 | 12,151 | 40,218 | 85,127 | 6,119 | 656 |
| Adamjee Life Assurance Company Limited - Conventional Business | - | 8,509,460 | 8,509,459 | 1 | - | 501,180 |
| Adamjee Insurance Company Limited Employees Gratuity Fund | - | 2 | - | 2 | - | - |
| Adamjee Life Assurance Company Limited - SHF | - | 3,751,308 | 59,342 | 3,691,966 | - | 203,640 |
| Nishat Mills Limited Employees Provident Fund | - | 52,629,753 | 52,629,753 | - | - | 3,127,500 |
| D.G. Khan Cement Company Limited | 9 | 1 | - | 10 | 1 | - |
| Security General Insurance Company Limited Employees Provident Fund Trust | - | 54 | - | 54 | - | - |
| Pakgen Power Limited | - | 131,592,218 | 61,133,801 | 70,458,417 | - | 7,653,997 |
| Nishat Power Limited | - | 125,940,612 | 68,297,672 | 57,642,940 | - | 7,342,744 |
| Mandate under discretionary portfolio services* | 4,149,701 | 16,702,516 | 20,852,209 | 8 | 224,333 | 962,691 |
| Key management personnel | 293,842 | 15,361,360 | 14,447,100 | 1,208,103 | 15,885 | 815,864 |
| Unitholders holding 10% or more | - | 257,532,831 | 129,431,473 | 128,101,358 | - | 14,996,740 |

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

| | 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 |
| | (Units) | | | (Rupees in '000) — | | |
| Associated / group companies | | | | | | |
| D.G. Khan Cement Company Limited | 8 | 1 | - | 9 | - | - |
| Adamjee Life Assurance Company Limited | - | 7,509,414 | 7,509,414 | - | - | 443,206 |
| MCB Investment Management Limited* | - | 38,147,101 | 31,581,305 | 6,565,796 | - | 2,201,479 |
| Adamjee Life Assurance Company Limited- Employees Gratuity Fund | - | 1,335,295 | 913,910 | 421,385 | - | 72,679 |
| MCB Employees Provident Fund | - | 16,098,714 | - | 16,098,714 | - | 866,433 |
| Adamjee Life Assurance Company Limited - DSF | - | 136,777 | 23,583 | 113,194 | - | 7,496 |
| Adamjee Life Assurance Company Limited Managed Growth Fund | - | 16,795 | 16,795 | - | - | 1,000 |
| Mandate under discretionary portfolio services* | 2 | 32,196,133 | 28,046,434 | 4,149,701 | - | 1,906,185 |
| Key management personnel | 31 | 8,529,327 | 8,235,516 | 293,842 | 2 | 507,795 |
| Unitholders holding 10% or more | 3,825,944 | - | 3,825,944 | - | 205,912 | - |

* 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, 2025

18 FINANCIAL INSTRUMENTS BY CATEGORY

| | June 30, 2025 | | |
|--|----------------------|--|-------------------|
| | At amortised cost | At fair value through profit or loss | Total |
| (Rupees in '000) | | | |
| Financial assets | | | |
| Balances with banks | 4,552,352 | - | 4,552,352 |
| Investments | - | 24,037,384 | 24,037,384 |
| Profit receivables | 621,039 | - | 621,039 |
| Deposits and other receivables | 34,032 | - | 34,032 |
| | <u>5,207,423</u> | <u>24,037,384</u> | <u>29,244,807</u> |
| Financial liabilities | | | |
| Payable to MCB Investment Management Limited - Management Company | 42,427 | - | 42,427 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 299 | - | 299 |
| Accrued expenses and other liabilities | 1,657 | - | 1,657 |
| | <u>44,383</u> | <u>-</u> | <u>44,383</u> |

| | June 30, 2024 | | |
|--|----------------------|--|-------------------|
| | At amortised cost | At fair value through profit or loss | Total |
| (Rupees in '000) | | | |
| Financial assets | | | |
| Balances with banks | 1,653,319 | - | 1,653,319 |
| Investments | - | 10,768,089 | 10,768,089 |
| Profit receivables | 430,506 | - | 430,506 |
| Receivable against sale of investments | 1,541,304 | - | 1,541,304 |
| Deposits and other receivables | 1,144 | - | 1,144 |
| | <u>3,626,273</u> | <u>10,768,089</u> | <u>14,394,362</u> |
| Financial liabilities | | | |
| Payable to MCB Investment Management Limited - Management Company | 18,924 | - | 18,924 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 516 | - | 516 |
| Payable against purchase of investments | 3,225,183 | - | 3,225,183 |
| Accrued expenses and other liabilities | 1,298 | - | 1,298 |
| | <u>3,245,921</u> | <u>-</u> | <u>3,245,921</u> |

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the 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 the future cash flows of a financial instrument may 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 risk: currency risk, yield / interest rate risk and price risk.

(i) Currency risk

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

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

(ii) Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market yield / interest rates. As at June 30, 2025, the Fund is exposed to such risk on its balances held with banks and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis of variable rate instruments

As at June 30, 2025, the Fund holds balances with banks and government securities exposing the Fund to cash flow yield / interest rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net assets value of the Fund and the net income for the year would have been higher / lower by Rs. 124.65 million (2024: Rs. 52.96 million).

The composition of the Fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as at June 30, 2025 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

Yield / interest 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 / interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2025 and June 30, 2024 can be determined as follows:

| Yield / effective interest rate (%) | June 30, 2025 | | | Not exposed to yield / interest rate risk | Total |
|-------------------------------------|---------------------------------------|--|--------------------|---|-------|
| | Exposed to yield / interest rate risk | | | | |
| | Up to three months | More than three months and upto one year | More than one year | | |
| Rupees in ('000) | | | | | |

On-balance sheet financial instruments

Financial Assets

Balances with banks 20.50% - 21.85% 4,546,738 - - 5,614 4,552,352

Investments

'at fair value through profit and loss' - not

Market Treasury Bills 11.07% - 11.09% 1,770,448 941,192 - - 2,711,640

Pakistan Investment Bonds 11.09% - 15.48% - - 12,211,659 - 12,211,659

Pakistan Investment Bonds - floating rate bond (FRB) 12.09% - 20.22% - - 7,211,081 - 7,211,081

GoP Ijarah Sukuks 10.00% - 22.70% 62,250 644,716 1,196,038 - 1,903,004

1,832,698 1,585,908 20,618,778 - 24,037,384

Profit receivables - - - 621,039 621,039

Deposits and other receivables - - - 34,032 34,032

6,379,436 1,585,908 20,618,778 660,685 29,244,807

Financial Liabilities

Payable to MCB Investment Management Limited - Management Company - - - 42,427 42,427

Payable to Central Depository Company of Pakistan Limited - Trustee - - - 299 299

Accrued expenses and other liabilities - - - 1,657 1,657

- - - 44,383 44,383

On-balance sheet gap (a)

6,379,436 1,585,908 20,618,778 616,302 29,200,424

Off-balance sheet financial instruments

- - - - -

Off-balance sheet gap (b)

- - - - -

Total interest rate sensitivity gap (a+b)

6,379,436 1,585,908 20,618,778

Cumulative interest rate sensitivity gap

6,379,436 7,965,344 28,584,122

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

| | June 30, 2024 | | | | | Total |
|--|--|---------------------------------------|--|-----------------------|--|-------------------|
| | Yield / effective interest rate (%) | Exposed to yield / interest rate risk | | | Not exposed to yield / interest rate risk | |
| | | Up to three months | More than three months and upto one year | More than one year | | |
| Rupees in ('000) | | | | | | |
| On-balance sheet financial instruments | | | | | | |
| Financial Assets | | | | | | |
| Balances with banks | 20.50% - 21.85% | 1,653,304 | - | - | 15 | 1,653,319 |
| Investments | | | | | | |
| 'at fair value through profit and loss' - net | | | | | | |
| Market Treasury Bills | 18.84% - 23.00% | 1,194,612 | 1,303,425 | - | - | 2,498,037 |
| Pakistan Investment Bonds | 10.50% - 14.00% | 1,148,720 | 1,355,082 | - | - | 2,503,802 |
| Pakistan Investment Bonds - floating rate bond (FRB) | 21.14% - 21.71% | 1,836,680 | 88,317 | - | - | 1,924,997 |
| GoP Ijarah Sukuk certificates | 15.49% - 21.23% | 1,989,075 | 1,852,178 | - | - | 3,841,253 |
| | | 6,169,087 | 4,599,002 | - | - | 10,768,089 |
| Profit receivables | | - | - | - | 430,506 | 430,506 |
| Receivable against sale of investments | | - | - | - | 1,541,304 | 1,541,304 |
| Deposits and other receivables | | - | - | - | 1,144 | 1,144 |
| | | 7,822,391 | 4,599,002 | - | 1,972,969 | 14,394,362 |
| Financial Liabilities | | | | | | |
| Payable to MCB Investment Management Limited - Management Company | | - | - | - | 18,924 | 18,924 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | - | - | - | 516 | 516 |
| Payable against purchase of investments | | - | - | - | 3,225,183 | 3,225,183 |
| Accrued expenses and other liabilities | | - | - | - | 1,298 | 1,298 |
| | | - | - | - | 3,245,921 | 3,245,921 |
| On-balance sheet gap (a) | | <u>7,822,391</u> | <u>4,599,002</u> | <u>-</u> | <u>(1,272,952)</u> | <u>11,148,441</u> |
| Off-balance sheet financial instruments | | | | | | |
| | | - | - | - | - | - |
| Off-balance sheet gap (b) | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total profit rate sensitivity gap (a+b) | | <u>7,822,391</u> | <u>4,599,002</u> | <u>-</u> | | |
| Cumulative interest rate sensitivity gap | | <u>7,822,391</u> | <u>12,421,393</u> | <u>12,421,393</u> | | |

(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 yield / interest 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. The Fund does not hold any financial instrument that exposes it to price risk.

19.2 Credit risk

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.

The Fund is exposed to counter party credit risks on balances with banks, deposits and other receivables. The credit risk on the Fund is limited because the counterparties are financial institutions with reasonably high credit ratings. Investments in Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuks are government backed and hence considered as secured.

The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate as a means of mitigating the risk of financial loss from defaults. This information is supplied by the independent rating agencies, where available, and if not available, the Fund uses other publicly available financial information and its own trading records to rate its major customers. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and spread amongst approved counterparties.

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

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

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

| | 2025 | | 2024 | |
|--|--|---------------------------------|--|---------------------------------|
| | 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) | | | |
| Balances with banks | 4,552,352 | 4,552,352 | 1,653,319 | 1,653,319 |
| Investments | 24,037,384 | - | 10,768,089 | - |
| Profit receivables | 621,039 | 58,720 | 430,506 | 14,283 |
| Receivable against sale of investments | - | - | 1,541,304 | 1,541,304 |
| Deposits and other receivables | 34,032 | 34,032 | 1,144 | 1,144 |
| | <u>29,244,807</u> | <u>4,645,104</u> | <u>14,394,362</u> | <u>3,210,050</u> |

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. 24.04 billion (2024: Rs. 10.76 billion) and profit receivable from these securities of Rs. 562.32 million (2024: Rs. 416.22 million) are not exposed to credit risk.

19.2.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of bank balances and its accrued profit is as follows:

| Rating category | % of financial assets exposed to credit risk | |
|-----------------|--|---------------|
| | 2025 | 2024 |
| AAA | 5.59 | 86.75 |
| AA+ | 3.04 | 13.15 |
| AA | 91.37 | 0.10 |
| | <u>100.00</u> | <u>100.00</u> |

Since, the balances of the Fund are maintained with credit worthy counter-parties therefore, 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.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of counter party to honour its obligations to deliver cash, securities or other assets as contractually agreed. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Fund uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery using the central clearing system.

19.3 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 of and are considered readily realisable.

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

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 upto 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 liabilities. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the liabilities that are payable on demand have been included in the maturity grouping of one month:

| June 30, 2025 | | | | | | |
|---|---|--|--|----------------------|--|------------|
| 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 liabilities with no fixed maturity | Total |
| Rupees in ('000) - | | | | | | |
| Financial liabilities | | | | | | |
| Payable to MCB Investment Management Limited - Management Company | 42,427 | - | - | - | - | 42,427 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 299 | - | - | - | - | 299 |
| Accrued expenses and other liabilities | 897 | 760 | - | - | - | 1,657 |
| | 43,623 | 760 | - | - | - | 44,383 |
| Financial liabilities | 5,163,700 | 1,769,688 | 1,757,256 | 18,777,705 | 1,731,975 | 100 |
| | 29,200,424 | | | | | |

| June 30, 2024 | | | | | | |
|---|---|--|--|----------------------|--|-------------------|
| 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 liabilities with no fixed maturity | Total |
| Rupees in ('000) - | | | | | | |
| Financial liabilities | | | | | | |
| Payable to MCB Investment Management Limited - Management Company | 18,924 | - | - | - | - | 18,924 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 516 | - | - | - | - | 516 |
| Payable against purchase of investments | 3,225,183 | - | - | - | - | 3,225,183 |
| Accrued expenses and other liabilities | 538 | 760 | - | - | - | 1,298 |
| | 3,245,161 | 760 | - | - | - | 3,245,921 |
| Financial liabilities | 1,575,624 | 311,264 | 3,149,781 | 4,274,992 | 1,836,680 | 100 |
| | | | | | | 11,148,441 |

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 on the statement of assets and liabilities 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:

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

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 2025 and June 30, 2024, the Fund held the following financial instruments measured at fair values:

| | June 30, 2025 | | | |
|--|------------------|-------------------|----------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | (Rupees in '000) | | | |
| ASSETS | | | | |
| Market Treasury Bills | - | 2,711,640 | - | 2,711,640 |
| Pakistan Investment Bonds | - | 12,211,659 | - | 12,211,659 |
| Pakistan Investment Bonds - Floating Rate Bond (FRB) | - | 7,211,081 | - | 7,211,081 |
| GoP Ijarah Sukuks | 802,054 | 1,100,950 | - | 1,903,004 |
| | <u>802,054</u> | <u>23,235,330</u> | <u>-</u> | <u>24,037,384</u> |
| | | | | |
| | June 30, 2024 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| | (Rupees in '000) | | | |
| ASSETS | | | | |
| Market Treasury Bills | - | 2,498,037 | - | 2,498,037 |
| Pakistan Investment Bonds | - | 2,503,802 | - | 2,503,802 |
| Pakistan Investment Bonds - Floating Rate Bond (FRB) | - | 1,924,997 | - | 1,924,997 |
| GoP Ijarah Sukuks | 1,699,127 | 2,142,126 | - | 3,841,253 |
| | <u>1,699,127</u> | <u>9,068,962</u> | <u>-</u> | <u>10,768,089</u> |

20.2 Valuation techniques used in determination of fair values

| Item | Valuation approach and input used |
|--|---|
| Market Treasury Bills | The fair value of other Market Treasury Bills are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters. |
| Pakistan Investment Bonds | The fair value of other Pakistan Investment Bonds are derived using PKRV rates. The PKRV rates are announced by FMA (Financial Market Association) through Reuters. |
| Pakistan Investment Bonds - Floating Rate Bond (FRB) | The fair value of other Pakistan Investment Bonds - Floating Rate Bond (FRB) are derived using PKRFV rates. The PKRFV rates are announced by FMA (Financial Market Association) through Reuters. |
| Government of Pakistan - Ijarah sukuks | The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange. The fair value of other GoP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. |

20.3 There were no transfers between levels during the year.

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 their proportionate share of 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, 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.

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

22 PARTICULARS OF INVESTMENT COMMITTEE AND FUND MANAGER

Details of members of the 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 | 33 |
| 2 | Mr. Muhammad Asim | Chief Investment Officer | MBA, CFA | 22 |
| 3 | Mr. Awais Abdul Sattar | Portfolio Manager Equities | MBA, CFA | 14 |
| 4 | Mr. Saad Ahmed | Head of Fixed Income | MBA | 19 |
| 5 | Syed Abid Ali | Head of Equities | MBA | 17 |
| 6 | Mr. Usama Iqbal | Fund Manager | Graduate | 21 |
| 7 | Raza Inam | Head of Research | BSc, CFA | 11 |

Mr. Saad Ahmed is the Fund manager. Details of the other funds being managed by him are as follows:

- MCB Cash Management Optimizer;
- Pakistan Cash Management Fund;
- MCB DCF Income Fund;
- MCB Government Securities Plan I
- Pakistan Income Enhancement Fund;
- MCB Investment Savings Plan I
- Alhamra Daily Dividend Fund;
- Alhamra Government Securities Plan I; and
- Alhamra Cash Management Optimizer.

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:

| | 2025 (Percentage) |
|---|------------------------------|
| 1 JS Global Capital Limited | 21.87% |
| 2 Continental Exchange (Private) Limited | 14.09% |
| 3 C & M Management (Private) Limited | 8.87% |
| 4 Arif Habib Limited | 8.21% |
| 5 Vector Capital (Private) Limited | 8.21% |
| 6 Invest One Markets (Private) Limited | 8.17% |
| 8 BMA Capital Management Limited | 7.08% |
| 9 Paramount Capital (Private) Limited | 2.31% |
| 10 Currency Market Associates (Private) Limited | 2.15% |
| | 2024 (Percentage) |
| 1 Continental Exchange (Private) Limited | 15.80% |
| 2 C & M Management (Private) Limited | 15.32% |
| 3 Arif Habib Limited | 13.89% |
| 4 Alfalah CLSA Securities (Private) Limited | 12.02% |
| 5 Invest One Markets (Private) Limited | 10.14% |
| 6 AKD Securities Limited | 8.14% |
| 7 Paramount Capital (Private) Limited | 5.72% |
| 8 Summit Capital (Private) Limited | 5.08% |
| 9 Optimus Market (Private) Limited | 4.47% |
| 10 Vector Capital (Private) Limited | 3.39% |

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

24 PATTERN OF UNITHOLDINGS

| | As at June 30, 2025 | | | |
|--------------------------|------------------------|--------------------|---------------------------------------|----------------------------|
| | Number of unit holders | Number of units | Investment amount (Rupees in '000) | Percentage investment % |
| Individuals | 2,063 | 143,404,098 | 7,892,112 | 27.39% |
| Associated companies | 8 | 133,230,642 | 7,332,226 | 25.45% |
| Insurance companies | 3 | 2,449,776 | 134,821 | 0.47% |
| Retirement funds | 26 | 28,194,543 | 1,551,661 | 5.39% |
| Public Limited Companies | 10 | 123,653,753 | 6,805,171 | 23.62% |
| Others | 41 | 92,618,083 | 5,097,151 | 17.69% |
| | <u>2,151</u> | <u>523,550,894</u> | <u>28,813,142</u> | <u>100.00%</u> |

| | As at June 30, 2024 | | | |
|-----------------------------|------------------------|--------------------|---------------------------------------|----------------------------|
| | Number of unit holders | Number of units | Investment amount (Rupees in '000) | Percentage investment % |
| Individuals | 1,321 | 114,062,223 | 6,166,204 | 55.64% |
| Associated companies | 5 | 23,199,099 | 1,254,143 | 11.32% |
| Directors | 2 | 279,543 | 15,112 | 0.14% |
| Provident and Pension Funds | 29 | 25,047,728 | 1,354,080 | 12.22% |
| Public Limited Companies | 4 | 18,905,937 | 1,022,055 | 9.22% |
| Others | 31 | 23,501,496 | 1,270,135 | 11.46% |
| | <u>1,392</u> | <u>204,996,026</u> | <u>11,081,729</u> | <u>100.00%</u> |

25 ATTENDANCE AT MEETINGS OF THE BOARD OF DIRECTORS

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

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

*Mr. Shoaib Mumtaz resigned from the Board with effect from December 21, 2024.

**Mr. Muhammad Nauman Chughtai appointed on the Board with effect from January 06, 2025.

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 thousand rupees unless otherwise specified.

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

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 04, 2025 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, 2025**

| No. of Unit Holders | Unit holdings | Total units held |
|---------------------|-----------------------|--------------------|
| 973 | A. 001-10,000 | 30,159 |
| 368 | B. 10,001 – 100,000 | 246,402 |
| 320 | C. 100,001 – 1000,000 | 1,958,573 |
| 490 | D. 1000,001 & Above | 521,315,760 |
| <u>2,151</u> | | <u>523,550,895</u> |

PERFORMANCE TABLE FOR THE YEAR ENDED JUNE 30, 2025

| Performance Information | 2025 | 2024 | 2023 | 2022 | 2021 |
|--|-------------|----------|---------|----------|----------|
| Total Net Assets Value – Rs. in million | 28,813.1413 | 11081.73 | 673.621 | 610.3710 | 737.9300 |
| Net Assets value per unit – Rupees | 55.03 | 54.06 | 53.82 | 53.4600 | 53.3200 |
| Closing Offer Price | 55.98 | 54.98 | 54.73 | 54.3700 | 54.2200 |
| Highest offer price per unit | 64.73 | 65.92 | 62.4916 | 59.4400 | 57.2100 |
| Lowest offer price per unit | 54.95 | 54.76 | 54.2848 | 54.2300 | 54.1800 |
| Highest Redemption price per unit | 63.63 | 64.82 | 61.45 | 58.4500 | 56.2600 |
| Lowest Redemption price per unit | 54.02 | 53.85 | 53.38 | 53.3300 | 53.2800 |
| Distribution per unit – Rs. * | | | | | |
| Interim | 8.91 | 11 | 7.88 | 5.0700 | 2.9700 |
| Final | - | - | - | - | - |
| Average Annual Return - % | | | | | |
| One year | 18.72 | 20.98 | 15.48 | 9.79 | 5.67 |
| Two year | 19.85 | 18.23 | 12.64 | 7.73 | 11.03 |
| Three year | 18.39 | 15.42 | 10.31 | 10.62 | 9.98 |
| Net Income for the year – Rs. in million | 4,511.2251 | 1284.709 | 96.9206 | 65.0408 | 66.0990 |
| Distribution made during the year – Rs. in million | 4,385.4140 | 1247.832 | 92.5910 | 63.3080 | 66.1360 |
| Accumulated Capital Growth – Rs. in million | 125.8111 | 36.8770 | 4.3296 | 1.7328 | (0.0370) |
| Weighted average Portfolio Duration (days) | 876 | 986 | 913 | 1351 | 803.0000 |

* Date of Distribution

| 2025 | |
|-----------|------|
| Date | Rate |
| 20-Jun-25 | 8.91 |

| 2024 | |
|---------------|-------|
| Date | Rate |
| June 22, 2024 | 11.00 |

| 2023 | |
|---------------|------|
| Date | Rate |
| June 16, 2023 | 7.88 |

| 2022 | |
|---------------|------|
| Date | Rate |
| June 24, 2022 | 5.07 |

| 2021 | |
|---------------|------|
| Date | Rate |
| June 25, 2021 | 2.97 |

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.

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