



**Al Meezan**  
Investment Management Ltd.

# NANGA PARBAT

Any peak can be conquered if you  
just keep climbing.

Height 8,126 meters,  
belongs to the range Himalaya





# MEEZAN ISLAMIC FUND (MIF)

Meezan Islamic Fund seeks to optimize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and dividend income.



# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited  
Al Baraka Islamic Bank B.S.C (E.C)  
Askari Bank Limited - Islamic Banking  
Bank Al Habib Limited - Islamic Banking  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited - Islamic Banking  
Habib Bank Limited -Islamic Banking

Habib Metropolitan Bank Limited - Islamic Banking  
MCB Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking  
Samba Bank Limited  
Sindh Bank Limited  
UBL Ameen - Islamic Banking

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Islamic Fund (MIF)

### Type of Fund

Open end equity fund

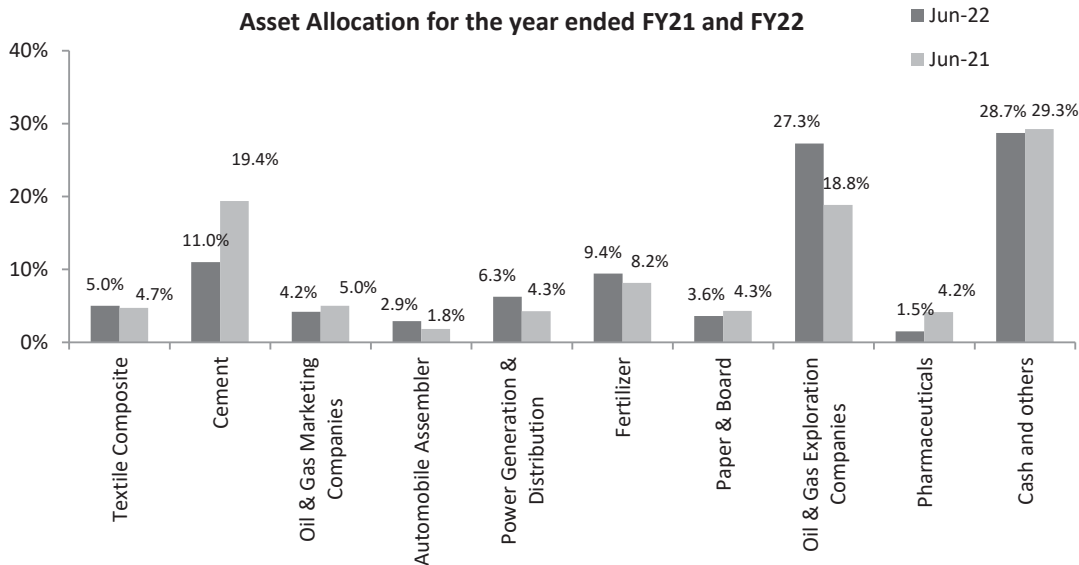
### Objective

The objective of MIF is to provide optimum returns to the investors from investment in Shariah Compliant stocks for the given level of risk, while abiding by all applicable rules and regulations. Total return refers to the returns from capital gains (realized and unrealized), dividend income and other income from Shariah Compliant investments

### Strategy, Investment Policy and Asset Allocation

The performance of MIF is linked directly to the performance of equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposures near troughs.

During the year, the fund increased its equity exposure to a maximum of 98.77%. However, it maintained an average exposure close to 96.21% in equities during the year, while closing the period at around 97.72%. The fund maintained significant exposure to the Oil and Gas Exploration sector which was raised in FY22 in wake of rising commodity prices and sharp PKR devaluation.. Exposure to cement sector was simultaneously reduced in light rapid tightening undertaken by the central bank.



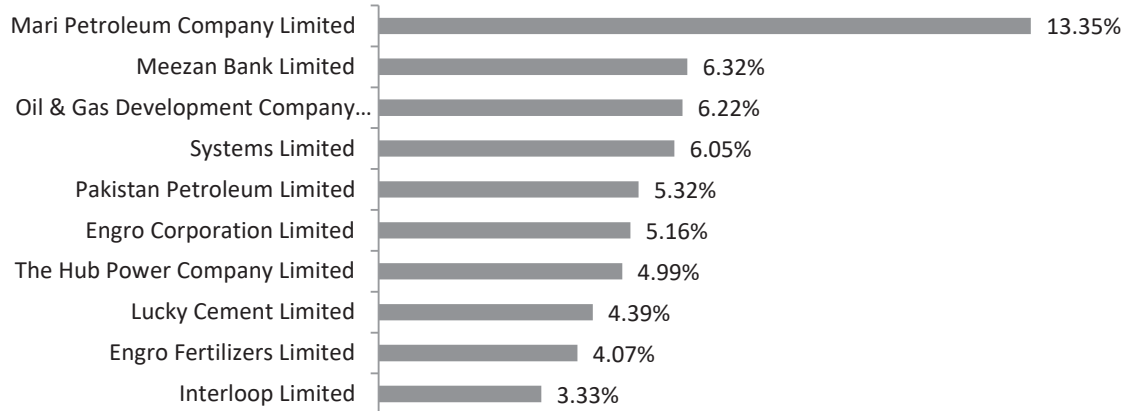




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## Top Holdings



### Performance Review

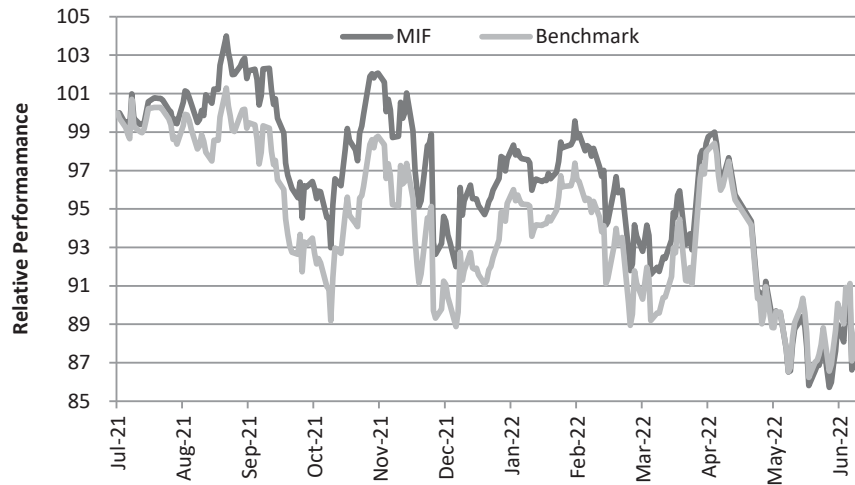
During FY22, Meezan Islamic Fund (MIF) provided a negative return of 11.27% to its investors and KSE Meezan Index (KMI 30) - Benchmark depreciated by 10.25% to close at 68,766 pts.

	<u>MIF</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2021 –Rs.	63.38	76,622
Net Asset Value (NAV) as on June 30, 2022 –Rs.	56.23	68,766
Change (Points)	-7.14	-7,855
Return During the Period	<b>-11.27%</b>	<b>-10.25%</b>

MIF posted a total loss of Rs. 2,650 million in the fiscal year 2022 as compared to a total income of Rs. 9,749 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 1,004 million and Rs. 3,726 million respectively. Dividend income contributed Rs. 1,957 million to income, while profit on saving accounts with banks amounted to Rs. 117 million. After accounting for expenses of Rs. 619 million, the Fund posted a net loss of Rs. 3,269 million. The net assets of the Fund as at June 30, 2022 were Rs. 23,822 million as compared to Rs. 34,274 million at the end of year depicting a decrease of 31%. The net asset value per unit as at June 30, 2022 was Rs. 56.2315 as compared to Rs. 63.3761 per unit as on June 30, 2021



Pure. Profit.



### Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2022 an amount of Rs. 47 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2022.

### SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MIF amounting to Rs. 532.12 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MIF by 1.57%. This is one-off event and is not likely to be repeated in the future.

### Breakdown of unit holdings by size:

(As on June 30, 2022)

Range (Units)	No. of Investors
1 - 9,999	20,977
10,000 - 49,999	2,481
50,000 - 99,999	428
100,000 - 499,999	316
500,000 and above	72
<b>Total</b>	<b>24,274</b>





Pure. Profit.



### Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	25	25	0	0
<b>Percentage</b>		100%	0%	0%

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website [www.almeezangroup.com](http://www.almeezangroup.com). A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

**PERFORMANCE TABLE**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net assets (Rs. '000) (ex-distribution)	23,821,524.00	34,274,023.00	24,072,183.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	56.2315	63.3761	46.7710
Offer price per unit as at June 30, (Rs.) (ex-distribution)	57.5024	64.8084	47.8280
Highest offer price per unit (Rs.)	68.1579	66.9236	62.4251
Lowest offer price per unit (Rs.)	56.1787	48.9781	38.0213
Highest redemption price per unit (Rs.)	65.4446	65.4446	61.0455
Lowest redemption price per unit (Rs.)	54.9372	47.8957	37.1811
Distribution (%)			
Interim	N/A	N/A	N/A
Final	N/A	N/A	5
Date of distribution			
Interim	N/A	N/A	N/A
Final	N/A	N/A	June 30, 2020
Income distribution (Rupees in '000)	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	1,236,296
Total return (%)	(11.27)	35.50	2.81
	<b>One Year</b>	<b>Two Year</b>	<b>Three Year</b>
Average annual return as at June 30, 2022 (%)	-11.27%	9.65%	7.32%

*Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.*





## Report of the *Shari'ah* Advisor –Meezan Islamic Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

**Alhamdulillah**, the period from July 01, 2021 to June 30, 2022 was the Nineteenth year of operations of Meezan Islamic Fund (MIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MIF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2021 accounts of the Investee companies have been used for the following calculations\*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Lucky Cement Ltd.	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28
Mari Petroleum	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Engro Corporation Ltd.	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	272.42



Engro Corporation Ltd.	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	272.42
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37 ***	86.2
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84

\* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.

\*\* All interest based debts.

\*\*\* Shares are considered 'Compliant' based on the reasoning mentioned in clause 8 of Shariah Standard 59.

- ii. On the basis of information provided by the management, all operations of MIF for the year ended June 30, 2022 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of MIF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

**Dr. Muhammad Imran Ashraf Usmani**

For and on behalf of Meezan Bank

*Shari'ah* Advisor



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shakra-e-Faisal  
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Tel : (92-21) 111-111-500

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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)

Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 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 Meezan Islamic Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 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; and
- (iii) 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 14, 2022



**INDEPENDENT AUDITOR’S REPORT**

**To the Unit holders of Meezan Islamic Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Meezan Islamic Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders’ fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, 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	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 23,278.367 million and balances with banks aggregated to Rs 1,208.150 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> <li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li> </ul>

AGS

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>





### **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.

APB



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is **Khattab Muhammad Akhi Baig**.

A. F. Ferguson & Co.  
Chartered Accountants  
Dated: September 21, 2022  
Karachi  
UDIN: AR202210081nz8SPyx0w





**MEEZAN ISLAMIC FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 JUNE, 2022**

	2022	2021
Note	(Rupees in '000)	
<b>Assets</b>		
Balances with banks	5 1,208,150	2,061,391
Investments	6 23,278,367	32,886,340
Receivable against sale of investments	33,457	34,569
Receivable against conversion of units	57,085	145,285
Dividend receivable	7,762	84,683
Advance, deposits and other receivable	7 14,009	189,717
<b>Total assets</b>	<b>24,598,830</b>	<b>35,401,985</b>
<b>Liabilities</b>		
Payable to AI Meezan Investment Management Limited - Management Company	8 31,021	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	9 2,326	3,314
Payable to the Securities and Exchange Commission of Pakistan	10 6,039	6,201
Payable against redemption and conversion of units	416,758	85,604
Payable against purchase of investments	186	70,503
Payable to Meezan Bank Limited	214	1,035
Accrued expenses and other liabilities	11 320,762	868,818
<b>Total liabilities</b>	<b>777,306</b>	<b>1,127,962</b>
<b>Net assets</b>	<b>23,821,524</b>	<b>34,274,023</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>23,821,524</b>	<b>34,274,023</b>
<b>Contingencies and commitments</b>	12	
<b>Number of units in issue</b>	<b>423,632,865</b>	<b>540,803,980</b>
	<b>(Rupees)</b>	
<b>Net asset value per unit</b>	<b>56.2315</b>	<b>63.3761</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
Note	(Rupees in '000)	
<b>Income</b>		
Dividend income	1,956,865	1,442,120
Profit on bank balances	116,751	125,778
Other income	6,683	-
Net realised (loss) / gain on sale of investments	(1,004,161)	1,858,907
	1,076,138	3,426,805
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2 (3,725,929)	6,322,470
<b>Total (loss) / income</b>	<u>(2,649,791)</u>	<u>9,749,275</u>
<b>Expenses</b>		
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1 603,864	620,088
Sindh Sales Tax on remuneration of the Management Company	8.2 78,502	80,611
Allocated expenses	8.3 33,212	32,024
Selling and marketing expenses	8.4 301,932	185,182
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 31,193	32,004
Sindh Sales Tax on remuneration of the Trustee	9.2 4,055	4,161
Annual fee to the Securities and Exchange Commission of Pakistan	10 6,039	6,201
Auditors' remuneration	13 791	721
Fees and subscription	3,712	2,610
Legal and professional charges	698	160
Brokerage expense	30,364	57,167
Bank and settlement charges	2,952	4,189
Charity expense	11.1 46,892	37,987
(Reversal of provision) / provision for Sindh Workers Welfare Fund (SWWF)	11.2 (525,426)	173,723
<b>Total expenses</b>	<u>618,780</u>	<u>1,236,828</u>
<b>Net (loss) / income for the year before taxation</b>	<u>(3,268,571)</u>	<u>8,512,447</u>
Taxation	-	-
<b>Net (loss) / income for the year after taxation</b>	<u><u>(3,268,571)</u></u>	<u><u>8,512,447</u></u>
<b>Allocation of net income for the year</b>		
Net income for the year after taxation	-	8,512,447
Income already paid on units redeemed	-	(2,272,229)
	<u>-</u>	<u>6,240,218</u>
<b>Accounting income available for distribution</b>		
- Relating to capital gains	-	6,240,218
- Excluding capital gains	-	-
	<u>-</u>	<u>6,240,218</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	(3,268,571)	8,512,447
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u><u>(3,268,571)</u></u>	<u><u>8,512,447</u></u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN ISLAMIC FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022			2021				
	Capital value	Undistribut ed income	Over distribution	Total	Capital value	(Accumulate- d loss) / Undistribut ed income	Over distribution	Total
	(Rupees in '000)			(Rupees in '000)				
Net assets at the beginning of the year	30,603,590	3,670,433	-	34,274,023	26,641,970	(1,860,387)	(709,398)	24,072,185
Issue of 401,062,742 units (2021: 766,372,501 units)								
- Capital value (at net asset value per unit at the beginning of the year)	25,417,792	-	-	25,417,792	35,844,008	-	-	35,844,008
- Element of (loss) / income	(500,606)	-	-	(500,606)	9,051,895	-	-	9,051,895
Total proceeds on issuance of units	24,917,186	-	-	24,917,186	44,895,903	-	-	44,895,903
Redemption of 518,233,857 units (2021: 740,250,681 units)								
- Capital value (at net asset value per unit at the beginning of the year)	32,843,641	-	-	32,843,641	34,622,265	-	-	34,622,265
- Element of (income) / loss	(742,527)	-	-	(742,527)	6,312,018	2,272,229	-	8,584,247
Total payments on redemption of units	32,101,114	-	-	32,101,114	40,934,283	2,272,229	-	43,206,512
Total comprehensive (loss) / income for the year	-	(3,268,571)	-	(3,268,571)	-	7,803,049	709,398	8,512,447
Distribution during the year	-	-	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(3,268,571)	-	(3,268,571)	-	7,803,049	709,398	8,512,447
<b>Net assets at the end of the year</b>	<b>23,419,662</b>	<b>401,862</b>	<b>-</b>	<b>23,821,524</b>	<b>30,603,590</b>	<b>3,670,433</b>	<b>-</b>	<b>34,274,023</b>
<b>Undistributed income / (accumulated loss) brought forward</b>								
- Realised loss		(2,652,037)				(1,065,399)		
- Unrealised income / (loss)		6,322,470				(794,988)		
		<u>3,670,433</u>				<u>(1,860,387)</u>		
Accounting income available for distribution								
- Relating to capital gains		-				6,240,218		
- Excluding capital gains		-				-		
		-				6,240,218		
Transfer to over distribution		-				(709,398)		
Net loss for the year after taxation		(3,268,571)				-		
Undistributed income carried forward		<u>401,862</u>				<u>3,670,433</u>		
<b>Undistributed income carried forward</b>								
- Realised income / (loss)		4,127,791				(2,652,037)		
- Unrealised (loss) / income		(3,725,929)				6,322,470		
		<u>401,862</u>				<u>3,670,433</u>		
				(Rupees)				(Rupees)
Net asset value per unit at the beginning of the year				<u>63.3761</u>				<u>46.7710</u>
Net asset value per unit at the end of the year				<u>56.2315</u>				<u>63.3761</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN ISLAMIC FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the year before taxation		(3,268,571)	8,512,447
<b>Adjustment for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	3,725,929	(6,322,470)
		457,358	2,189,977
<b>Decrease / (increase) in assets</b>			
Investments - net		5,882,044	(3,182,823)
Receivable against sale of investments		1,112	39,220
Dividend receivable		76,921	(32,369)
Advance, deposits and other receivable		175,708	(176,298)
		6,135,785	(3,352,270)
<b>(Decrease) / increase in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		(61,466)	59,810
Payable to Central Depository Company of Pakistan Limited - Trustee		(988)	965
Payable to the Securities and Exchange Commission of Pakistan		(162)	1,177
Payable to Meezan Bank Limited		(821)	381
Payable against purchase of investments		(70,317)	(88,323)
Accrued expenses and other liabilities		(548,056)	50,403
		(681,810)	24,413
<b>Net cash generated from / (used in) operating activities</b>		5,911,333	(1,137,880)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		25,005,386	44,833,474
Payment against redemption and conversion of units		(31,769,960)	(43,237,063)
Dividend paid		-	(152,480)
<b>Net cash (used in) / generated from financing activities</b>		(6,764,574)	1,443,931
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		(853,241)	306,051
Cash and cash equivalents at the beginning of the year		2,061,391	1,755,340
<b>Cash and cash equivalents at the end of the year</b>	5	1,208,150	2,061,391

The annexed notes 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Meezan Islamic Fund (the Fund) was established under a Trust Deed executed under the Trust Act, 1882 between Al Meezan Investment Management Limited, as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 4, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah e Faisal, Karachi, 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Consequently, the Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 2, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**1.2** The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's Offering Document.

**1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as a Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).

**1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

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

### **3.5 Accounting convention**

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

### **3.6 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.

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant 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.

### **4.1 Cash and cash equivalents**

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

### **4.2 Financial assets**

#### **4.2.1 Initial recognition and measurement**

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

## 4.2.2 Classification and subsequent measurement

### 4.2.2.1 Equity

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### 4.2.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

### 4.2.4 Regular way contracts

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

### 4.2.5 Derecognition

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

## 4.3 Financial liabilities

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.

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

## 4.4 Offsetting of financial assets and financial liabilities

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

## 4.5 Provisions

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



#### 4.6 Net asset value per unit

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

#### 4.7 Issue 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 the day when the application is received. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

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

#### 4.8 Distribution to unit holders

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

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

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

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

#### 4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) 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;
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend; and
- Profit on balances with banks is recognised on an accrual basis.

#### 4.11 Expenses

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

#### 4.12 Taxation

##### Current

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

##### Deferred

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

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

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

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

#### 4.13 Earnings / (loss) per unit

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

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

#### 4.14 Foreign currency translation

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

### 5 BALANCES WITH BANKS

Note 2022 2021  
(Rupees in '000)

Balances with banks in:

Savings accounts	5.1	1,201,534	2,050,598
Current accounts		6,616	10,793
		<u>1,208,150</u>	<u>2,061,391</u>

5.1 This includes balance amounting to Rs. 132.143 million (2021: Rs. 162.177 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 3.00% to 16.40% (2021: 1.5% to 7.32%) per annum.

### 6 INVESTMENTS

Note 2022 2021  
(Rupees in '000)

Investment at 'fair value through profit or loss'

Shares of listed companies - 'ordinary shares'	6.1	<u>23,278,367</u>	<u>32,886,340</u>
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#### 6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	(Number of shares)				(Rupees in '000)				%		
<b>Automobile assembler</b>											
Gandhara Industries Limited	-	130,000	-	7,000	123,000	36,921	19,430	(17,491)	0.08	0.08	0.29
Gandhara Nissan Limited	-	303,800	-	80,000	223,800	26,922	13,289	(13,633)	0.06	0.06	0.39
Millat Tractors Limited	590,110	30,268	363,130	194,280	789,228	492,770	688,672	195,902	2.89	2.96	0.98
Pak Suzuki Motor Company Limited	50,000	50,000	-	100,000	-	-	-	-	-	-	-
									<b>3.03</b>	<b>3.10</b>	
<b>Automobile parts and accessories</b>											
Agriauto Industries Limited (note 6.1.1)	140,700	-	-	-	140,700	38,607	18,854	(19,753)	0.08	0.08	0.98
Panther Tyres Limited	202,090	1,250,000	290,418	1,229,000	513,508	31,835	16,638	(15,197)	0.07	0.07	0.31
									<b>0.15</b>	<b>0.15</b>	

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	(Number of shares)				(Rupees in '000)				%		
<b>Chemicals</b>											
Engro Polymer & Chemicals Limited	16,475,221	1,935,000	-	11,702,000	6,708,221	321,920	534,176	212,256	2.24	2.29	0.74
Dynea Pakistan Limited (Note 6.1.1)	293,000	10,000	-	-	303,000	67,231	52,710	(14,521)	0.22	0.23	3.21
ICI Pakistan Limited	919,535	20,200	-	110,850	828,885	718,206	600,569	(117,637)	2.52	2.58	0.90
Ghani Global Holdings Limited	3,550	-	-	3,550	-	-	-	-	-	-	-
Nimir Resins Limited (Note 6.1.1)	375,000	-	-	375,000	-	-	-	-	-	-	-
Sitara Chemicals Industries Limited	30,500	15,000	-	-	45,500	15,306	14,105	(1,201)	0.06	0.06	0.21
									<b>5.04</b>	<b>5.16</b>	
<b>Cement</b>											
Attock Cement Pakistan Limited	425,400	113,500	-	15,600	523,300	89,569	34,799	(54,770)	0.15	0.15	0.38
Cherat Cement Company Limited	3,335,000	430,000	-	220,000	3,545,000	618,567	329,827	(288,740)	1.38	1.42	1.82
D.G. Khan Cement Company Limited	2,953,649	2,741,991	-	5,241,200	454,440	38,705	28,403	(10,302)	0.12	0.12	0.10
Fauji Cement Company Limited	5,129,500	1,122,500	-	929,500	5,322,500	118,225	75,420	(42,805)	0.32	0.32	0.39
Kohat Cement Company Limited	5,354,750	519,800	-	141,700	5,732,850	1,171,805	746,016	(425,789)	3.13	3.20	2.85
Lucky Cement Limited	4,365,992	497,174	-	2,513,022	2,350,144	1,984,156	1,078,810	(905,346)	4.53	4.63	0.73
Pioneer Cement Limited	-	650,000	-	-	650,000	68,071	39,215	(28,856)	0.16	0.17	0.29
Power Cement Limited	639,500	-	-	639,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	18,186,814	5,869,000	-	10,486,964	13,568,850	583,574	371,108	(212,466)	1.56	1.59	1.24
									<b>11.35</b>	<b>11.60</b>	
<b>Paper and Board</b>											
Cherat Packaging Limited	161,847	-	-	-	161,847	32,193	18,276	(13,917)	0.08	0.08	0.38
Century Paper & Board Mills Limited	3,972,600	191,100	599,640	308,500	4,454,840	468,384	275,309	(193,075)	1.16	1.18	2.20
Roshan Packages Limited	3,332,500	-	-	-	3,332,500	109,773	49,521	(60,252)	0.21	0.21	2.35
Security Papers Limited	41,000	-	-	41,000	-	-	-	-	-	-	-
Packages Limited	1,649,425	36,390	-	306,100	1,379,715	751,433	550,313	(201,120)	2.31	2.36	1.54
									<b>3.75</b>	<b>3.83</b>	
<b>Technology and communication</b>											
Avanceon Limited	4,519,156	1,313,164	-	4,451,500	1,380,820	107,583	107,580	(3)	0.45	0.46	0.54
Airlink communication Limited	-	6,695,500	215,212	5,278,000	1,632,712	108,594	65,945	(42,649)	0.28	0.28	0.41
Octopus Digital Limited	-	115,207	-	50,000	65,207	3,611	4,650	1,039	0.02	0.02	0.05
NetSol Technologies Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited "A"	3,873,000	-	-	3,873,000	-	-	-	-	-	-	-
TPL Trakker Limited	605,000	-	-	605,000	-	-	-	-	-	-	-
World call Telecom Limited	1,600,000	1,000,000	-	2,600,000	-	-	-	-	-	-	-
Systems Limited	2,440,560	166,807	2,194,633	288,960	4,513,040	1,276,755	1,488,671	211,916	6.25	6.40	3.27
									<b>7.00</b>	<b>7.16</b>	
<b>Refinery</b>											
Attock Refinery Limited	100,000	430,000	-	315,000	215,000	31,984	37,793	5,809	0.16	0.16	0.20
Cnergyco PK Limited (Formerly Byco petroleum Limited)	21,600,000	40,080,000	-	17,217,500	44,462,500	447,636	237,430	(210,206)	1.00	1.02	0.83
National Refinery Limited	-	474,000	-	237,000	237,000	55,289	59,859	4,570	0.25	0.26	0.30
									<b>1.41</b>	<b>1.44</b>	
<b>Commercial Banks</b>											
Meezan Bank Limited (a related party of the Fund)	14,130,816	794,667	2,113,106	3,276,445	13,762,144	1,397,782	1,554,847	157,065	6.53	6.68	0.85
BankIslami Pakistan Limited	14,692,500	3,950,000	-	1,241,500	17,401,000	202,061	209,508	7,447	0.88	0.90	1.57
									<b>7.41</b>	<b>7.58</b>	
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	798,334	-	-	-	798,334	256,289	256,513	224	1.08	1.10	0.80
Hascol Petroleum Limited* (note 6.1.3)	40,861	-	-	1,669	39,192	350	165	(185)	0.00	-	0.00
Hi-Tech Lubricants Limited	50,000	250,000	10,000	310,000	-	-	-	-	-	-	-
Shell Pakistan Limited	265,400	-	-	265,400	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.1.3)	5,622,901	385,000	-	2,680,232	3,327,669	745,697	571,827	(173,870)	2.40	2.46	0.71
Sui Northern Gas Pipelines Limited	4,175,800	2,383,712	-	550,000	6,009,512	288,334	205,585	(82,749)	0.86	0.88	0.95
									<b>4.34</b>	<b>4.44</b>	



Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	(Number of shares)				(Rupees in '000)				%		
<b>Oil and Gas Exploration Companies</b>											
<b>Oil and Gas Development</b>											
Company Limited	17,615,813	6,700,484	-	4,869,426	19,446,871	1,816,265	1,529,885	(286,380)	6.42	6.57	0.45
Pakistan Oilfields Limited	2,110,607	-	-	663,596	1,447,011	569,920	587,212	17,292	2.47	2.52	0.51
Pakistan Petroleum Limited	16,464,880	3,676,464	-	750,700	19,390,644	1,656,436	1,309,062	(347,374)	5.50	5.62	0.71
Mari Petroleum Company Limited (note 6.1.3)	1,794,247	250,230	-	156,380	1,888,097	2,922,923	3,284,798	361,875	13.79	14.11	1.42
									<b>28.17</b>	<b>28.82</b>	
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	69,050	-	-	9,000	60,050	47,581	39,311	(8,270)	0.17	0.17	0.06
AGP Limited	3,242,300	74,100	-	3,316,400	-	-	-	-	-	-	-
GlaxoSmithkline Consumer Healthcare Products Limited	364,656	4,500	-	90,000	279,156	69,810	66,531	(3,279)	0.28	0.29	0.24
Ferozsons Laboratories Limited	24,000	-	-	24,000	-	-	-	-	-	-	-
IBL Healthcare Limited	-	255,700	51,140	-	306,840	25,032	15,953	(9,079)	0.07	0.07	0.47
Highnoon Laboratories Limited (note 6.1.3)	131,759	-	13,175	-	144,934	79,055	76,796	(2,259)	0.32	0.33	0.38
The Searle Company Limited (note 6.1.3)	3,527,044	70,000	801,673	2,786,648	1,612,069	299,337	175,748	(123,589)	0.74	0.75	0.52
									<b>1.57</b>	<b>1.61</b>	
<b>Power Generation and Distribution</b>											
The Hub Power Company Limited	13,178,273	8,346,809	-	3,532,074	17,993,008	1,417,986	1,226,583	(191,403)	5.15	5.27	1.39
K - Electric Limited (6.1.1)	110,064,000	900,000	-	7,950,000	103,014,000	430,214	313,163	(117,051)	1.31	1.35	0.37
									<b>6.46</b>	<b>6.62</b>	
<b>Fertilizer</b>											
Fauji Fertilizer Bin Qasim Limited	-	3,568,000	-	1,050,000	2,518,000	65,685	50,964	(14,721)	0.21	0.22	0.20
Engro Corporation Limited (note 6.1.2)	6,519,719	319,767	-	1,906,396	4,933,090	1,451,381	1,268,248	(183,133)	5.32	5.45	0.86
Engro Fertilizers Limited	13,834,619	1,500,000	-	4,033,512	11,301,107	800,136	1,001,730	201,594	4.21	4.30	0.85
									<b>9.74</b>	<b>9.97</b>	
<b>Engineering</b>											
Agha Steels Industries Limited	3,138,910	-	137,020	3,275,930	-	-	-	-	-	-	-
Aisha Steel Mills Limited	4,100,000	6,372,500	-	10,472,500	-	-	-	-	-	-	-
Amreli Steel Limited	-	1,936,000	-	1,936,000	-	-	-	-	-	-	-
International Industries Limited	2,221,440	76,205	-	1,612,073	685,572	138,591	71,114	(67,477)	0.30	0.31	0.52
Ittefaq Iron Industries Limited	5,181,500	211,000	-	5,392,500	-	-	-	-	-	-	-
International Steel Limited	3,308,107	-	-	3,308,107	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	4,237,520	2,501,700	832,098	1,127,000	6,444,318	582,075	371,450	(210,625)	1.56	1.60	1.92
KSB Pumps Company Limited	38,700	-	-	800	37,900	8,409	5,012	(3,397)	0.02	0.02	0.29
									<b>1.88</b>	<b>1.93</b>	
<b>Food and Personal Care Products</b>											
Al-Shaheer Corporation Limited (note 6.1.3)	62,711	-	-	-	62,711	1,250	567	(683)	0.00	0.00	0.02
At-Tahur Limited	632,049	1,633,000	271,805	300,000	2,236,854	56,374	42,657	(13,717)	0.18	0.18	1.13
National Foods Limited (note 6.1.1)	254,150	-	63,537	-	317,687	58,205	45,995	(12,210)	0.19	0.20	0.14
The Organic Meat Company Limited	-	950,000	95,000	1,045,000	-	-	-	-	-	-	-
Unity Foods Limited	7,888,000	1,857,116	436,506	9,915,939	265,683	5,603	5,332	(271)	0.02	0.02	0.02
									<b>0.40</b>	<b>0.40</b>	
<b>Glass and Ceramics</b>											
Ghani Global Glass Limited	460,000	-	-	460,000	-	-	-	-	-	-	-
Shabbir Tiles and Ceramics Limited (Note 6.1.1)	2,395,000	900,000	-	-	3,295,000	109,101	48,206	(60,895)	0.20	0.21	1.01
Tariq Glass Industries Limited	-	248,393	-	-	248,393	24,604	25,786	1,182	0.11	0.11	0.18
Ghani Glass Limited	1,253,200	-	-	-	1,253,200	60,404	51,168	(9,236)	0.21	0.22	0.15
									<b>0.53</b>	<b>0.54</b>	
<b>Textile Composite</b>											
Feroze1888 Mills Limited	1,382,600	8,500	82,986	-	1,474,086	145,486	92,027	(53,459)	0.39	0.40	0.37
Interloop Limited	13,250,500	775,000	415,515	997,897	13,443,118	916,590	820,030	(96,560)	3.44	3.52	1.50
Kohinoor Textile Mills Limited (note 6.1.3)	1,332,014	1,500,000	-	75,500	2,756,514	204,312	137,826	(66,486)	0.58	0.59	0.92
Nishat Mills Limited	5,383,500	360,000	-	3,255,201	2,488,299	232,738	183,909	(48,829)	0.77	0.79	0.71
									<b>5.18</b>	<b>5.30</b>	
<b>Leather &amp; Tanneries</b>											
Service Global Footwear Limited	1,021,325	-	-	205,000	816,325	47,208	32,800	(14,408)	0.14	0.14	0.40

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to			
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)	
	(Number of shares)				(Rupees in '000)				%			
<b>Miscellaneous</b>												
Pakistan Aluminum Beverage Cans Limited	-	2,174,942	-	1,825,942	349,000	10,695	11,004	309	0.05	0.05	0.10	
Synthetic Products Enterprises Limited (note 6.1.1)	1,040,525	-	1,207,009	-	2,247,534	44,752	31,667	(13,085)	0.13	0.14	1.13	
									<b>0.18</b>	<b>0.19</b>		
<b>Right Certificates</b>												
<b>Textile Composite</b>												
Feroze 1888 Mills Limited	-	-	82,986	82,986	-	-	-	-	-	-	-	
<b>Food and Personal Care Products</b>												
Unity Foods Limited	-	-	436,506	436,506	-	-	-	-	-	-	-	
<b>Total as at June 30, 2022</b>					<b>367,753,029</b>	<b>27,004,296</b>	<b>23,278,367</b>	<b>(3,725,929)</b>				
<b>Total as at June 30, 2021</b>					<b>390,664,729</b>	<b>26,563,870</b>	<b>32,886,340</b>	<b>6,322,470</b>				

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited, Dynea Pakistan Limited, Shabbir Tiles and Ceramics Limited, Nimir Resins Limited, Synthetic Products Enterprises Limited (nominal value changed from Rs 10 to Rs 5 during the period) and National Foods Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.1.2** Investments include 1,060,000 shares of Engro Corporation Limited, having market value of Rs 272.52 million as at June 30, 2022 (2021: Rs 312.29 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2022, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 48.964 million (2021: Rs 62.612 million).

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
<b>6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments	6.1	23,278,367	32,886,340
Carrying value of investments	6.1	(27,004,296)	(26,563,870)
		<u>(3,725,929)</u>	<u>6,322,470</u>
<b>7 ADVANCE, DEPOSITS AND OTHER RECEIVABLE</b>			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against IPO		-	175,910
Profit accrued on balances with banks		11,409	11,207
		<u>14,009</u>	<u>189,717</u>
<b>8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Remuneration of the Management Company	8.1	7,906	3,738
Sindh Sales Tax on remuneration of the Management Company	8.2	1,027	486
Allocated expenses payable	8.3	144	3,124
Selling and marketing expenses payable	8.4	21,249	82,065
Sales load payable		615	2,720
Sindh Sales Tax on sales load payable		80	354
		<u>31,021</u>	<u>92,487</u>

**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 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 rate of 2% (2021: 2%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs 78.502 million (2021: Rs 80.611 million) was charged on account of sales tax on remuneration to the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 77.961 million (2021: Rs 80.812 million) has been paid to the Management Company which acts as a collecting agent.

**8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for 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 following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets of the Fund	0.10% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

**8.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 1% (2021: 0.4% from July 1, 2020 till March 9, 2021 and at 1% from March 10, 2021 till June 30, 2021) per annum of the average annual net assets of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Remuneration payable	9.1	2,058	2,933
Sindh Sales Tax payable on remuneration of the Trustee	9.2	268	381
		<u>2,326</u>	<u>3,314</u>

- 9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

Net assets (Rs)	Fee
- Up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher
- Over Rs 1,000 million	Rs 2 million plus 0.1% per annum of net assets exceeding Rs 1,000 million

- 9.2 During the year, an amount of Rs 4.055 million (2021: Rs 4.161 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 4.168 million (2021: Rs 4.050 million) was paid to the Trustee which acts as a collecting agent.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)	2021
Auditors' remuneration payable		515	480
Printing charges payable		-	483
Shariah advisor fee payable		1,840	1,650
Charity payable	11.1	48,320	50,956
Brokerage payable		1,716	10,787
Capital gain tax payable		3,768	14,423
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	-	525,426
Zakat payable		129	139
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	32,607	32,607
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	231,867	231,867
		<u>320,762</u>	<u>868,818</u>

- 11.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2022, Non-Shariah Compliant income amounting to Rs 46.892 million (2021: Rs 37.987 million) was charged as an expense in the books of the Fund, and Rs 51.100 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount (Rupees in '000)
1	Alamgir Welfare Trust International	6,000
2	Baitussalam Welfare Trust	6,200
3	Behbud Association Karachi	400
4	ChildLife Foundation	5,000
5	Chippa Welfare Association	300
6	Family Educational Services Foundation	500
7	Fatima Kidney Care Hospital	300
8	IBA Centre for Excellence in Islamic Finance	4,500
9	Idara AL Khair	1,500
10	Ihsan Trust	8,300
11	Indus Hospital	4,000
12	Jamiyat Punjabi Saudagran e Delhi	400
13	Okara Patient Welfare Organization	200
14	Pakistan Association of the Blind	500
15	Pakistan Disabled Foundation	1,000
16	Shaukat Khanum Memorial Cancer Hospital & Research Centre	6,000
17	Sindh Institute of Urology & Transplantation (SIUT)	1,000
18	Saylani Welfare Trust	1,000
19	The Garage School	1,000
20	The Hunar Foundation	500
21	The Patients behbud Society for the Aga Khan University Hospital	2,000
22	Trust Jamiat Talim ul Quran	500
		<u>51,100</u>



- 11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these financial statements of the Fund.

- 11.3** 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% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 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 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 264.474 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 made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.62 (2021: Re 0.49) per unit.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

<b>13 AUDITORS' REMUNERATION</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
Annual audit fee	561	533
Fee for half yearly review of condensed interim financial statements	190	150
Out of pocket expenses	40	38
	<u>791</u>	<u>721</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.79% (2021: 3.99%) which includes 0.31% (2021: 0.36%) representing government levies on the Fund such as Sales Taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

## 15 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 Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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.

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, Trust Deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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

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

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

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	7,906	3,738
Sindh Sales Tax on remuneration of the Management Company	1,027	486
Allocated expenses payable	144	3,124
Selling and marketing expenses payable	21,249	82,065
Sales load payable	615	2,720
Sindh Sales Tax on sales load payable	80	354
Investment of 437,592 units (2021: 2,005,066 units)	24,606	127,073
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	2,058	2,933
Sindh Sales Tax payable on remuneration of the Trustee	268	381
Security deposit	100	100
Investment of 2,125,742 units (2021: 2,125,742 units)	119,534	134,721

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>Meezan Bank Limited</b>		
Bank balance	132,143	162,187
Profit receivable	303	125
Sales load payable	190	916
Sindh Sales Tax on sales load payable	24	119
Shariah advisor fee payable	1,840	1,650
Investment in 13,762,144 shares (2021: 14,130,816 shares)	1,554,847	1,630,837
Investment of 12,475,049 units (2021: 12,475,049 units)	701,491	790,620
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Investment of 189,837 units (2021: 189,837 units)	10,675	12,031
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Investment of 3,876,672 units (2021: 4,122,205 units)	217,991	261,249
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Investment of 853,646 units (2021: 1,187,441 units)	48,002	75,255
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Investment of 631,840 units (2021: 898,279 units)	35,529	56,929
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 840,906 units (2021: 2,730,594 units)	47,285	173,054
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 2,283,025 units (2021: 1,579,575 units)	128,378	100,107
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 324,453 units (2021: 2,541,472 units)	18,244	161,069
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of nil units (2021: 22,509 units)	-	1,427
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 14,424 units (2021: 26,286 units)	811	1,666
<b>Directors and executives of the Management Company</b>		
Investment of 3,751,087 units (2021: 12,989,655 units)	210,929	823,234
<b>Transactions during the year</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited</b>		
<b>- Management Company</b>		
Remuneration of the Management Company	603,864	620,088
Sindh Sales Tax on remuneration of the Management Company	78,502	80,611
Allocated expenses	33,212	32,024
Selling and marketing expenses	301,932	185,182
Issuance of 5,511,594 units (2021: 12,337,696 units)	346,499	718,363
Redemption of 7,079,068 units (2021: 15,330,278 units)	434,797	892,796

**Transactions during the year**

	2022	2021
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	31,193	32,004
Sindh Sales Tax on remuneration of the Trustee	4,055	4,161
CDS charges	791	1,422
<b>Meezan Bank Limited</b>		
Profit on balances maintained with the Bank	2,457	1,277
Bonus issue of 2,113,106 shares (2021: 1,258,209 shares)	-	-
Purchase of 794,667 shares (2021: 2,362,000 shares)	109,183	206,019
Sale of 3,276,445 shares (2021: 1,564,490 shares)	452,212	161,653
Shariah advisor fee	3,684	2,582
Dividend income	90,738	113,540
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Units issued: 506,155 units (2021: 4,403,476 units)	30,639	283,230
Units redeemed: 751,688 units (2021: 5,115,273 units)	46,275	320,608
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Units issued: 444,918 units (2021: 1,715,548 units)	27,756	107,984
Units redeemed: 778,713 units (2021: 1,941,046 units)	47,575	119,628
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Units issued: 305,731 units (2021: 1,366,523 units)	18,543	87,219
Units redeemed: 572,170 units (2021: 1,348,577 units)	34,025	83,392
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units issued: 47,581 units (2021: 1,148,071 units)	3,000	66,200
Units redeemed: 47,581 units (2021: 3,132,666 units)	2,844	184,862
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Units issued: 523,279 units (2021: 4,804,288 units)	33,048	287,088
Units redeemed: 2,412,967 units (2021: 7,391,638 units)	147,350	459,548
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Units issued: 2,703,370 units (2021: 2,683,555 units)	174,546	163,817
Units redeemed: 1,999,920 units (2021: 4,228,665 units)	118,330	255,462
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Units issued: 227,046 units (2021: 3,001,605 units)	14,300	189,147
Units redeemed: 2,444,065 units (2021: 9,505,939 units)	151,850	552,842
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Units issued: 395,055 units (2021: 790,609 units)	23,000	45,252
Units redeemed: 417,564 units (2021: 7,913,117 units)	24,202	430,252
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Units issued: 23,827 units (2021: 126,685 units)	1,500	7,195
Units redeemed: 35,689 units (2021: 2,306,230 units)	2,170	128,885
<b>Directors and executives of the Management Company</b>		
Units issued: 4,564,282 units (2021: 5,273,270 units)	290,745	319,002
Units redeemed: 13,783,258 units (2021: 4,304,700 units)	781,561	243,251



## 17 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Financial assets</b>			
Balances with banks	1,208,150	-	1,208,150
Investments	-	23,278,367	23,278,367
Receivable against sale of investments	33,457	-	33,457
Receivable against conversion of units	57,085	-	57,085
Dividend receivable	7,762	-	7,762
Deposits and other receivable	14,009	-	14,009
	<u>1,320,463</u>	<u>23,278,367</u>	<u>24,598,830</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited			
- Management Company	31,021	-	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee	2,326	-	2,326
Payable against redemption and conversion of units	416,758	-	416,758
Payable against purchase of investments	186	-	186
Payable to Meezan Bank Limited	214	-	214
Accrued expenses and other liabilities	4,071	-	4,071
	<u>454,576</u>	<u>-</u>	<u>454,576</u>
	2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Financial assets</b>			
Balances with banks	2,061,391	-	2,061,391
Investments	-	32,886,340	32,886,340
Receivable against sale of investments	34,569	-	34,569
Receivable against conversion of units	145,285	-	145,285
Dividend receivable	84,683	-	84,683
Advance, deposits and other receivable	189,717	-	189,717
	<u>2,515,645</u>	<u>32,886,340</u>	<u>35,401,985</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited			
- Management Company	92,487	-	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	3,314	-	3,314
Payable against redemption and conversion of units	85,604	-	85,604
Payable against purchase of investments	70,503	-	70,503
Payable to Meezan Bank Limited	1,035	-	1,035
Accrued expenses and other liabilities	13,400	-	13,400
	<u>266,343</u>	<u>-</u>	<u>266,343</u>

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of 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.

## 18.1 Market risk

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

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

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

**(i) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 12.015 million (2021: Rs. 20.506 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

<b>As at June 30, 2022</b>						
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
------(Rupees in '000)-----						
<b>Financial assets</b>						
Balances with banks	3.00% - 16.40%	1,201,534	-	-	6,616	1,208,150
Investments		-	-	-	23,278,367	23,278,367
Receivable against sale of investments		-	-	-	33,457	33,457
Receivable against conversion of units		-	-	-	57,085	57,085
Dividend receivable		-	-	-	7,762	7,762
Deposits and other receivable		-	-	-	14,009	14,009
		1,201,534	-	-	23,397,296	24,598,830
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	31,021	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,326	2,326
Payable to Meezan Bank Limited		-	-	-	214	214
Payable against redemption and conversion of units		-	-	-	416,758	416,758
Payable against purchase of investments		-	-	-	186	186
Accrued expenses and other liabilities		-	-	-	4,071	4,071
		-	-	-	454,576	454,576
<b>On-balance sheet gap (a)</b>		1,201,534	-	-	22,942,720	24,144,254
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a + b)</b>		1,201,534	-	-		
<b>Cumulative profit rate sensitivity gap</b>		1,201,534	1,201,534	1,201,534		

<b>As at June 30, 2021</b>						
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
(Rupees in '000)						
<b>Financial assets</b>						
Balances with banks	1.50% - 7.32%	2,050,598	-	-	10,793	2,061,391
Investments		-	-	-	32,886,340	32,886,340
Receivable against sale of investments		-	-	-	34,569	34,569
Receivable against conversion of units		-	-	-	145,285	145,285
Dividend receivable		-	-	-	84,683	84,683
Advance, deposits and other receivable		-	-	-	189,717	189,717
		2,050,598	-	-	33,351,387	35,401,985
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	92,487	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,314	3,314
Payable to Meezan Bank Limited		-	-	-	1,035	1,035
Payable against redemption and conversion of units		-	-	-	85,604	85,604
Payable against purchase of investments		-	-	-	70,503	70,503
Accrued expenses and other liabilities		-	-	-	13,400	13,400
		-	-	-	266,343	266,343
<b>On-balance sheet gap (a)</b>		2,050,598	-	-	33,085,044	35,135,642
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a + b)</b>		2,050,598	-	-	-	-
<b>Cumulative profit rate sensitivity gap</b>		2,050,598	2,050,598	2,050,598	-	-

**(ii) Currency risk**

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

**(iii) Price risk**

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

The Fund is exposed to equity price risk on investments held by the Fund classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 35% of net assets or index weight, which ever is higher, subject to maximum of 40%.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 232.784 million (2021: Rs. 328.863 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

## 18.2 Liquidity risk

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

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

As per the NBFC Regulations, 2008, 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 redemption requests during the year ended June 30, 2022.

The table below summaries the maturity profile of the Fund's financial instruments. 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 assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

As at 30 June, 2022						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
<b>Financial assets</b>						
Balances with banks	1,208,150	-	-	-	-	1,208,150
Investments	-	-	-	-	23,278,367	23,278,367
Receivable against sale of investments	33,457	-	-	-	-	33,457
Receivable against conversion of units	57,085	-	-	-	-	57,085
Dividend receivable	7,762	-	-	-	-	7,762
Deposits and other receivable	11,409	-	-	-	2,600	14,009
	1,317,863	-	-	-	23,280,967	24,598,830
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	31,021	-	-	-	-	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee	2,326	-	-	-	-	2,326
Payable to Meezan Bank Limited	214	-	-	-	-	214
Payable against redemption and conversion of units	416,758	-	-	-	-	416,758
Payable against purchase of investments	186	-	-	-	-	186
Accrued expenses and other liabilities	-	4,071	-	-	-	4,071
	450,505	4,071	-	-	-	454,576
<b>Net financial assets / (liabilities)</b>	<b>867,358</b>	<b>(4,071)</b>	<b>-</b>	<b>-</b>	<b>23,280,967</b>	<b>24,144,254</b>



As at 30 June, 2021						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total

(Rupees in '000)

**Financial assets**

Balances with banks	2,061,391	-	-	-	-	2,061,391
Investments	-	-	-	-	32,886,340	32,886,340
Receivable against sale of investments	34,569	-	-	-	-	34,569
Receivable against conversion of units	145,285	-	-	-	-	145,285
Dividend receivable	84,683	-	-	-	-	84,683
Advance, deposits and other receivable	187,117	-	-	-	2,600	189,717
	2,513,045	-	-	-	32,888,940	35,401,985

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	92,487	-	-	-	-	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	3,314	-	-	-	-	3,314
Payable to Meezan Bank Limited	1,035	-	-	-	-	1,035
Payable against redemption and conversion of units	85,604	-	-	-	-	85,604
Payable against purchase of investments	70,503	-	-	-	-	70,503
Accrued expenses and other liabilities	-	13,400	-	-	-	13,400
	252,943	13,400	-	-	-	266,343

**Net financial assets / (liabilities)**

	2,260,102	(13,400)	-	-	32,888,940	35,135,642
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**18.3 Credit risk**

**18.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits and receivable against conversion of units.

2022		2021	
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	1,208,150	1,208,150	2,061,391	2,061,391
Investments	23,278,367	-	32,886,340	-
Receivable against sale of investments	33,457	33,457	34,569	34,569
Receivable against conversion of units	57,085	57,085	145,285	145,285
Dividend receivable	7,762	7,762	84,683	84,683
Advance, deposits and other receivable	14,009	14,009	189,717	189,717
	24,598,830	1,320,463	35,401,985	2,515,645

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

### 18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and related profit receivable thereon, dividend receivable and receivable against conversion of units and sale of investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	79.42	17.40
AA+	8.91	6.53
AA	0.10	8.11
A+	11.57	67.95
A	-	0.01
	<u>100.00</u>	<u>100.00</u>

### 18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

## 19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing 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.

### Fair value hierarchy

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

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

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

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

As at June 30, 2022 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

ASSETS	2022		
	Level 1	Level 2	Level 3
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	23,278,367	-	-
	<u>23,278,367</u>	<u>-</u>	<u>-</u>
	2021		
	Level 1	Level 2	Level 3
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	32,886,340	-	-
	<u>32,886,340</u>	<u>-</u>	<u>-</u>

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, 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.

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Individuals	24,038	11,232,123	47.14	25,097	20,004,540	58.37
Associated Companies /						
Directors	16	698,102	2.93	18	2,535,195	7.40
Insurance Companies	4	829,673	3.48	4	1,196,525	3.49
Banks and DFIs	3	842,373	3.54	2	158,781	0.46
Retirement Funds	100	6,271,029	26.33	117	5,498,504	16.04
Public Limited Companies	3	254,468	1.07	3	286,798	0.84
Others	122	3,693,756	15.51	134	4,593,680	13.40
	<b>24,286</b>	<b>23,821,524</b>	<b>100.00</b>	<b>25,375</b>	<b>34,274,023</b>	<b>100.00</b>

## 22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	8.35%	AKD Securities Limited	8.79%
AKD Securities Limited	8.05%	JS Global Capital Limited	8.16%
Akik Capital (Private) Limited	7.54%	Top Line Securities (Private) Limited	7.25%
JS Global Capital Limited	6.86%	BMA Capital Management Limited	6.54%
Top Line Securities (Private) Limited	5.79%	Arif Habib Limited	6.27%
Foundation Securities (Private) Limited	5.02%	Akik Capital (Private) Limited	6.27%
BMA Capital Management Limited	4.78%	Foundation Securities (Private) Limited	6.05%
EFG Hermes Pakistan Limited	4.52%	Fortune Securities Limited	4.94%
Optimus Capital Management (Private) Limited	4.37%	Ismail Iqbal Securities (Private) Limited	4.93%
Insight Securities (Private) Limited	4.25%	Next Capital Limited	4.76%

## 23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualifications	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

The Fund manager of the Fund is Mr. Muhammad Asad. The Fund Manager is not managing any other fund.

**24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

**25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were approved and authorised for issue on August 16, 2022 by the Board of Directors of the Management Company.

**26 GENERAL**

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

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**





**Al Meezan**  
Investment Management Ltd.

# GASHERBRUM I HIDDEN PEAK, K5

A wise investor needs to be as resilient as a mountain climber to reach new heights.

Height 8,080 meters,  
belongs to the range Baltoro Karakoram





## **AL MEEZAN MUTUAL FUND (AMMF)**

Al Meezan Mutual Fund aims to optimize the total investment returns in the form of capital gains & dividend income, through prudent investment management.



# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	MCB Islamic Bank Limited
Askari Bank Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Bank Islami Pakistan Limited	Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited	UBL Ameen - Islamic Banking
Faysal Bank Limited - Islamic Banking	

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial  
Area, Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER Al Meezan Mutual Fund (AMMF)

### Type of Fund

Open end equity fund

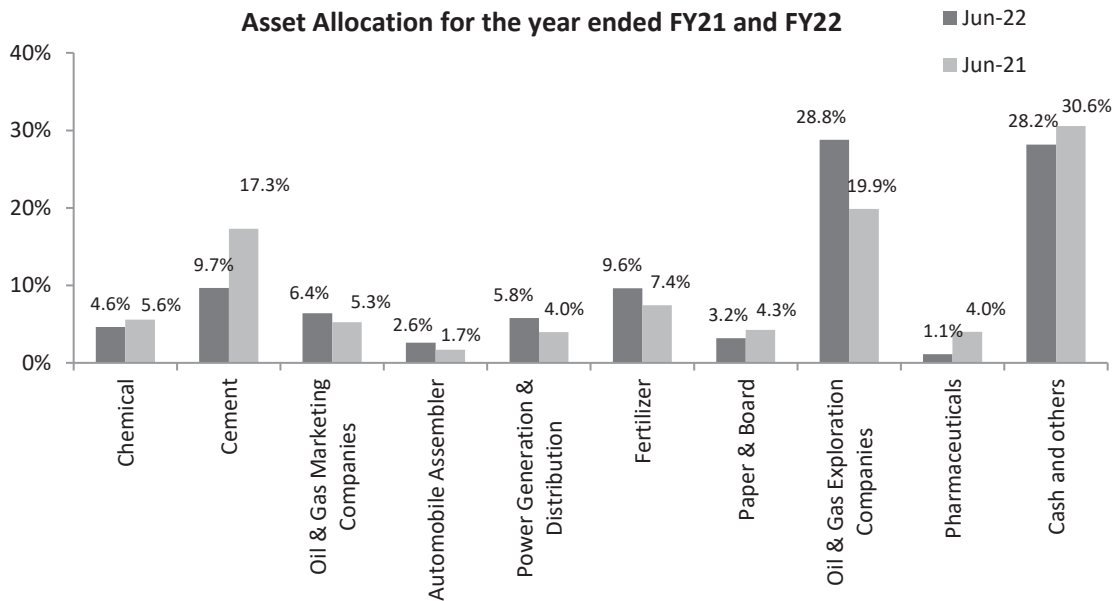
### Objective

The objective of AMMF is to provide maximum total return to the shareholders by investing in “Shariah compliant” equity avenues for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

### Strategy, Investment Policy and Asset Allocation

The performance of AMMF is directly linked to the performance of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposure near troughs.

AMMF started the year with a 94.56% exposure to equities, touched a maximum of 99.92% and minimum of around 93.54% during the fiscal year, on average remaining around 96.34% invested and while closing the year at 97.90% invested percentage. Exposure to Oil and Gas sector was sharply increased in wake of rising commodities and weak PKR. Simultaneously, anticipated economic slow-down triggered sharp reduction in cement exposures during FY22.



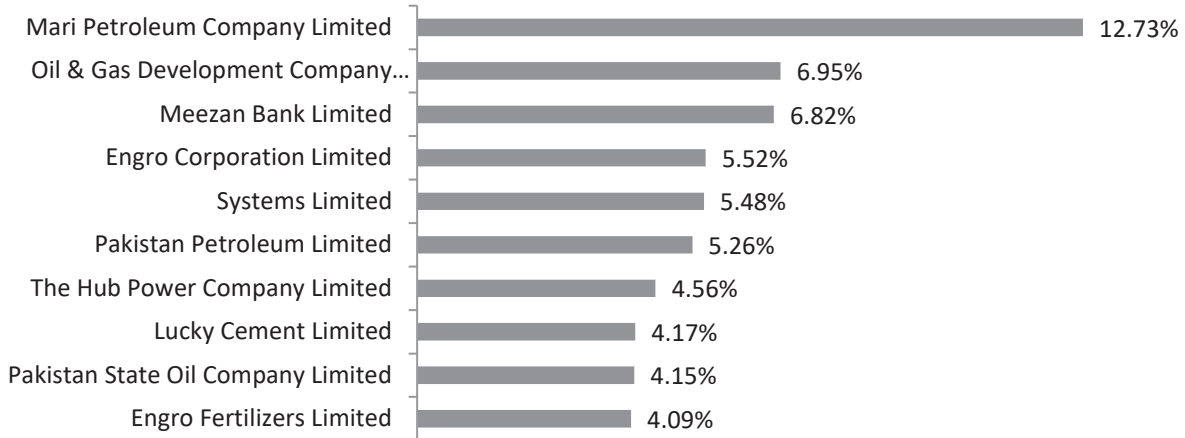




Pure. Profit.



## Top Holdings



### Performance Review

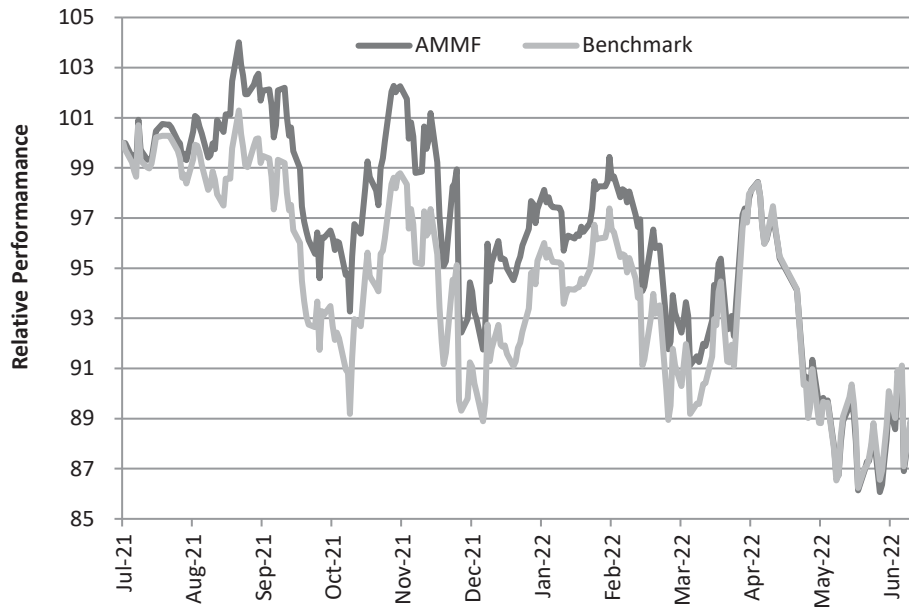
During FY22, Al Meezan Mutual Fund (AMMF) provided a negative return of 10.91% to its investors and the KSE Meezan Index (KMI 30) - Benchmark depreciated by 10.25% to close at 68,766 pts.

	<u>AMMF</u> <u>(NAV)</u>	<u>KMI-30</u> <u>(Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2021- Rs.	17.65	76,622
Net Asset Value (NAV) as on June 30, 2022- Rs.	15.72	68,766
Change (Points)	-1.93	-7,855
Return During the Period	-10.91%	-10.25%

AMMF posted a total loss of Rs. 463 million in the fiscal year 2022 as compared to a total income of Rs. 1,434 million last year. Total income comprised of realized loss and unrealized loss on investments of Rs. 215 million and Rs. 571 million respectively. Dividend income contributed Rs. 302 million to income, while profit on saving accounts with banks amounted to Rs. 18 million. After accounting for expenses of Rs. 111 million, the Fund posted a net loss of Rs. 573 million. The net assets of the Fund as at June 30, 2022 were Rs. 4,451 million as compared to Rs. 4,918 million last year depicting decrease of 9%. The net asset value per unit as at June 30, 2022 was Rs. 15.7208 as compared to Rs. 17.6466 per unit as on June 30, 2021.



Pure. Profit.



### Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable / welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2022 an amount of Rs. 7.25 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2022

### SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AMMF amounting to Rs. 78.53 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the AMMF by 1.65%. This is one-off event and is not likely to be repeated in the future.

### Breakdown of unit holdings by size:

(As on June 30, 2022)

Range (Units)	No. of investors
1 - 9,999	3,956
10,000 - 49,999	556
50,000 - 99,999	135
100,000 - 499,999	137
500,000 and above	42
<b>Total</b>	<b>4,826</b>



**Pure. Profit.**



### Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	19	19	0	0
<b>Percentage</b>		100%	0%	0%

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website [www.almeezangroup.com](http://www.almeezangroup.com). A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

## PERFORMANCE TABLE

	2022	2021	2020
Net assets (Rs. in '000) (ex-distribution)	4,450,543	4,917,841	3,913,337
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	15.7208	17.6466	13.3176
Offer price per unit as at June 30 (Rs.) (ex-distribution)	16.0761	18.0454	13.6185
Highest offer price per unit (Rs.)	18.9709	18.6562	17.4528
Lowest offer price per unit (Rs.)	15.6983	13.9437	10.7231
Highest redemption price per unit (Rs.)	18.5517	18.2439	17.0671
Lowest redemption price per unit (Rs.)	15.3514	13.6356	10.4862
Distribution (%)			
- Annual	N/A	N/A	N/A
- Interim	N/A	N/A	4.50
Dates of distribution	N/A	N/A	June 30, 2020
Income distribution (Rupees in '000)	N/A	N/A	128,690
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	-11%	33%	3%
	<b>One year</b>	<b>Two year</b>	<b>Three year</b>
Average annual return (%) as at June 30, 2022	-11%	11%	8%

*Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.*



## Report of the *Shari'ah* Advisor – Al Meezan Mutual Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

**Alhamdulillah**, the period from July 01, 2021 to June 30, 2022 was the Twenty seventh year of operations of Al Meezan Mutual Fund (AMMF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah Adviser*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of AMMF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of AMMF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2021 accounts of the Investee companies have been used for the following calculations\*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum.	Oil & Gas Exploration Companies t	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Engro Corporation Ltd.	Fertilizer	34.78%	20.90%	3.32%	57.41%	(220.62)	272.42
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20





**Meezan Bank**  
The Premier Islamic Bank



Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.7%	2.53%	26.13%	96.98***	79.04
Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84
Pakistan State Oil	Oil & Gas Marketing Companies	32.44%	0.00%	0.63%	39.97%	(133.30)	181.89

\* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.

\*\* All interest based debts.

\*\*\* Shares are considered 'Compliant' based on the reasoning mentioned in clause 8 of Shariah Standard 59.

- ii. On the basis of information provided by the management, all operations of AMMF for the year ended June 30, 2022 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of AMMF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

**Dr. Muhammad Imran Ashraf Usmani**

For and on behalf of Meezan Bank  
*Shari'ah* Advisor

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

CDC House, 99-B, Block 'B'  
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Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

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URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)

Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AL MEEZAN MUTUAL FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 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 Al Meezan Mutual Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 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; and
- (iii) 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 14, 2022





**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of Al Meezan Mutual Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Al Meezan Mutual Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, 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	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 4,357.083 million and balances with banks aggregated to Rs 124.935 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

AGB

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>





### 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.

AB



A.F. FERGUSON & CO.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is **Khattab Muhammad Akhi Baig**.

*A. F. Ferguson & Co.*

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 21, 2022

Karachi

UDIN: AR202210081hJTsIM20D





**AL MEEZAN MUTUAL FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
<b>Assets</b>			
Balances with banks	5	124,935	296,501
Investments	6	4,357,083	4,650,421
Receivable against sale of investments		24,807	12,682
Receivable against conversion of units		14,127	36,375
Dividend receivable		1,276	21,910
Advance, deposits and other receivable	7	4,747	71,219
<b>Total assets</b>		<b>4,526,975</b>	<b>5,089,108</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	5,622	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee	9	510	557
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	967	937
Payable to Meezan Bank Limited		10	101
Payable against purchase of investments		1,788	-
Payable against conversion and redemption of units		12,318	16,040
Dividend payable		4,917	4,917
Accrued expenses and other liabilities	11	50,300	135,530
<b>Total liabilities</b>		<b>76,432</b>	<b>171,267</b>
<b>Net assets</b>		<b>4,450,543</b>	<b>4,917,841</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>4,450,543</b>	<b>4,917,841</b>
<b>Contingencies and commitments</b>	12		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>283,099,100</b>	<b>278,685,368</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>15.7208</b>	<b>17.6466</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**AL MEEZAN MUTUAL FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021
<b>Income</b>			
Dividend income		302,059	211,032
Profit on saving account with banks		18,450	16,596
Other income		3,630	-
Realised (loss) / gain on sale of investments - net		(215,328)	405,305
		108,811	632,933
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(571,557)	801,276
<b>Total income</b>		<b>(462,746)</b>	<b>1,434,209</b>
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	96,736	93,684
Sindh Sales Tax on remuneration of the Management Company	8.2	12,576	12,179
Allocated expenses	8.3	5,320	4,832
Selling and marketing expenses	8.4	48,368	27,601
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,837	5,684
Sindh Sales Tax on remuneration of the Trustee	9.2	759	739
Annual fee to the Securities and Exchange Commission of Pakistan	10	967	937
Auditors' remuneration	13	798	796
Fees and subscription		556	507
Legal and professional charges		184	-
Brokerage expense		7,991	11,442
Bank and settlement charges		933	942
Charity expense	11.1	7,327	5,697
(Reversal of) / provision for Sindh Workers' Welfare Fund (SWWF)	11.3	(77,691)	25,383
<b>Total expenses</b>		<b>110,661</b>	<b>190,423</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(573,407)</b>	<b>1,243,786</b>
Taxation	15	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(573,407)</b>	<b>1,243,786</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	1,243,786
Income already paid on units redeemed		-	(337,856)
		-	905,930
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	905,930
- Excluding capital gains		-	-
		-	905,930

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



AL MEEZAN MUTUAL FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	(573,407)	1,243,786
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b><u>(573,407)</u></b>	<b><u>1,243,786</u></b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

For Al Meezan Investment Management Limited  
(Management Company)

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**AL MEEZAN MUTUAL FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	2022				2021			
	Capital value	Undistributed income / (Accumulated losses)	Over distribution	Total	Capital value	(Accumulated losses) / Undistributed income	Over distribution	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year	4,144,037	773,804	-	4,917,841	4,045,463	(109,627)	(22,499)	3,913,337
Issuance of 222,100,181 units (2021: 272,540,828 units)								
- Capital value (at net asset value per unit at the beginning of the year)	3,919,313	-	-	3,919,313	3,629,590	-	-	3,629,590
- Element of (loss) / income	(68,147)	-	-	(68,147)	897,229	-	-	897,229
Total proceeds on issuance of units	3,851,166	-	-	3,851,166	4,526,819	-	-	4,526,819
Redemption of 217,686,450 units (2021: 287,702,201 units)								
- Capital value (at net asset value per unit at the beginning of the year)	3,841,426	-	-	3,841,426	3,831,503	-	-	3,831,503
- Element of (loss) / income	(96,369)	-	-	(96,369)	596,742	337,856	-	934,598
Total payments on redemption of units	3,745,057	-	-	3,745,057	4,428,245	337,856	-	4,766,101
Total comprehensive (loss) / income for the year	-	(573,407)	-	(573,407)	-	1,221,287	22,499	1,243,786
Distribution during the year	-	-	-	-	-	-	-	-
(Loss) / income for the year less distribution	-	(573,407)	-	(573,407)	-	1,221,287	22,499	1,243,786
Net assets at the end of the year	4,250,146	200,397	-	4,450,543	4,144,037	773,804	-	4,917,841
Accumulated losses brought forward								
- Realised (loss) / income		(27,472)				(77,132)		
- Unrealised income / (loss)		801,276				(32,495)		
		773,804				(109,627)		
Accounting income available for distribution								
- Relating to capital gains		-				905,930		
- Excluding capital gains		-				-		
		-				905,930		
Net loss for the year after taxation		(573,407)				-		
Adjustment of over distribution		-				(22,499)		
Undistributed income carried forward		200,397				773,804		
Undistributed income / (accumulated losses) carried forward								
- Realised income / (loss)		771,954				(27,472)		
- Unrealised (loss) / income		(571,557)				801,276		
		200,397				773,804		
		(Rupees)				(Rupees)		
Net assets value per unit at the beginning of the year		17.6466				13.3176		
Net assets value per unit at the end of the year		15.7208				17.6466		

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
**Chief Executive Officer**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**AL MEEZAN MUTUAL FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the year before taxation		(573,407)	1,243,786
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		<u>571,557</u>	<u>(801,276)</u>
		(1,850)	442,510
<b>(Increase) / decrease in assets</b>			
Investments - net		(278,219)	(66,783)
Dividend receivable		20,634	(12,594)
Receivable against sale of investments		(12,125)	4,179
Advance, deposits and other receivable		<u>66,472</u>	<u>(68,194)</u>
		(203,238)	(143,392)
<b>(Decrease) / increase in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		(7,563)	7,834
Payable to Central Depository Company of Pakistan Limited - Trustee		(47)	102
Payable to the Securities and Exchange Commission of Pakistan (SECP)		30	84
Payable to Meezan Bank Limited		(91)	81
Payable against purchase of investments		1,788	(9,988)
Accrued expenses and other liabilities		<u>(85,230)</u>	<u>16,277</u>
		(91,113)	14,390
<b>Net cash (used in) / generated from operating activities</b>		<u>(296,201)</u>	<u>313,508</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		3,873,414	4,511,781
Payment against issuance and conversion of units		(3,748,779)	(4,773,779)
Dividend paid		-	(14,655)
<b>Net cash generated from / (used in) financing activities</b>		124,635	(276,653)
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		<u>(171,566)</u>	<u>36,855</u>
Cash and cash equivalents at the beginning of the year		296,501	259,646
<b>Cash and cash equivalents at the end of the year</b>	5	<u><u>124,935</u></u>	<u><u>296,501</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**AL MEEZAN MUTUAL FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Al Meezan Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Al Meezan Mutual Fund Limited (AMMFL) into an Open End Scheme under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund was required to be registered under the Sindh Trust Act. Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**1.2** The objective of the Fund is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk, while abiding by the regulations and any other prevailing rules and regulations. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and near cash instruments. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

**1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. the Fund is categorised as an Equity Scheme.

**1.4** The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AM1 dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying 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 current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6).

### **3.5 Accounting convention**

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

### **3.6 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 Rupee, which is the Fund's functional and presentation currency.

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **4.1** The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years.

#### **4.2 Cash and cash equivalents**

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

#### **4.3 Financial assets**

##### **4.3.1 Initial recognition and measurement**

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

#### 4.3.2 Classification and subsequent measurement

##### a) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

##### b) Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

#### 4.3.3 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.

#### 4.3.4 Derecognition

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

#### 4.4 Financial liabilities

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 values and subsequently stated at amortised cost.

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

#### 4.5 Offsetting of financial assets and financial liabilities

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

#### 4.6 Provisions

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

#### 4.7 Net asset value per unit

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

#### 4.8 Issue 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 the day when the application is received. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load, provision of 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 receives redemption applications during business hours on that date. The redemption price represents NAV as on the close of business day, less any duties, taxes, charges on redemption and provision for transactions costs, if applicable.

#### 4.9 Distributions to unit holders

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

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

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

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

#### 4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recognised on the date at which the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise;
- Profit on saving accounts with banks is recognised on a time proportion basis using the effective yield method; and
- Dividend income is recognised when the right to receive the dividend is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.

#### 4.12 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.

#### 4.13 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% 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% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

#### 4.14 Earnings / (loss) per unit

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

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

#### 4.15 Foreign currency translation

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

	Note	2022	2021	
----- Rupees in '000 -----				
<b>5</b>	<b>BALANCES WITH BANKS</b>			
Balances with banks in:				
	Savings accounts	5.1	114,745	285,161
	Current accounts		10,190	11,340
			<u>124,935</u>	<u>296,501</u>

- 5.1** These include a balance of Rs. 51.710 million (2021: Rs. 11.958 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates of profit ranging from 3% to 16.25% per annum (2021: 1.50% to 7.32% per annum).

	Note	2022	2021	
----- Rupees in '000 -----				
<b>6</b>	<b>INVESTMENTS</b>			
	Listed equity securities - at 'fair value through profit or loss'	6.1	<u>4,357,083</u>	<u>4,650,421</u>

#### 6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
								-----%-----			
								(Number of shares)----- (Rupees in '000)-----			
<b>Automobile Assembler</b>											
Gandhara Industries Limited	2,200	42,500	-	15,000	29,700	7,404	4,692	(2,713)	0.11	0.11	0.07
Gandhara Nissan Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
Millat Tractors Limited	80,356	10,000	60,338	20,000	130,694	81,706	114,042	32,336	2.56	2.62	0.23
									<b>2.67</b>	<b>2.73</b>	<b>0.30</b>
<b>Automobile Parts and Accessories</b>											
Panther Tyres Limited	47,735	470,000	98,547	616,282	-	-	-	-	-	-	-



Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
(Number of shares)						(Rupees in '000)		-%			
<b>Cement</b>											
Attock Cement Pakistan Limited **	400	-	-	-	400	72	27	(45)	0.0	0.00	-
Cherat Cement Company Limited	422,700	465,000	-	32,700	855,000	136,338	79,549	(56,788)	1.79	1.83	0.44
D.G. Khan Cement Company Limited	650,150	1,356,000	-	2,006,150	-	-	-	-	-	-	-
Fauji Cement Company Limited	60,000	750,000	-	810,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	650,820	116,000	-	27,500	739,320	150,510	96,208	(54,302)	2.16	2.21	0.37
Lucky Cement Limited	565,630	221,000	-	375,500	411,130	325,686	188,725	(136,961)	4.24	4.33	0.13
Power Cement Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	2,247,577	4,090,505	-	3,636,000	2,702,082	100,948	73,902	(27,046)	1.66	1.70	0.25
									<b>9.85</b>	<b>10.06</b>	<b>1.19</b>
<b>Chemicals</b>											
Dynea Pakistan Limited (note 6.1.1)	119,500	-	-	-	119,500	26,410	20,788	(5,621)	0.47	0.48	0.63
Engro Polymer and Chemicals Limited	2,487,041	371,000	-	2,035,000	823,041	40,189	65,539	25,350	1.47	1.50	0.09
ICI Pakistan Limited	150,179	20,600	-	40,950	129,829	110,992	94,068	(16,924)	2.11	2.16	0.14
Sitara Chemical Industries Limited	29,200	103,100	-	39,200	93,100	26,633	28,861	2,228	0.65	0.66	0.43
									<b>4.70</b>	<b>4.80</b>	<b>1.29</b>
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	5,821,000	2,333,000	-	-	8,154,000	96,341	98,174	1,834	2.21	2.25	0.74
Meezan Bank Limited	2,143,955	697,359	291,593	400,000	2,732,907	296,503	308,764	12,261	6.94	7.09	0.19
									<b>9.14</b>	<b>9.34</b>	<b>0.93</b>
<b>Engineering</b>											
Agha Steel Industries Limited	672,000	200,000	24,850	896,850	-	-	-	-	-	-	-
Aisha Steel Mills Limited	1,325,000	1,100,000	-	2,425,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	1,305,000	-	1,305,000	-	-	-	-	-	-	-
International Industries Limited	354,300	65,000	-	419,300	-	-	-	-	-	-	-
International Steels Limited	289,500	-	-	289,500	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	640,000	600,000	-	1,240,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	517,980	879,600	117,837	399,117	1,116,300	92,636	64,344	(28,292)	1.45	1.48	0.44
									<b>1.45</b>	<b>1.48</b>	<b>0.44</b>
<b>Fertilizer</b>											
Engro Corporation Limited (note 6.1.2)	976,790	215,000	-	220,161	971,629	283,499	249,796	(33,703)	5.61	5.73	0.17
Fauji Fertilizer Bin Qasim Limited	-	1,273,500	-	1,273,500	-	-	-	-	-	-	-
Engro Fertilizers Limited	1,277,500	960,800	-	150,000	2,088,300	153,890	185,107	31,217	4.16	4.25	0.16
									<b>9.77</b>	<b>9.98</b>	<b>0.33</b>
<b>Food and Personal Care Products</b>											
At-Tahir Limited	-	1,382,500	152,340	-	1,534,840	39,746	29,269	(10,477)	0.66	0.67	0.86
Al-Shaheer Corporation Limited **	12,997	-	-	-	12,997	259	117	(142)	0.00	0.00	0.01
National Foods Limited (note 6.1.1)	6,150	-	1,537	-	7,687	1,408	1,113	(296)	0.03	0.03	0.01
Unity Foods Limited	760,000	520,782	-	1,280,782	-	-	-	-	-	-	-
									<b>0.69</b>	<b>0.70</b>	<b>0.88</b>
<b>Glass and Ceramics</b>											
Ghani Glass Limited	702,625	-	-	204,500	498,125	24,010	20,338	(3,671)	0.46	0.47	0.09
Shabbir Tiles & Ceramics Limited (note 6.1.1)	770,000	125,500	-	895,500	-	-	-	-	-	-	-
									<b>0.46</b>	<b>0.47</b>	<b>0.09</b>
<b>Leather and Tanneries</b>											
Service Global Footwear Limited	234,224	-	-	234,224	-	-	-	-	-	-	-
									-	-	-
<b>Miscellaneous</b>											
Pakistan Aluminium Beverage Cans Limited	-	816,260	-	674,760	141,500	4,409	4,461	53	0.10	0.10	0.04
Synthetic Products Enterprises Ltd	545	-	-	545	-	-	-	-	-	-	-
									<b>0.10</b>	<b>0.10</b>	<b>0.04</b>

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
(Number of shares)						(Rupees in '000)					
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited	286,581	85,337	-	40,740	331,178	517,523	576,164	58,640	12.95	13.22	0.25
Oil and Gas Development Company Ltd	2,341,388	1,851,000	-	195,500	3,996,888	369,929	314,435	(55,495)	7.07	7.22	0.09
Pakistan Oilfields Limited	282,409	180,000	-	34,000	428,409	166,311	173,853	7,542	3.91	3.99	0.15
Pakistan Petroleum Limited	2,760,363	1,275,943	-	508,035	3,528,271	294,169	238,194	(55,975)	5.35	5.47	0.13
									<b>29.27</b>	<b>29.90</b>	<b>0.62</b>
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	39,138	27,100	-	-	66,238	20,708	21,283	575	0.48	0.49	0.07
Hascol Petroleum Limited (note 6.1.3) **	7,946	-	-	-	7,946	71	34	(37)	0.00	0.00	-
Pakistan State Oil Company Limited (note 6.1.3)	902,913	453,000	-	262,000	1,093,913	224,779	187,978	(36,801)	4.22	4.31	0.23
Hi-Tech Lubricants Limited	9,000	-	1,800	10,800	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,073,000	1,400,000	-	106,000	2,367,000	107,007	80,975	(26,032)	1.82	1.86	0.37
									<b>6.52</b>	<b>6.66</b>	<b>0.67</b>
<b>Paper and Board</b>											
Century Paper & Board Mills Limited	733,000	74,700	94,950	100,000	802,650	83,265	49,604	(33,661)	1.11	1.14	0.45
Cherat Packaging Limited	180	-	-	180	-	-	-	-	-	-	-
Packages Limited	221,928	34,500	-	17,750	238,678	127,996	95,199	(32,797)	2.14	2.18	0.27
Security Papers Limited	46,800	-	-	46,800	-	-	-	-	-	-	-
									<b>3.25</b>	<b>3.32</b>	<b>0.72</b>
<b>Pharmaceuticals</b>											
AGP Limited	476,250	-	-	476,250	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Limited	117,200	33,300	-	20,000	130,500	32,957	31,102	(1,855)	0.70	0.71	0.11
Hightnoon Laboratories Limited (note 6.1.3)	1,926	-	192	-	2,118	1,156	1,122	(33)	0.03	0.03	0.01
IBL HealthCare Limited	163,500	-	17,400	180,900	-	-	-	-	-	-	-
The Searle Company Limited (note 6.1.3)	414,420	36,900	113,826	392,000	173,146	32,063	18,876	(13,187)	0.42	0.43	0.08
									<b>1.15</b>	<b>1.17</b>	<b>0.20</b>
<b>Power Generation and Distribution</b>											
K-Electric Limited (note 6.1.1)	13,887,500	5,318,500	-	1,233,000	17,973,000	69,546	54,638	(14,908)	1.23	1.25	0.19
The Hub Power Company Limited	1,801,316	1,520,000	-	294,907	3,026,409	237,165	206,310	(30,854)	4.64	4.74	0.23
									<b>5.86</b>	<b>5.99</b>	<b>0.42</b>
<b>Refinery</b>											
Attock Refinery Limited	40,000	387,000	-	157,000	270,000	47,355	47,461	105	1.07	1.09	0.25
Cnergyco Pk Limited (formerly Byco Petroleum Pakistan Limited)	3,160,000	7,600,000	-	1,390,000	9,370,000	87,570	50,036	(37,534)	1.12	1.15	0.18
National Refinery Limited	-	186,500	-	74,500	112,000	29,405	28,288	(1,117)	0.64	0.65	0.14
Pakistan Refinery Limited	-	850,000	-	850,000	-	-	-	-	-	-	-
									<b>2.83</b>	<b>2.89</b>	<b>0.57</b>
<b>Technology and Communication</b>											
Air Link Communication Limited	-	1,123,000	33,525	827,500	329,025	21,832	13,289	(8,543)	0.30	0.30	0.08
Avanceon Limited	507,128	50,000	-	557,128	-	-	-	-	-	-	-
Octopus Digital Limited	-	74,836	-	74,836	-	-	-	-	-	-	-
Systems Limited	319,175	245,000	268,775	80,400	752,550	225,634	248,236	22,602	5.58	5.70	0.55
TPL Trakker Limited	72,000	-	-	72,000	-	-	-	-	-	-	-
									<b>5.88</b>	<b>6.00</b>	<b>0.63</b>
<b>Textile Composite</b>											
Interloop Limited	1,623,500	607,000	56,685	35,996	2,251,189	156,260	137,323	(18,937)	3.09	3.15	0.26
Kohinoor Textile Mills Limited	40,000	407,000	-	140,500	306,500	22,819	15,325	(7,494)	0.34	0.35	0.10
Nishat Mills Limited	628,100	197,700	-	470,500	355,300	32,623	26,260	(6,363)	0.59	0.60	0.10
Feroze1888 Mills Limited	199,700	11,982	-	-	211,682	20,911	13,215	(7,695)	0.30	0.30	0.06
									<b>4.32</b>	<b>4.41</b>	<b>0.52</b>
<b>Rights certificates</b>											
<b>Textile Composite</b>											
Feroze1888 Mills Limited	-	-	11,982	11982*	-	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>						<b>4,928,640</b>	<b>4,357,083</b>	<b>(571,557)</b>	<b>97.90</b>	<b>100.00</b>	
<b>Total as at June 30, 2021</b>						<b>3,849,145</b>	<b>4,650,421</b>	<b>801,276</b>	<b>94.58</b>	<b>100.00</b>	

\*Right shares exercised during the year.

\*\* Nil figures due to rounding off difference

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Dynea Pakistan Limited, National Foods Limited and Shabbir Tiles & Ceramics Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.1.2** 202,000 shares (June 30, 2021: 202,000 shares) of Engro Corporation Limited, having market value of Rs 51.93 million (June 30, 2021: Rs 59.51 million) as at June 30, 2022, have been pledged as collateral in favour of National Clearing Company Pakistan Limited against exposure margins and mark to market losses.
- 6.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of book closure of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgment on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 2019. During the year ended June 30, 2020, the CISs had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh had issued notices to the relevant parties and had ordered that no third party interest on bonus shares issued to the funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the funds have included these shares in their portfolio, as the Management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2022, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.7.434 million (2021: Rs 9.261 million).

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		----- Rupees in '000 -----	
<b>6.2 Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments	6.1	4,357,083	4,650,421
Carrying value of investments	6.1	<u>(4,928,640)</u>	<u>(3,849,145)</u>
		<u>(571,557)</u>	<u>801,276</u>
<b>7 ADVANCE, DEPOSITS AND OTHER RECEIVABLE</b>			
Security deposit with Central Depository Company of Pakistan Limited		238	238
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against Initial Public Offer	7.1	-	66,836
Profit accrued on balances with banks		<u>2,009</u>	<u>1,645</u>
		<u>4,747</u>	<u>71,219</u>
<b>7.1</b> This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.			

8	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
			----- Rupees in '000 -----	
	Remuneration payable	8.1	1,463	577
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	190	75
	Allocated expenses payable	8.3	29	450
	Sales load payable		86	181
	Sindh Sales Tax payable on sales load		11	24
	Selling and marketing expenses payable	8.4	3,843	11,878
			<u>5,622</u>	<u>13,185</u>

**8.1** As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2021: 2%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 12.576 million (2021: Rs. 12.179 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 12.461 million (2021: Rs. 12.218 million) was paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, charged 0.11% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the year ended June 30, 2022 (2021: 0.11%), subject to total expense charged being lower than actual expense incurred.

**8.4** In accordance with Circular 11 dated July 5, 2019 issued by SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year.

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
1% of the average annual net assets	1% of the average annual net assets	0.4% of the average annual net assets

9	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
			----- Rupees in '000 -----	
	Remuneration payable	9.1	452	493
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	58	64
			<u>510</u>	<u>557</u>

**9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

Net assets (Rs.)	Fee
- up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
- exceeding Rs.1,000 million	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

**9.2** During the year, an amount of Rs 0.759 million (2021: Rs. 0.739 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.765 million (2021: Rs. 0.727 million) was paid to the Trustee which acts as a collecting agent.

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

In accordance with the NBFC Regulations, a collective investment scheme classified as an "Equity scheme" is required to pay annual fee to the SECP.

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (2021: 0.02%) of average annual net assets of the Fund during the current year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			----- Rupees in '000 -----	
	Auditors' remuneration payable		577	585
	Brokerage payable		710	5,236
	Shariah advisor fee payable		196	209
	Charity payable	11.1	7,251	9,024
	Capital gain tax payable		302	1,469
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of Management Company	11.2	37,524	37,524
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	3,732	3,732
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.3	-	77,691
	Zakat payable		8	60
			<u>50,300</u>	<u>135,530</u>

- 11.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, during the year ended June 30, 2022, Shariah non-compliant income amounting to Rs 7.327 million (2021 : Rs 5.697 million) was charged as charity expense and Rs 9.100 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	2022	Charitable Organisations	2021
		Rupees in '000		Rupees in '000
1	The Patients behbud Society for AKUH	2,000	IBA Centre for Excellence in Islamic Finance	500
2	Medical Aid Foundation	2,000	Edhi Foundation	300
3	Cancer Care Hospital & Research Centre	1,000	Chippa Welfare Association	300
4	The Patients Behbud Society for AKUH	1,000	Afzaal Memorial Thalassemia Foundation	200
5	IBA Centre for Excellence in Islamic Finance	1,000	Dhoraji Youth Services Foundation	200
6	Behbud Association- Karachi	500		
7	Sargodhian Spirit Trust	400		
8	Jamal Noor Hospital	400		
9	Al Mustafa Trust	300		
10	Al-Mustafa Welfare Society	300		
11	Aiwan-e-Tijarat-o-Sanat hospital trust	200		
	<b>Total</b>	<u>9,100</u>	<b>Total</b>	<u>1,500</u>

- 11.2 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% 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 made was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company 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 41.256 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 made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.15 (2021: Re 0.15) per unit.



- 11.3** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

During the current year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

<b>13 AUDITORS' REMUNERATION</b>	<b>2022</b>	<b>2021</b>
	----- Rupees in '000 -----	
Annual audit fee	636	641
Half yearly review fee	127	119
Out of pocket expenses	35	36
	<u>798</u>	<u>796</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.89% (2021: 4.07%) which includes 0.31% representing government levies on the Fund such as provision for Sales Taxes, Federal Excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

## 15 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, 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, 2022 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.

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

- 16.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 16.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.
- 16.4** Detail of transactions with connected persons and balances with them are as follows:

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	----- Rupees in '000 -----	
<b>Al Meezan Investment Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	1,463	577
Sindh Sales Tax payable on remuneration of the Management Company	190	75
Sales load payable	86	181
Sindh Sales Tax payable on sales load	11	24
Allocated expenses payable	29	450
Selling and marketing expenses payable	3,843	11,878
Investment of 17,879,458 units (2021: 24,508,118 units)	281,079	432,484
<b>Central Depository Company of Pakistan Limited - CDC (Trustee)</b>		
Security deposit	238	238
Remuneration payable to the Trustee	452	493
Sindh Sales Tax on remuneration of the Trustee	58	64
<b>Meezan Bank Limited</b>		
Profit receivable on saving account	136	64
Balance with bank	51,710	11,958
Sales load payable	9	89
Sindh Sales Tax on sales load	1	12
Investment in 22,984,581 units (2021: 22,984,581 units)	361,336	405,599
Investment in 2,732,907 shares (2021: 2,143,955 shares)	308,764	247,434
Shariah Advisor fee payable	196	209
<b>MSAF - Meezan Strategic Allocation Plan - I</b>		
Investment of 7,821,802 units (2021: 9,530,913 units)	122,965	168,188
<b>MSAF - Meezan Strategic Allocation Plan - II</b>		
Investment of 3,453,209 units (2021: 11,986,975 units)	54,287	211,529
<b>MSAF - Meezan Strategic Allocation Plan - IV</b>		
Investment of 518,354 units (2021: 2,774,152 units)	8,149	48,954
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Investment of 1,280,478 units (2021: 3,758,262 units)	20,130	66,320
<b>MSAF - Meezan Strategic Allocation Plan - III</b>		
Investment of 2,682,179 units (2021: 2,701,461 units)	42,166	47,672
<b>MSAF - Meezan Strategic Allocation Plan - V</b>		
Investment of 1,273,912 units (2021: 130,368 units)	20,027	2,301
<b>Directors and executives of the Management Company</b>		
Investment of 8,216,880 units (2021: 7,030,082 units)	129,176	124,057
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 16,895,690 units (2021: 16,895,690 units)	265,614	298,151
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 438,459 units (2021: 438,459)	6,893	7,737

Transactions during the year	For the year ended June 30,	
	2022	2021
	----- Rupees in '000 -----	
<b>Al Meezan Investment Management Limited (Management Company)</b>		
Remuneration to the Management Company	96,736	93,684
Sindh Sales Tax on remuneration of the Management Company	12,576	12,179
Allocated expenses	5,320	4,832
Selling and marketing expenses	48,368	27,601
Issuance of 2,406,039 units (2021: 2,282,882 units)	42,152	35,000
Redemption of 9,034,698 units (2021: 8,628,937 units)	150,000	145,500
<b>Central Depository Company of Pakistan Limited - CDC (Trustee)</b>		
Remuneration of the Trustee	5,837	5,684
Sindh Sales Tax on remuneration of the Trustee	759	739
CDS charges	224	277
<b>Meezan Bank Limited</b>		
Profit on saving account	891	352
Purchase of 697,359 shares (2021: 1,005,000 shares)	92,343	100,872
Sale of 400,000 shares (2021: 365,000 shares)	57,348	39,067
Bonus shares: 291,593 shares (2021: 154,905)	-	-
Dividend income	14,764	15,505
Shariah Advisor fee	529	480
<b>MSAF - Meezan Strategic Allocation Plan - I</b>		
Issuance of 1,247,373 units (2021: 10,655,005 units)	20,000	188,725
Redemption of 2,956,484 units (2021: 10,989,924 units)	48,500	193,018
<b>MSAF - Meezan Strategic Allocation Plan - II</b>		
Issuance of 611,135 units (2021: 15,530,373 units)	11,000	274,991
Redemption of 9,144,900 units (2021: 16,187,399 units)	165,000	282,088
<b>MSAF - Meezan Strategic Allocation Plan - IV</b>		
Issuance of Nil units (2021: 3,497,426 units)	-	62,327
Redemption of 2,255,798 units (2021: 8,493,668 units)	39,680	143,378
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Issuance of Nil units (2021: 7,452,703 units)	-	131,376
Redemption of 2,477,784 units (2021: 7,077,440 units)	41,990	124,208
<b>MSAF - Meezan Strategic Allocation Plan - III</b>		
Issuance of 611,135 units (2021: 5,130,299 units)	11,000	89,359
Redemption of 630,417 units (2021: 2,992,304 units)	11,000	53,474
<b>MSAF - Meezan Strategic Allocation Plan - V</b>		
Issuance of 1,143,543 units (2021: 399,627 units)	20,000	6,968
Redemption of Nil units (2021: 430,249 units)	-	7,639
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Units issued: Nil (2021: 438,459)	-	7,000
<b>Directors and executives of the Management Company</b>		
Issuance of units 2,491,136 (2021: 4,947,551 units)	42,615	74,483
Redemption of 1,304,336 units (2021: 6,629,663 units)	22,192	109,808

**16.5** Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

----- 2022 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000 -----			
<b>Financial assets</b>			
Balances with banks	124,935	-	124,935
Investments	-	4,357,083	4,357,083
Receivable against sale of investments	24,807	-	24,807
Receivable against conversion of units	14,127	-	14,127
Dividend receivable	1,276	-	1,276
Advance, deposits and other receivable	4,747	-	4,747
	<u>169,892</u>	<u>4,357,083</u>	<u>4,526,975</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	5,622	-	5,622
Payable to the Central Depository Company of Pakistan Limited - Trustee	510	-	510
Payable to Meezan Bank Limited	10	-	10
Payable against conversion and redemption of units	12,318	-	12,318
Payable against purchase of investments	1,788	-	1,788
Dividend payable	4,917	-	4,917
Accrued expenses and other liabilities	1,483	-	1,483
	<u>26,648</u>	<u>-</u>	<u>26,648</u>
----- 2021 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000 -----			
<b>Financial assets</b>			
Balances with banks	296,501	-	296,501
Investments	-	4,650,421	4,650,421
Receivable against sale of investments	12,682	-	12,682
Receivable against conversion of units	36,375	-	36,375
Dividend receivable	21,910	-	21,910
Advance, deposits and other receivable	71,219	-	71,219
	<u>438,687</u>	<u>4,650,421</u>	<u>5,089,108</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	13,185	-	13,185
Payable to the Central Depository Company of Pakistan Limited - Trustee	557	-	557
Payable to Meezan Bank Limited	101	-	101
Payable against conversion and redemption of units	16,040	-	16,040
Dividend payable	4,917	-	4,917
Accrued expenses and other liabilities	9,818	-	9,818
	<u>44,618</u>	<u>-</u>	<u>44,618</u>

**18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by SECP. Risks managed and measured by the Fund are explained below:

**18.1 Market risk**

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

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

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

**(i) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 1.147 million (2021: Rs. 2.852 million).

**b) Sensitivity analysis for fixed rate instruments**

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

Effective yield / profit rate (%)	2022					Total
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk		
	Up to three months	More than three months and up to one year	More than one year			
	----- Rupees in '000 -----					
<b>Financial assets</b>						
Balances with banks	3% - 16.25%	114,745	-	-	10,190	124,935
Investments		-	-	-	4,357,083	4,357,083
Receivable against sale of investments		-	-	-	24,807	24,807
Receivable against conversion of units		-	-	-	14,127	14,127
Dividend receivable		-	-	-	1,276	1,276
Advance, deposits and other receivable		-	-	-	4,747	4,747
		<b>114,745</b>	<b>-</b>	<b>-</b>	<b>4,412,230</b>	<b>4,526,975</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	5,622	5,622
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	510	510
Payable to Meezan Bank Limited		-	-	-	10	10
Payable against conversion and redemption of units		-	-	-	12,318	12,318
Payable against purchase of investments		-	-	-	1,788	1,788
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	1,483	1,483
		<b>-</b>	<b>-</b>	<b>-</b>	<b>26,648</b>	<b>26,648</b>
<b>On-balance sheet gap (a)</b>		<b>114,745</b>	<b>-</b>	<b>-</b>	<b>4,385,582</b>	<b>4,500,327</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit rate sensitivity gap (a+b)</b>		<b>114,745</b>	<b>-</b>	<b>-</b>		
<b>Cumulative profit rate sensitivity gap</b>		<b>114,745</b>	<b>114,745</b>	<b>114,745</b>		



----- 2021 -----						
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
<b>Financial assets</b>						
Balances with banks	1.50% - 7.32%	285,161	-	-	11,340	296,501
Investments		-	-	-	4,650,421	4,650,421
Receivable against sale of investments		-	-	-	12,682	12,682
Receivable against conversion of units		-	-	-	36,375	36,375
Dividend receivable		-	-	-	21,910	21,910
Advance, deposits and other receivable		-	-	-	71,219	71,219
		285,161	-	-	4,803,947	5,089,108
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	13,185	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	557	557
Payable to Meezan Bank Limited		-	-	-	101	101
Payable against conversion and redemption of units		-	-	-	16,040	16,040
Payable against purchase of investments		-	-	-	-	-
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	9,818	9,818
		-	-	-	44,618	44,618
<b>On-balance sheet gap (a)</b>		285,161	-	-	4,759,329	5,044,490
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		285,161	-	-		
<b>Cumulative profit rate sensitivity gap</b>		285,161	285,161	285,161		

**(ii) Currency risk**

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

**(iii) Price risk**

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, total income of the Fund would increase / decrease by Rs 43.571 million (2021: Rs 46.504 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

## 18.2 Liquidity risk

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

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

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of such borrowing 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 redemption requests during the year.

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

2022						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Balances with banks	124,935	-	-	-	-	124,935
Investments	-	-	-	-	4,357,083	4,357,083
Receivable against sale of investments	24,807	-	-	-	-	24,807
Receivable against conversion of units	14,127	-	-	-	-	14,127
Dividend receivable	1,276	-	-	-	-	1,276
Advance, deposits and other receivable	2,009	-	-	-	2,738	4,747
	<b>167,154</b>	-	-	-	<b>4,359,821</b>	<b>4,526,975</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	5,622	-	-	-	-	5,622
Payable to Central Depository Company of Pakistan Limited - Trustee	510	-	-	-	-	510
Payable to Meezan Bank Limited	10	-	-	-	-	10
Payable against conversion and redemption of units	12,318	-	-	-	-	12,318
Payable against purchase of investments	1,788	-	-	-	-	1,788
Dividend payable	4,917	-	-	-	-	4,917
Accrued expenses and other liabilities	7,961	773	-	-	-	8,734
	<b>33,126</b>	<b>773</b>	-	-	-	<b>33,899</b>
<b>Net financial assets / (liabilities)</b>	<b>134,028</b>	<b>(773)</b>	-	-	<b>4,359,821</b>	<b>4,493,076</b>

----- 2021 -----						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Balances with banks	296,501	-	-	-	-	296,501
Investments	-	-	-	-	4,650,421	4,650,421
Receivable against sale of investments	12,682	-	-	-	-	12,682
Receivable against conversion of units	36,375	-	-	-	-	36,375
Dividend receivable	21,910	-	-	-	-	21,910
Advance, deposits and other receivable	68,481	-	-	-	2,738	71,219
	<b>435,949</b>	-	-	-	<b>4,653,159</b>	<b>5,089,108</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	13,185	-	-	-	-	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee	557	-	-	-	-	557
Payable to Meezan Bank Limited	101	-	-	-	-	101
Payable against conversion and redemption of units	16,040	-	-	-	-	16,040
Payable against purchase of investments	-	-	-	-	-	-
Dividend payable	4,917	-	-	-	-	4,917
Accrued expenses and other liabilities	9,818	9,818	-	-	-	19,636
	<b>44,618</b>	<b>9,818</b>	-	-	-	<b>54,436</b>
<b>Net financial assets / (liabilities)</b>	<b>391,331</b>	<b>(9,818)</b>	-	-	-	<b>4,653,159</b>
						<b>5,034,672</b>

### 18.3 Credit risk

**18.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	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) -----				
Bank balances	124,935	124,935	296,501	296,501
Investments	4,357,083	-	4,650,421	-
Receivable against conversion of units	14,127	14,127	36,375	36,375
Dividend receivable	1,276	1,276	21,910	21,910
Receivable against sale of investments	24,807	24,807	12,682	12,682
Advance, deposits and other receivable	4,747	4,747	71,219	71,219
	<b>4,526,975</b>	<b>169,892</b>	<b>5,089,108</b>	<b>438,687</b>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 4,357.0830 million (2021: Rs 4,650.418 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent control established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

### 18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	42.32%	33.37%
AA+	40.66%	16.19%
AA	0.03%	0.49
A+	16.99%	1.05%
A	-	0.04%
	<b>100%</b>	<b>100%</b>

### 18.3.3 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 Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

## 19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing 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.

### Fair value hierarchy

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

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

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

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

As at June 30, 2022 and June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2022		
	Level 1	Level 2	Level 3
<b>Financial assets</b>	(Rupees in '000)		
At fair value through profit or loss	4,357,083	-	-
	<b>4,357,083</b>	<b>-</b>	<b>-</b>
	2021		
	Level 1	Level 2	Level 3
<b>Financial assets</b>	(Rupees in '000)		
At fair value through profit or loss	4,650,421	-	-
	<b>4,650,421</b>	<b>-</b>	<b>-</b>

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 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 18, 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.

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	4,761	66,528,192	23.50	4,391	1,559,344	31.71
Associated Companies / Directors	13	82,888,896	29.28	13	1,804,612	36.70
Insurance Companies	2	34,075,837	12.04	1	161,350	3.28
Banks and DFIs	1	573,891	0.20	1	10,127	0.21
Retirement Funds	20	96,116,893	33.95	22	1,255,184	25.52
Public Limited Companies	-	-	-	-	-	-
Others	29	2,915,392	1.03	35	127,224	2.60
	<b>4,826</b>	<b>283,099,101</b>	<b>100%</b>	<b>4,463</b>	<b>4,917,841</b>	<b>100%</b>

## 22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Taurus Securities Limited	8%	Invest & Finance Securities Limited	9%
Invest & Finance Securities Limited	8%	Standard Capital Securities (Private) Limited	8%
Aba Ali Habib Securities Pvt Ltd	7%	Taurus Securities Limited	7%
BMA Capital Management Limited	7%	AKD Securities Limited	6%
Optimus Capital Management (Private) Limited	6%	Alfalah Securities (Private) Limited	5%
Foundation Securities (Private) Limited	6%	BMA Capital Management Limited	4%
Top Line Securities (Pvt) Ltd	5%	Foundation Securities (Private) Limited	4%
AKD Securities Limited	4%	Optimus Capital Management (Private) Limited	4%
Intermarket Securities Limited	4%	Summit Capital Market	4%
Js Global Capital Limited	4%	Ismail Iqbal Securities (Private) Limited	4%

## 23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

23.1 Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Eight years



**23.2** the Fund manager of the Fund is Mr. Ahmed Hassan. Other funds being managed by the Fund Manager are as follows:

- Meezan Energy Fund; and
- Meezan Tahaffuz Pension Fund.

**24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

**25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 16, 2022.

**26 GENERAL**

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

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Al Meezan**  
Investment Management Ltd.

# BROAD PEAK

Just like an able mountaineer, an investor  
needs to be consistent.

Height 8,051 meters,  
belongs to the range Baltoro Karakoram





## **KSE-MEEZAN INDEX FUND (KMIF)**

KSE Meezan Index Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to closely track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.



# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited  
National Bank of Pakistan - Islamic Banking

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial  
Area, Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER KSE Meezan Index Fund (KMIF)

### Type of Fund

Open end index tracker fund

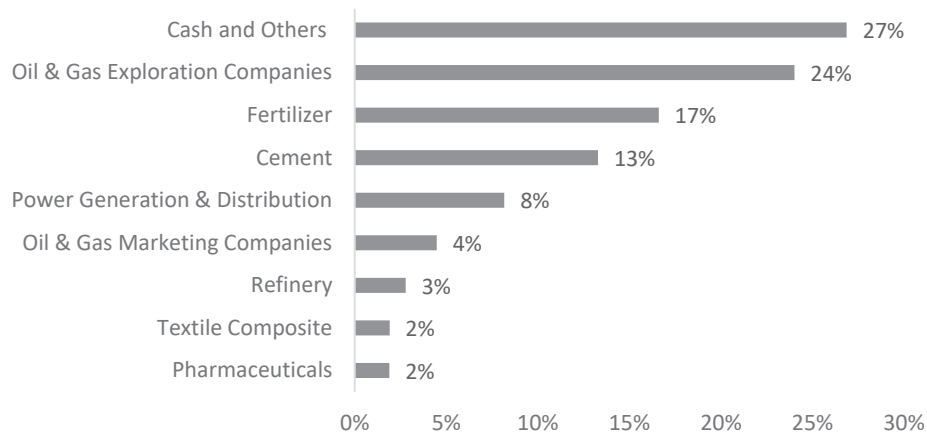
### Objective

The objective of KMIF is to provide investors an opportunity to track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.

### Strategy, Investment Policy and Asset Allocation

The performance of KMIF is linked directly to the performance of KSE-Meezan Index 30 (KMI 30). The Fund Manager, Al Meezan Investment Management Limited, manages the fund with an aim to closely track the returns of the index. The Fund Manager strives to completely match the weightages of the constituent stocks of the index. Top three sectors of index are, Oil and Gas (24%), Fertilizer (17%) and Cement (13%). Details below:

Asset Allocation for the year ended FY22



### Performance Review

During FY22, KSE Meezan Index Fund (KMIF) provided a negative return of 10.69% to its investors while KSE Meezan Index (KMI 30) - Benchmark depreciated 10.25% to close at 68,766 pts.

	KMIF	KMI-30 (Benchmark)
Net Asset Value (NAV) as on June 30, 2021	72.87	76,622
Net Asset Value (NAV) as on June 30, 2022	65.08	68,766
Change (Points)	-7.79	-7,855
Return During the Period	-10.69%	-10.25%

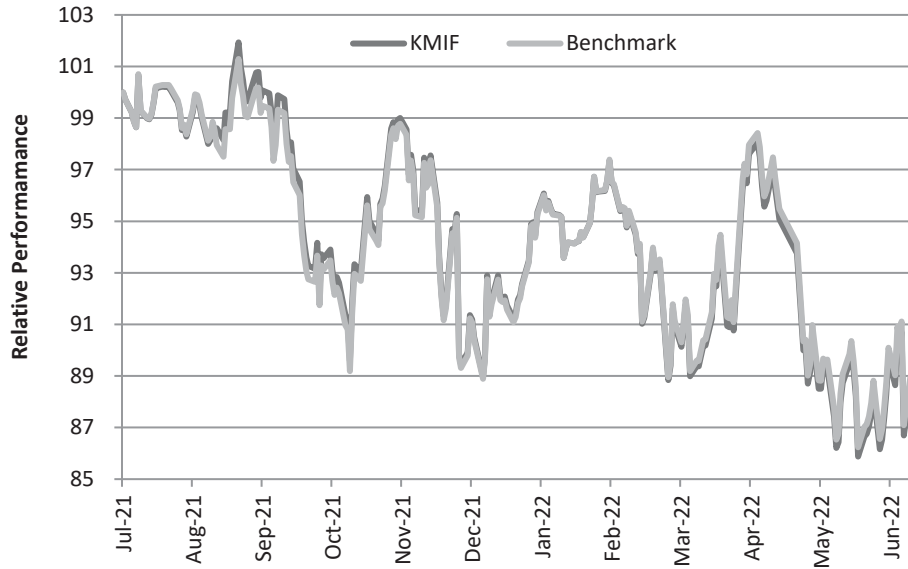




Pure. Profit.



KMIF posted a total loss of Rs. 283 million in the fiscal year 2022 as compared to a total income of Rs. 753 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 81 million and Rs. 415 million respectively. Dividend income contributed Rs. 207 million to income, while profit on saving accounts with banks amounted to Rs. 0.53 million. After accounting for expenses of Rs. 26 million, the Fund posted a net loss of Rs. 309 million. The net assets of the Fund as at June 30, 2022 were Rs. 2,610 million as compared to Rs. 2,697 million at the end of last year depicting a decrease of 3%. The net asset value per unit as at June 30, 2022 was Rs. 65.0795 as compared to Rs. 72.8711 per unit as on June 30, 2021.



### Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2022 an amount of Rs. 6 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2022.

### SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by KMIF amounting to Rs. 23.93 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the KMIF by 0.82%. This is one-off event and is not likely to be repeated in the future.

### Breakdown of unit holdings by size:

(As on June 30, 2022)

Range (Units)	No. of investors
1 - 9,999	1,754
10,000 - 49,999	83
50,000 - 99,999	12
100,000 - 499,999	8
500,000 and above	8
<b>Total</b>	<b>1,865</b>



**Pure. Profit.**



### Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	12	12	0	0
<b>Percentage</b>		100%	0%	0%

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website [www.almeezangroup.com](http://www.almeezangroup.com). A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

**PERFORMANCE TABLE**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net assets (Rs in '000) (ex-distribution)	2,610,096	2,696,504	1,857,173
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	65.0795	72.8711	53.4129
Offer price per unit as at June 30 (Rs.) (ex-distribution)	66.7130	74.7001	54.7536
Highest offer price per unit (Rs.)	77.0186	77.9982	70.6180
Lowest offer price per unit (Rs.)	64.8802	56.1718	41.3818
Highest redemption price per unit (Rs.)	75.1328	76.0884	68.8889
Lowest redemption price per unit (Rs.)	63.2916	54.7965	40.3686
Distribution (%)	N/A	N/A	N/A
Date of distribution	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	- 10.69	36.43	0.88
	<b>One Year</b>	<b>Two Year</b>	<b>Three Year</b>
Average annual return (%) as at June 30, 2022	- 10.69	36.43	17.32

*Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.*



## Report of the *Shari'ah* Advisor –KSE Meezan Index Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

**Alhamdulillah**, the period from July 2021 to June 30, 2022 was the Tenth year of operations of KSE Meezan Index Fund (KMIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for Shari'ah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-Shari'ah compliant activities to Total assets (iv) Shari'ah Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of KMIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of KMIF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2021 accounts of the Investee companies have been used for the following calculations\*):

Company Name	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	Share Price (B)
Engro Corporation Ltd.	Fertilizer	34.78%	20.90%	3.32%	57.41%	(220.62)	272.42
The Hub Power Co. Ltd.	Power Generation and Distribution	33.91%	3.85%	4.50%	58.76%	(42.73)	71.34
Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84



Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20
Lucky Cement Ltd.	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	0.09%	3.42%	36.35%	24.84	357.62
Pakistan Petroleum Limited	Oil & Gas Marketing Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04

\* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.

\*\* All interest based debts.

\*\*\* Shares are considered 'Compliant' based on the reasoning mentioned in clause 8 of Shariah Standard 59.

- ii. On the basis of information provided by the management, all operations of KMIF for the year ended June 30, 2022 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of KMIF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

**Dr. Muhammad Imran Ashraf Usmani**  
For and on behalf of Meezan Bank  
*Shari'ah* Advisor



**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

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Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**KSE MEEZAN INDEX FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 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 KSE Meezan Index Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 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; and
- (iii) 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 14, 2022



**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of KSE Meezan Index Fund  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of KSE Meezan Index Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, 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	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 2,609.402 million and balances with banks aggregated to Rs 16.481 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

AB5





### **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.

ADT



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is **Khattab Muhammad Akhi Baig**.

*A. F. Ferguson & Co.*

A. F. Ferguson & Co.  
Chartered Accountants  
Dated: September 21, 2022  
Karachi  
UDIN: AR202210081wDshEPqiU



**KSE MEEZAN INDEX FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2022**

	Note	2022	2021
-----Rupees in '000'-----			
<b>Assets</b>			
Balances with banks	5	16,481	22,649
Investments	6	2,609,402	2,697,866
Receivable against sale of investments		3,048	24,234
Receivable against conversion of units		368	1,182
Dividend receivable		260	4,155
Deposits and other receivables	7	2,695	2,684
<b>Total assets</b>		<b>2,632,254</b>	<b>2,752,770</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	569	905
Payable to Central Depository Company of Pakistan Limited - Trustee	9	337	349
Payable to the Securities and Exchange Commission of Pakistan	10	559	489
Payable to Meezan Bank Limited		6	253
Payable against conversion and redemption of units		1,138	1,923
Payable against purchase of investments		-	12,393
Accrued expenses and other liabilities	11	19,549	39,954
<b>Total liabilities</b>		<b>22,158</b>	<b>56,266</b>
<b>Net assets</b>		<b>2,610,096</b>	<b>2,696,504</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>2,610,096</b>	<b>2,696,504</b>
<b>Contingencies and commitments</b>	12		
<b>Number of units in issue</b>		<b>40,106,278</b>	<b>37,003,744</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>65.0795</b>	<b>72.8711</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For Al-Meezan Investment Management Limited**  
**(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**KSE MEEZAN INDEX FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		-----Rupees in '000'-----	
<b>Income</b>			
Dividend income		207,435	134,041
Profit on saving accounts with banks		527	639
Net realised (loss) / gain on sale of investments		(80,929)	209,906
Other income		4,980	4,494
		132,013	349,080
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(414,818)	404,023
<b>Total (loss) / income</b>		<b>(282,805)</b>	<b>753,103</b>
<b>Expenses</b>			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	27,930	24,442
Sindh Sales Tax on remuneration of the Management Company	8.2	3,631	3,178
Allocated expenses	8.3	3,072	2,526
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,793	3,443
Sindh Sales Tax on remuneration of the Trustee	9.2	493	448
Annual fees to Securities and Exchange Commission of Pakistan	10	559	489
Brokerage expense		2,527	6,196
Auditors' remuneration	13	355	426
Fee and subscription		564	561
Legal and professional charges		184	-
Charity expense	11.2	6,006	3,327
Bank and settlement charges		562	633
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11.3	(23,931)	14,149
<b>Total expenses</b>		<b>25,745</b>	<b>59,818</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(308,550)</b>	<b>693,285</b>
Taxation	15	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(308,550)</b>	<b>693,285</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	693,285
Income already paid on units redeemed		-	(319,439)
		-	373,846
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	373,846
- Excluding capital gains		-	-
		-	373,846

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**KSE MEEZAN INDEX FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	-----Rupees in '000'-----	
Net (loss) / income for the year after taxation	(308,550)	693,285
Other comprehensive income for the year	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u><u>(308,550)</u></u>	<u><u>693,285</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**KSE MEEZAN INDEX FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022			2021		
	Capital value	Undistrib- uted income / (accumulat- ed losses)	Total	Capital value	(Accumu- lated losses / undistribut- ed income)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the year</b>	2,559,822	136,682	2,696,504	2,094,337	(237,164)	1,857,173
Issuance of 21,217,552 units (2021: 39,326,660 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,546,146	-	1,546,146	2,100,551	-	2,100,551
- Element of (loss) / income	(97,251)	-	(97,251)	640,390	-	640,390
Total proceeds on issuance of units	1,448,895	-	1,448,895	2,740,941	-	2,740,941
Redemption of 18,115,018 units (2021: 37,093,016 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,320,061	-	1,320,061	1,981,246	-	1,981,246
- Element of (income) / loss	(93,308)	-	(93,308)	294,210	319,439	613,649
Total payments on redemption of units	1,226,753	-	1,226,753	2,275,456	319,439	2,594,895
Total comprehensive (loss) / income for the year	-	(308,550)	(308,550)	-	693,285	693,285
Distribution during the year	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(308,550)	(308,550)	-	693,285	693,285
<b>Net assets at the end of the year</b>	<b>2,781,964</b>	<b>(171,868)</b>	<b>2,610,096</b>	<b>2,559,822</b>	<b>136,682</b>	<b>2,696,504</b>
<b>Undistributed income / (accumulated losses) brought forward</b>						
- Realised loss		(267,341)			(138,664)	
- Unrealised income / (loss)		404,023			(98,500)	
		136,682			(237,164)	
Accounting income available for distribution						
- Relating to capital gains		-			373,846	
- Excluding capital gains		-			-	
		-			373,846	
Net loss for the year after taxation		(308,550)			-	
Distribution during the year		-			-	
(Accumulated losses) / undistributed income carried forward		(171,868)			136,682	
<b>(Accumulated losses) / undistributed income carried forward</b>						
- Realised income / (loss)		242,950			(267,341)	
- Unrealised (loss) / income		(414,818)			404,023	
		(171,868)			136,682	
				<b>(Rupees)</b>		<b>(Rupees)</b>
Net asset value per unit at the beginning of the year				72.8711		53.4129
Net asset value per unit at the end of the year				65.0795		72.8711

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**KSE MEEZAN INDEX FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		-----Rupees in '000'-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the year after taxation		(308,550)	693,285
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	414,818	(404,023)
		106,268	289,262
<b>(Increase) / decrease in assets</b>			
Investments - net		(326,354)	(460,788)
Receivable against sale of investments		21,186	-
Dividend receivable		3,895	4,122
Deposits and other receivables		(11)	(52)
		(301,284)	(456,718)
<b>(Decrease) / increase in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		(336)	(1,183)
Payable to Central Depository Company of Pakistan Limited - Trustee		(12)	90
Payable to the Securities and Exchange Commission of Pakistan		70	147
Payable to Meezan Bank Limited		(247)	160
Payable against purchase of investments		(12,393)	(21,367)
Accrued expenses and other liabilities		(20,405)	18,488
		(33,323)	(3,665)
<b>Net cash used in operating activities</b>		(228,339)	(171,121)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		1,449,709	2,740,889
Payment against redemption and conversion of units		(1,227,538)	(2,593,469)
<b>Net cash generated from financing activities</b>		222,171	147,420
<b>Net decrease in cash and cash equivalents during the year</b>		(6,168)	(23,701)
Cash and cash equivalents at the beginning of the year		22,649	46,350
<b>Cash and cash equivalents at the end of the year</b>	5	16,481	22,649

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

## **1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed under Trust Act, 1882 between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 13, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi,

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Consequently, the Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**1.2** The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

**1.3** The Fund is an open-end fund listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and be redeemed by surrendering them to the Fund. The Fund is categorized as a Shariah Compliant Index Fund.

**1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

## **2 BASIS OF PRESENTATION**

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

## **3 BASIS OF PREPARATION**

### **3.1 Statement of compliance**

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

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

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



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

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

There are certain standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

**3.4 Critical accounting estimates and judgments**

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying 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 current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.3 and 6).

**3.5 Accounting convention**

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

**3.6 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 Rupee, which is the Fund's functional and presentation currency.

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**4.1** The principal 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.

**4.2 Cash and cash equivalents**

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

**4.3 Financial assets****4.3.1 Initial recognition and measurement**

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

**4.3.2 Classification and subsequent measurement****4.3.2.1 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the “Statement of Assets and Liabilities” at fair value, with gains and losses recognised in the “Income Statement”, except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair Value through Other Comprehensive Income (FVOCI). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

#### **4.3.3 Impairment**

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

#### **4.3.4 Regular way contracts**

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

#### **4.3.5 Derecognition**

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

#### **4.4 Financial liabilities**

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 values and subsequently stated at amortised cost.

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

#### **4.5 Offsetting of financial assets and financial liabilities**

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

#### **4.6 Provisions**

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

#### **4.7 Net asset value per unit**

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

#### **4.8 Issue 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 of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

#### **4.9 Distributions to unit holders**

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 year.

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

#### **4.10 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 per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### **4.11 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place.
- Unrealised gains / (losses) 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.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Profit on saving accounts with bank is recognised on an accrual basis.

#### **4.12 Expenses**

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

#### **4.13 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 condensed interim financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

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

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

#### 4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

#### 4.15 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2022 -----Rupees in '000'-----	2021
	Balances with banks in:			
	Savings accounts	5.1	11,044	17,992
	Current accounts		5,437	4,657
			<u>16,481</u>	<u>22,649</u>

5.1 These include a balance of Rs. 4.787 million (2021: Rs. 12.487 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other balances in savings accounts have an expected profit ranging from 4.10% to 4.29% (2021: 1.5% to 2.50%) per annum.

6	INVESTMENTS	Note	2022 -----Rupees in '000'-----	2021
	<b>At fair value through profit or loss</b>			
	Investment in equity securities - listed	6.1	<u>2,609,402</u>	<u>2,697,866</u>

#### 6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2021	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/ (diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
						(Rupees in '000)		%			
----- Number of shares -----											

#### Sectors / companies

##### AUTOMOBILE ASSEMBLER

Honda Atlas Cars (Pakistan) Limited	80,100	19,300	-	99,400	-	-	-	-	-	-	-
Millat Tractors Limited	78,853	28,916	65,466	15,966	157,269	100,704	137,231	36,527	5.26	0.16	5.26
Gandhara Industries Limited	35,700	37,500	-	33,900	39,300	8,412	6,208	(2,204)	0.24	0.09	0.24
									<b>5.50</b>	<b>0.25</b>	<b>5.50</b>

##### COMMERCIAL BANKS

Meezan Bank Limited (a related party of the fund)	995,813	323,685	164,017	163,703	1,319,812	139,959	149,112	9,153	5.71	0.08	5.71
									<b>5.71</b>	<b>0.08</b>	<b>5.71</b>

##### CABLE AND ELECTRICAL GOODS

Pak Elektron Limited	698,803	817,298	-	712,000	804,101	20,060	12,777	(7,283)	0.49	0.09	0.49
									<b>0.49</b>	<b>0.09</b>	<b>0.49</b>



Name of the investee company	As at July 1, 2021	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/ (diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
Number of shares						(Rupees in '000)		%			
<b>CEMENT</b>											
D.G. Khan Cement Company Limited	616,111	179,341	-	86,050	709,402	78,367	44,338	(34,029)	1.70	0.16	1.70
Fauji Cement Company Limited	2,131,875	664,000	-	328,000	2,467,875	54,215	34,970	(19,245)	1.34	0.18	1.34
Cherat Cement Company Limited	328,201	95,866	-	44,163	379,904	64,464	35,346	(29,118)	1.35	0.20	1.35
Lucky Cement Limited	318,493	93,267	-	44,340	367,420	303,176	168,660	(134,516)	6.46	0.11	6.46
Pioneer Cement Limited	-	436,254	-	65,822	370,432	27,617	22,348	(5,269)	0.86	0.16	0.86
Maple Leaf Cement Factory Limited	1,390,639	410,031	-	194,506	1,606,164	71,518	43,929	(27,589)	1.68	0.15	1.68
									<b>13.39</b>	<b>0.96</b>	<b>13.40</b>
<b>CHEMICAL</b>											
Engro Polymer & Chemicals Limited	894,271	283,290	-	145,445	1,032,116	52,333	82,187	29,854	3.15	0.11	3.15
									<b>3.15</b>	<b>0.11</b>	<b>3.15</b>
<b>ENGINEERING</b>											
International Industries Limited	203,800	62,185	-	29,449	236,536	46,755	24,536	(22,219)	0.94	0.18	0.94
International Steels Limited	429,713	131,464	-	66,023	495,154	43,932	29,392	(14,540)	1.13	0.11	1.13
									<b>2.07</b>	<b>0.29</b>	<b>2.07</b>
<b>FERTILIZER</b>											
Engro Corporation Limited	891,557	269,901	-	133,262	1,028,196	299,804	264,339	(35,465)	10.13	0.18	10.13
Engro Fertilizers Limited	1,690,607	502,902	-	243,453	1,950,056	141,710	172,853	31,143	6.62	0.15	6.62
									<b>16.75</b>	<b>0.33</b>	<b>16.75</b>
<b>FOOD AND PERSONAL CARE</b>											
Unity Foods Limited	1,535,536	784,188	-	712,287	1,607,437	62,474	32,261	(30,213)	1.24	0.13	1.24
									<b>1.24</b>	<b>0.13</b>	<b>1.24</b>
<b>OIL AND GAS EXPLORATION COMPANIES</b>											
Mari Petroleum Company Limited (note 6.1.3)	75,065	22,246	-	10,709	86,602	134,065	150,665	16,600	5.77	0.06	5.77
Oil & Gas Development Company Limited (note 6.1.2)	1,813,235	552,886	-	273,159	2,092,962	194,950	164,654	(30,296)	6.31	0.05	6.31
Pakistan Oilfields Limited	365,459	106,577	-	50,883	421,153	164,635	170,908	6,273	6.55	0.15	6.55
Pakistan Petroleum Limited (note 6.1.2)	1,874,578	570,050	-	283,299	2,161,329	183,118	145,911	(37,207)	5.59	0.08	5.59
									<b>24.22</b>	<b>0.34</b>	<b>24.23</b>
<b>OIL AND GAS MARKETTING COMPANIES</b>											
Hascol Petroleum Limited (note 6.1.3)	471	-	-	-	471	4	2	(2)	0.00	-	0.00
Pakistan State Oil Company Limited	593,789	173,426	-	82,167	685,048	148,523	117,719	(30,804)	4.51	0.15	4.51
Sui Northern Gas Pipelines Limited	802,507	138,569	-	941,076	-	-	-	-	-	-	-
									<b>4.51</b>	<b>0.15</b>	<b>4.51</b>
<b>PHARMACEUTICALS</b>											
The Searle Company Limited (note 6.1.3)	303,324	104,745	102,422	53,667	456,824	81,017	49,803	(31,214)	1.91	0.15	1.91
									<b>1.91</b>	<b>0.15</b>	<b>1.91</b>
<b>POWER GENERATION &amp; DISTRIBUTION</b>											
The Hub Power Company Limited	2,736,859	821,352	-	404,207	3,154,004	246,281	215,008	(31,273)	8.24	0.24	8.24
									<b>8.24</b>	<b>0.24</b>	<b>8.24</b>
<b>REFINERY</b>											
Attock Refinery Limited	120,056	37,871	-	19,872	138,055	32,919	24,267	(8,652)	0.93	0.13	0.93
Energyco PK Limited (Formerly Byco Petroleum Limited)	-	6,183,810	-	1,014,874	5,168,936	32,310	27,602	(4,708)	1.06	0.10	1.06
National Refinery Limited	73,400	23,363	-	12,026	84,737	40,037	21,402	(18,635)	0.82	0.11	0.82
									<b>2.81</b>	<b>0.34</b>	<b>2.81</b>
<b>TECHNOLOGY &amp; COMMUNICATION</b>											
Systems Limited (note 6.1.2)	229,000	93,672	262,862	48,262	537,272	156,734	177,225	20,491	6.79	0.19	6.79
Avanceon Limited	168,500	271,143	83,646	90,898	432,391	32,919	33,688	769	1.29	0.13	1.29
									<b>8.08</b>	<b>0.32</b>	<b>8.08</b>
<b>TEXTILE COMPOSITE</b>											
Azgard Nine Limited	-	1,449,500	-	260,000	1,189,500	14,243	12,228	(2,015)	0.47	0.25	0.47
Nishat Mills Limited	444,550	137,946	-	70,619	511,877	46,965	37,833	(9,132)	1.45	0.15	1.45
									<b>1.92</b>	<b>0.40</b>	<b>1.92</b>
<b>TRANSPORT</b>											
Pakistan International Bulk Terminal Limited	2,510,000	411,500	-	2,921,500	-	-	-	-	-	-	-
<b>Total as at June 30, 2022</b>						<b>3,024,220</b>	<b>2,609,402</b>	<b>(414,818)</b>			
<b>Total as at June 30, 2021</b>						<b>2,293,843</b>	<b>2,697,866</b>	<b>404,023</b>			



- 6.1.1** All shares have a face value of Rs 10 each.
- 6.1.2** Investments include 682,000 shares (2021: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs. 46.042 million as at June 30, 2022 (2021: Rs. 59.218 million), 80,000 shares (2021: 80,000 shares) of Oil & Gas Development Company Limited having market value of Rs. 6.294 million as at June 30, 2022 (2021: Rs. 7.602 million) and 100,000 shares (2021: nil) of Systems Limited having market value of Rs. 32.986 million as at June 30, 2022 (2021: nil), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

The Finance Act, 2018, effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the year were not withheld by the investee companies.

As at June 30, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.166 million (2021: Rs. 1.416 million).

	Note	2022	2021
		-----Rupees in '000'-----	
<b>6.2</b>	<b>Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	6.1	2,609,402	2,697,866
Less: Carrying value of investments	6.1	3,024,220	2,293,843
		<u>(414,818)</u>	<u>404,023</u>
<b>7</b>	<b>DEPOSITS AND OTHER RECEIVABLES</b>		
Profit receivable on bank balances		92	81
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with the National Clearing Company of Pakistan Limited		2,500	2,500
		<u>2,695</u>	<u>2,684</u>

	Note	2022	2021
-----Rupees in '000'-----			
<b>8</b>	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Management fee payable	8.1	427	155
Sindh Sales Tax on management fee payable	8.2	56	20
Allocated expenses payable	8.3	16	251
Sales load payable		62	424
Sindh Sales Tax payable on sales load		8	55
		569	905

**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 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 rate of 1% (2021: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 3.631 million (2021: Rs 3.178 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 3.595 million (2021: Rs. 3.354 million) has been paid to the Management Company which acts as a collecting agent.

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

The management company based on its own discretion has charges allocated expense at the rate of 0.11% (2021: 0.1% from July 1, 2020 till March 9, 2021 and at 0.11% from March 10, 2021 till June 30, 2021) per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund subject to the total expense charged being lower than actual expense incurred.

	Note	2022	2021
-----Rupees in '000'-----			
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
Trustee fee payable	9.1	298	289
Sindh Sales Tax payable on trustee fee	9.2	39	60
		337	349

**9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

Net Assets (Rs.)	Fee
up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
from Rs 1,000 million and above	Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

**9.2** During the year, an amount of Rs 0.493 million (2021: Rs. 0.448 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.514 million (2021: Rs. 0.437 million) was paid to the Trustee which acts as a collecting agent.

#### **10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2021: 0.02%) per annum of average annual net assets of the Fund.

	Note	2022	2021
-----Rupees in '000'-----			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		230	279
Printing charges payable		-	124
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.1	5,741	5,741
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	497	497
Brokerage payable		365	3,193
Shariah advisor fee payable		259	263
Charity payable	11.2	5,949	4,942
Withholding tax payable		6,501	932
Provision for Sindh Workers' Welfare Fund	11.3	-	23,931
Zakat payable		7	52
		19,549	39,954

- 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.

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 6.238 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 not been made, the NAV per unit of the Fund would have been higher by Re 0.16 (2021: Re 0.17) per unit.

- 11.2** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes. During the year ended June 30, 2022, non-shariah compliant income amounting to Rs 6.006 million (2021: Rs. 3.327 million) was charged as an expense in the books of the Fund, and Rs. 5 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	The Hunar Foundation	1,500
2	Tabba Heart Institute	1,000
3	Cancer Foundation	1,000
4	Diya Pakistan	1,000
5	Patients Aid Foundation	300
6	PWA Civil Hospital	200
	<b>Total</b>	<b>5,000</b>

- 11.3** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

During the current year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

13 AUDITORS' REMUNERATION	2022	2021
	-----Rupees in '000'-----	
Annual audit fee	230	230
Half yearly review of condensed interim financial statements	120	120
Fee for other certifications	-	60
Out of pocket expenses	5	16
	<u>355</u>	<u>426</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.78% (2021: 2.45%) which includes 0.18% (2021: 0.78%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Index Scheme.

## 15 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 unitholders. The fund has not recorded any tax liability as the Fund has incurred net loss 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.

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

- 16.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 16.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 16.5** The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	-----Rupees in '000'-----	
<b>Al Meezan Investment Management Limited (Management Company)</b>		
Management fee payable	427	155
Sindh Sales Tax on management fee payable	56	20
Allocated expenses payable	16	251
Sales load payable	62	424
Sindh Sales Tax payable on sales load	8	55
Outstanding 16,134,283 units (2021: 13,952,768 units)	1,050,011	1,016,754
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	298	289
Sindh Sales Tax payable on trustee fee	39	60
Security Deposit	103	103
<b>Meezan Bank Limited</b>		
Bank balance	9,994	16,436
Profit receivable on saving accounts	13	25
Sales load payable	5	224
Sindh Sales Tax on sales load payable	1	29
Shariah advisor fee payable	259	263
Outstanding 2,113,224 units (2021: 2,113,224 units)	137,528	153,993
Investment in 1,319,812 shares (2021: 995,813 shares)	149,112	114,927
<b>Directors, their close family members and key management personnel of the management company</b>		
Outstanding 532,186 units (2021: 1,136,665 units)	34,634	82,830
<b>Unitholders holding 10% or more units of the Fund</b>		
Investment as at June 30, 2022: 13,929,284 units (2021: 9,725,890 units)	906,511	708,736
<b>Al Meezan Investment Management Limited - Gratuity Fund</b>		
Investment as at June 30, 2022: 133,559 units (2021: 133,559 units)	8,692	9,733
<b>Meezan Strategic Allocation Fund MSAP-I</b>		
Investment as at June 30, 2021: nil units (2021: 70,737 units)	-	5,155
<b>Meezan Strategic Allocation Fund MSAP-II</b>		
Investment as at June 30, 2022: 382,268 units (2021: 159,765 units)	24,878	11,642
<b>Meezan Strategic Allocation Fund MSAP-III</b>		
Investment as at June 30, 2022: 106,250 units (2021: 159,037 units)	6,915	11,589





	2022	2021
	-----Rupees in '000'-----	
<b>Meezan Strategic Allocation Fund MSAP-IV</b>		
Investment as at June 30, 2022: 13,634 units (2021: 13,634 units)	887	994
<b>Meezan Strategic Allocation Fund MSAP-V</b>		
Investment as at June 30, 2022: 28,295 units (2021: 28,295 units)	1,841	2,062
	<b>For the year ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	-----Rupees in '000'-----	
<b>AI Meezan Investment Management Limited (Management Company)</b>		
Remuneration of AI Meezan Investment Management Limited - Management Company	27,930	24,442
Sindh Sales Tax on remuneration of the Management Company	3,631	3,178
Allocated expenses	3,072	2,526
Issue of 9,046,609 units (2021: 15,116,866 units)	587,622	1,077,794
Redemption of 6,865,094 units (2021: 13,631,149 units)	437,000	954,050
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	3,793	3,443
Sindh Sales Tax on remuneration of the Trustee	493	448
CDS charges	130	145
<b>Meezan Bank Limited</b>		
Profit on saving accounts with banks	215	196
Dividend income	7,693	8,174
Shariah advisor fee	536	534
Purchase of 323,685 shares (2021: 458,578 shares)	42,229	39,089
Bonus of 164,017 shares (2021: 93,570 shares)	-	-
Sale of 163,703 shares (2021: 296,036 shares)	22,058	30,844
<b>Directors, their close family members and key management personnel of the Management Company</b>		
Issue of 15,094 units (2021: 527,477 units)	1,071	37,885
Redemption of 619,573 units (2021: 134,338 units)	40,402	9,448
<b>Meezan Strategic Allocation Fund MSAP-I</b>		
Issue of nil units (2021: 70,737 units)	-	5,000
Redemption of 70,737 units (2021: 4,311 units)	5,048	307
<b>Meezan Strategic Allocation Fund MSAP-II</b>		
Issue of 518,594 units (2021: 367,845 units)	35,000	26,000
Redemption of 296,091 units (2021: 345,606 units)	21,546	24,758
<b>Meezan Strategic Allocation Fund MSAP-III</b>		
Issue of 95,507 units (2021: 229,775 units)	7,000	17,000
Redemption of 148,294 units (2021: 444,813 units)	11,000	31,440
<b>Meezan Strategic Allocation Fund MSAP-IV</b>		
Issue of units: nil (2021: 70,737 units)	-	5,000
Redemption of units: nil (2021: 453,785 units)	-	31,762
<b>Meezan Strategic Allocation Fund MSAP-V</b>		
Issue of units: nil (2021: 28,295 units)	-	2,000
Redemption of units: nil (2021: 56,518 units)	-	4,029

**16.6** Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

17 **FINANCIAL INSTRUMENTS BY CATEGORY**

----- 2022 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000' -----			
Balances with banks	16,481	-	16,481
Investments	-	2,609,402	2,609,402
Receivable against sale of investments	3,048	-	3,048
Receivable against conversion of units	368	-	368
Dividend receivable	260	-	260
Deposits and other receivables	2,695	-	2,695
	<u>22,852</u>	<u>2,609,402</u>	<u>2,632,254</u>

**Financial assets**

Balances with banks  
Investments  
Receivable against sale of investments  
Receivable against conversion of units  
Dividend receivable  
Deposits and other receivables

----- 2022 -----			
At fair value through profit or loss	At amortised cost	Total	
----- Rupees in '000' -----			
Payable to Al Meezan Investment Management Limited - Management Company	-	569	569
Payable to Central Depository Company of Pakistan Limited - Trustee	-	337	337
Payable to Meezan Bank Limited	-	6	6
Payable against conversion and redemption of units	-	1,138	1,138
Accrued expenses and other liabilities	-	854	854
	<u>-</u>	<u>2,904</u>	<u>2,904</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Payable to Meezan Bank Limited  
Payable against conversion and redemption of units  
Accrued expenses and other liabilities

----- 2021 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000' -----			
Balances with banks	22,649	-	22,649
Investments	-	2,697,866	2,697,866
Receivable against sale of investments	24,234	-	24,234
Receivable against conversion of units	1,182	-	1,182
Dividend receivable	4,155	-	4,155
Deposits and other receivables	2,684	-	2,684
	<u>54,904</u>	<u>2,697,866</u>	<u>2,752,770</u>

**Financial assets**

Balances with banks  
Investments  
Receivable against sale of investments  
Receivable against conversion of units  
Dividend receivable  
Deposits and other receivables

----- 2021 -----			
At fair value through profit or loss	At amortised cost	Total	
----- Rupees in '000' -----			
Payable to Al Meezan Investment Management Limited - Management Company	-	905	905
Payable to Central Depository Company of Pakistan Limited - Trustee	-	349	349
Payable to Meezan Bank Limited	-	253	253
Payable against conversion and redemption of units	-	1,923	1,923
Payable against purchase of investments	-	12,393	12,393
Accrued expenses and other liabilities	-	3,859	3,859
	<u>-</u>	<u>19,682</u>	<u>19,682</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company  
Payable to Central Depository Company of Pakistan Limited - Trustee  
Payable to Meezan Bank Limited  
Payable against conversion and redemption of units  
Payable against purchase of investments  
Accrued expenses and other liabilities

18 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

## 18.1 Market risk

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

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

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

### (i) Yield / profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds balances with banks which expose the Fund to variable 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 impact would have been immaterial.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

----- 2022 -----						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000' -----						
<b>Financial assets</b>						
Balances with banks	4.10% - 6.01%	11,044	-	-	5,437	16,481
Investments		-	-	-	2,609,402	2,609,402
Receivable against sale of investments		-	-	-	3,048	3,048
Receivable against conversion of units		-	-	-	368	368
Dividend receivable		-	-	-	260	260
Deposits and other receivables		-	-	-	2,695	2,695
		11,044	-	-	2,621,210	2,632,254
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	569	569
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	337	337
Payable to Meezan Bank Limited		-	-	-	6	6
Payable against conversion and redemption of units		-	-	-	1,138	1,138
Accrued expenses and other liabilities		-	-	-	854	854
		-	-	-	2,904	2,904
<b>On-balance sheet gap (a)</b>		11,044	-	-	2,618,306	2,629,350
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		11,044	-	-		
<b>Cumulative profit rate sensitivity gap</b>		11,044	11,044	11,044		

2021					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- Rupees in '000' -----

**Financial assets**

Balances with banks	1.50% - 2.50%	17,992	-	-	4,657	22,649
Investments		-	-	-	2,697,866	2,697,866
Receivable against sale of investments		-	-	-	24,234	24,234
Receivable against conversion of units		-	-	-	1,182	1,182
Dividend receivable		-	-	-	4,155	4,155
Deposits and other receivables		-	-	-	2,684	2,684
		17,992	-	-	2,734,778	2,752,770

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	905	905
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	349	349
Payable to Meezan Bank Limited		-	-	-	253	253
Payable against conversion and redemption of units		-	-	-	1,923	1,923
Payable against purchase of investments		-	-	-	12,393	12,393
Accrued expenses and other liabilities		-	-	-	3,859	3,859
		-	-	-	19,682	19,682

<b>On-balance sheet gap (a)</b>		17,992	-	-	2,715,096	2,733,088
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		17,992	-	-		
<b>Cumulative profit rate sensitivity gap</b>		17,992	17,992	17,992		

**(ii) Currency risk**

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

**(iii) Price risk**

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 26.094 million (2021: Rs. 26.979 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

## 18.2 Liquidity risk

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

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

As per the NBFC Regulations, 2008, 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 instruments. 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 assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

2022						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000'						
<b>Financial assets</b>						
Balances with banks	16,481	-	-	-	-	16,481
Investments	-	-	-	-	2,609,402	2,609,402
Receivable against sale of investments	3,048	-	-	-	-	3,048
Receivable against conversion of units	368	-	-	-	-	368
Dividend receivable	260	-	-	-	-	260
Deposits and other receivables	92	-	-	-	2,603	2,695
	20,249	-	-	-	2,612,005	2,632,254
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	569	-	-	-	-	569
Payable to Central Depository Company of Pakistan Limited - Trustee	337	-	-	-	-	337
Payable to Meezan Bank Limited	6	-	-	-	-	6
Payable against conversion and redemption of units	1,138	-	-	-	-	1,138
Accrued expenses and other liabilities	365	489	-	-	-	854
	2,415	489	-	-	-	2,904
<b>Net assets / (liabilities)</b>	17,834	(489)	-	-	2,612,005	2,629,350



2021						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000'						
<b>Financial assets</b>						
Balances with banks	22,649	-	-	-	-	22,649
Investments	-	-	-	-	2,697,866	2,697,866
Receivable against sale of investments	24,234	-	-	-	-	24,234
Receivable against conversion of units	1,182	-	-	-	-	1,182
Dividend receivable	4,155	-	-	-	-	4,155
Deposits and other receivables	81	-	-	-	2,603	2,684
	52,301	-	-	-	2,700,469	2,752,770
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	905	-	-	-	-	905
Payable to Central Depository Company of Pakistan Limited - Trustee	349	-	-	-	-	349
Payable to Meezan Bank Limited	253	-	-	-	-	253
Payable against conversion and redemption of units	1,923	-	-	-	-	1,923
Payable against purchase of investments	12,393	-	-	-	-	12,393
Accrued expenses and other liabilities	8,135	666	-	-	-	8,801
	23,958	666	-	-	-	24,624
<b>Net assets / (liabilities)</b>	28,343	(666)	-	-	2,700,469	2,728,146

### 18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

	2022		2021	
	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	16,481	16,481	22,649	22,649
Investments	2,609,402	-	2,697,866	-
Receivable against sale of investments	3,048	3,048	24,234	24,234
Receivable against conversion of units	368	368	1,182	1,182
Dividend receivable	260	260	4,155	4,155
Deposits and other receivables	2,695	2,695	2,684	2,684
	2,632,254	22,852	2,752,770	54,904

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 2,609.402 million (2021: 2,697.866 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

### 18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon and receivable against sale of investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	61.00	73.00
AA+	39.00	27.00
	<u>100.00</u>	<u>100.00</u>

## 19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing 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.

### Fair value hierarchy

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

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

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

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

As at June 30, 2022, the Fund held the following financial instruments measured at fair values:

	2022		
	Level 1	Level 2	Level 3
	Rupees in '000		
<b>Financial assets</b>			
Investment in equity securities - listed	2,609,402	-	-
	<u>2,609,402</u>	<u>-</u>	<u>-</u>
	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
<b>Financial assets</b>			
Investment in equity securities - listed	2,697,866	-	-
	<u>2,697,866</u>	<u>-</u>	<u>-</u>

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, 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.

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,846	256,799	9.84	1,630	422,656	15.67
Associated Companies /						
Directors	8	1,263,853	48.42	8	1,139,691	42.27
Retirement Funds	6	350,053	13.41	5	85,657	3.18
Others	5	739,391	28.33	7	1,048,500	38.88
	<u>1,865</u>	<u>2,610,096</u>	<u>100.00</u>	<u>1,650</u>	<u>2,696,504</u>	<u>100.00</u>

## 22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Ismail Iqbal Securities (Private) Limited	9.34	Alfalah Securities (Private) Limited	5.45
Vector Capital (Private) Limited	8.94	Vector Capital (Private) Limited	5.17
Next Capital Limited	7.71	Intermarket Securities Limited	5.10
Insight Securities (Private) Limited	7.54	Arif Habib Limited	5.04
Aba Ali Habib Securities (Private) Limited	7.47	Taurus Securities Limited	4.84
Alfalah Securities (Private) Limited	6.47	Summit Capital Market	4.64
Optimus Capital Management (Private) Lim	5.68	Ismail Iqbal Securities (Private) Limited	4.64
BMA Capital Management Limited.	5.09	Next Capital Limited	4.57
Alfa Adhi Securities (Private) Limited	5.04	Spectrum Securities (Private) Limited	4.57
Arif Habib Limited	4.71	Optimus Capital Management (Private) Limited	4.46

## 23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund manager are as follows :

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III ;and
- Meezan Dedicated Equity Fund



**24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

**25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 16, 2022.

**26 GENERAL**

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

**For AI-Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



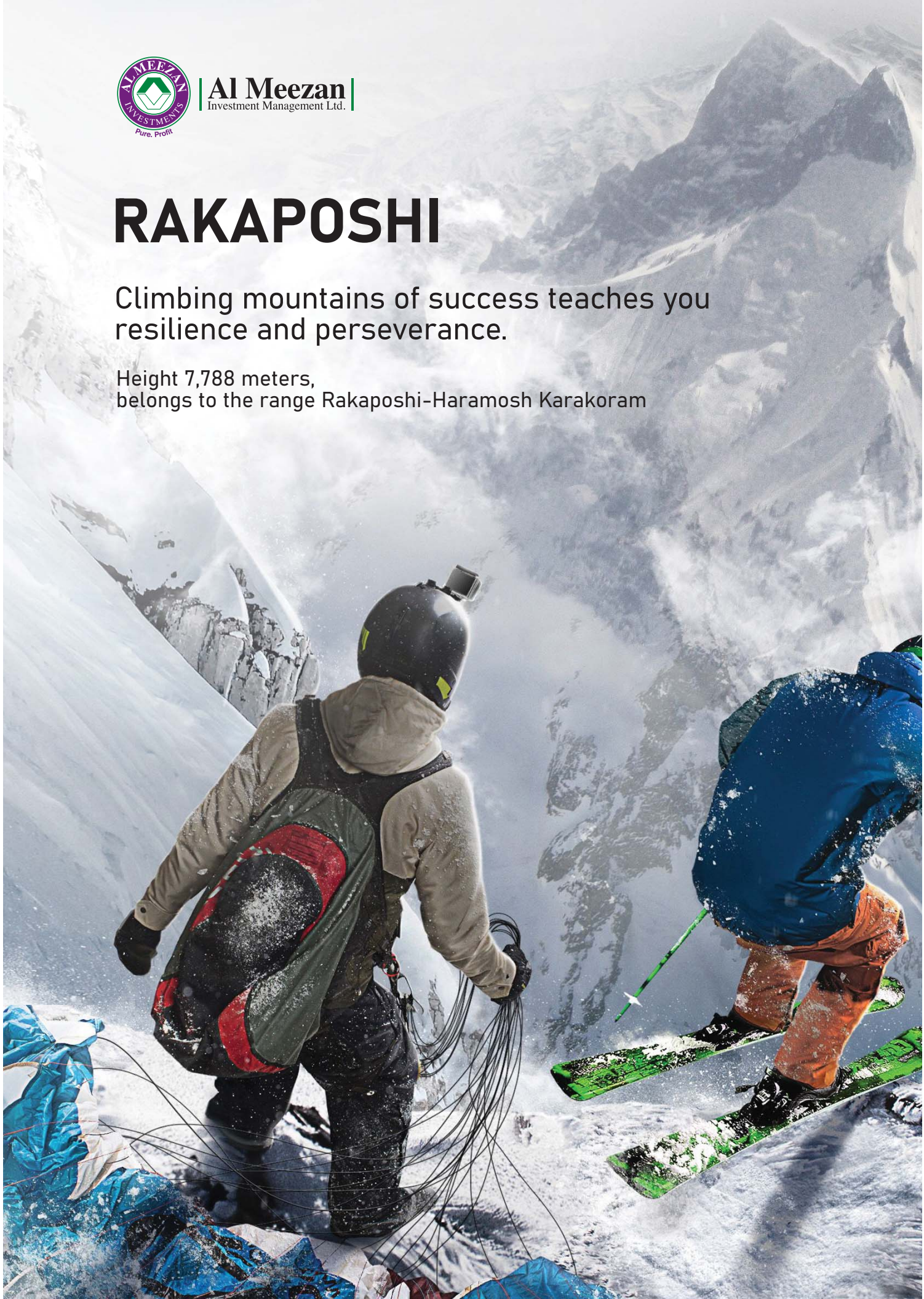


**Al Meezan**  
Investment Management Ltd.

# RAKAPOSHI

Climbing mountains of success teaches you  
resilience and perseverance.

Height 7,788 meters,  
belongs to the range Rakaposhi-Haramosh Karakoram





# MEEZAN DEDICATED EQUITY FUND (MDEF)

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated platform to seek long term capital appreciation.





# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Moin M. Fudda	Nominee Director - MBL
Mr. Furquan R Kidwai	Independent Director
Mr. Mubashar Maqbool	Nominee Director - PKIC
Mr. Tariq Mairaj	Nominee Director - MBL
Mr. Naeem Sattar	Nominee Director - PKIC
Mr. Feroz Rizvi	Independent Director
Ms. Danish Zuberi	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Tariq Mairaj	Member
Mr. Naeem Sattar	Member

## BOARD RISK MANAGEMENT COMMITTEE

Mr. Mubashar Maqbool	Chairman
Mr. Moin M. Fudda	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Moin M. Fudda	Member
Mr. Mubashar Maqbool	Member
Mr. Furquan R. Kidwai	Member
Mr. Mohammad Shoaib, CFA	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Mohammad Shoaib, CFA	Member
Mr. Faiz ur Rehman	Subject Matter Expert

## TRUSTEE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S., Main Sharah-e-Faisal Karachi.

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)  
Dubai Islamic Bank Pakistan Limited  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited

## LEGAL ADVISER

Bawaney & Partners  
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,  
Phase VI, DHA, Karachi.  
Phone (+9221) 35156191-94 Fax: (+9221) 35156195  
E-mail: [bawaney@cyber.net.pk](mailto:bawaney@cyber.net.pk)

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Dedicated Equity Fund

### Type of Fund

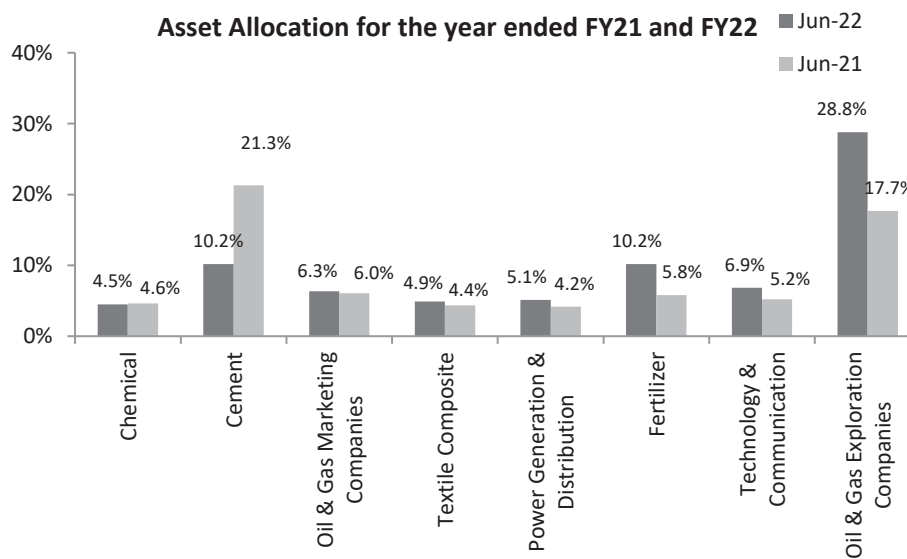
Open end Shariah Compliant Equity Scheme

### Objective

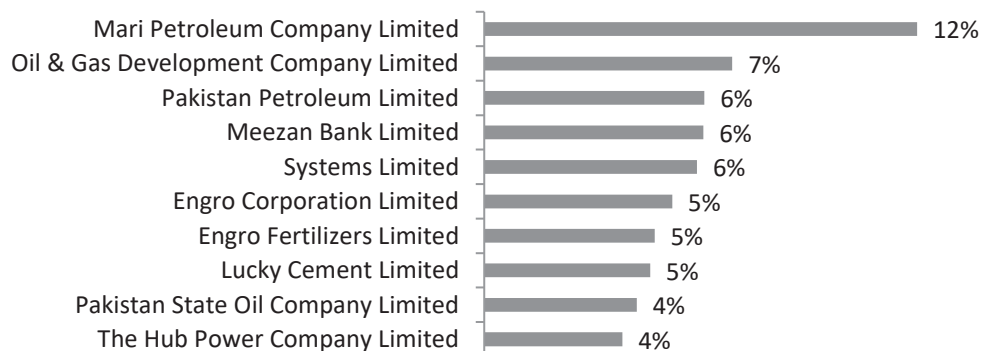
The investment objective of the fund is to provide Fund of Funds schemes a dedicated equity platform to seek long term capital appreciation.

### Investment Policy

It primarily invests in Shariah compliant listed equity securities or securities whose listing has been approved by the exchange. In case the fund manager expects the stock market to drop, based on his analysis of macroeconomic factors such as interest rates, economic growth rates, political climate, corporate earnings, stock market valuations, etc., the portfolio may be temporarily allocated to other allowable asset classes, subject to the prescribed limits.



### Top Holdings





**Pure. Profit.**

## Performance Review

During fiscal year 2022, Meezan Dedicated Fund (MDEF) provided a negative return of 14.26% to its investors while KSE Meezan Index (KMI 30) – Benchmark depreciated by -10.25% to close at 68,766 pts.

	<b>MDEF</b>	<b>KMI-30 (Benchmark)</b>
Net Asset Value (NAV) as on June 30, 2021 –Rs.	46.91	76,622
Net Asset Value (NAV) as on June 30, 2022 –Rs.	40.22	68,766
Change (Points)	-6.69	-7,855
Return During the Period	-14.26%	-10.25%

MDEF posted a total loss of Rs. 108 million in FY22. Total loss comprised of realised loss and unrealized loss on investments of Rs. 43 million and Rs. 123 million respectively. Dividend income contributed Rs. 56 million to income while profit on saving accounts with banks amounted to Rs. 2 million. After accounting for expenses of Rs. 26 million, the Fund posted a net loss of Rs. 134 million. The net assets of the Fund as at June 30, 2022 were Rs. 753 million as compared to Rs. 1,015 million at the end of last year depicting a decrease of 26%. The net asset value per unit as at June 30, 2022 was Rs. 40.2161 as compared to Rs. 46.9066 per unit as on June 30, 2021.

## Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the period ended June 30, 2022 an amount of Rs. 1.362 million was accrued as charity payable.

## Distributions

There is NIL distribution by the Fund during the period ended June 30, 2022.

## SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MDEF amounting to Rs. 5.20 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MDEF by 0.53%. This is one-off event and is not likely to be repeated in the future.

## Breakdown of unit holdings by size

(As on June 30, 2022)

Range (Units)	No. of Investors
1 - 9,999	0
10,000 - 49,999	0
50,000 - 99,999	1
100,000 - 499,999	2
500,000 and above	8
<b>Total</b>	<b>11</b>



**Pure. Profit.**



### Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	21	21	0	0
<b>Percentage</b>		100%	0%	0%

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website [www.almeezangroup.com](http://www.almeezangroup.com). A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.



**PERFORMANCE TABLE**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Net assets (Rs in '000) (ex-distribution)	752,831	1,015,343	619,015
Net assets value / redemption price per unit as at June 30 (Rs)	40.2161	46.9066	34.6044
Offer price per unit as at June 30 (Rs)	41.5794	48.4967	35.7775
Highest offer price per unit (Rs)	50.6543	50.3109	46.2032
Lowest offer price per unit (Rs)	40.5014	36.6120	26.9907
Highest redemption price per unit (Rs)	48.9935	48.6613	44.6883
Lowest redemption price per unit (Rs)	39.1735	35.4116	26.1058
Distribution (%)	N/A	N/A	N/A
Date of distribution	N/A	N/A	N/A
Total return (%)	- 14.26	35.55 -	2.56
Average annual return (%) as at June 30, 2022	<b>One Year</b> -14.26	<b>Two Year</b> 7.81	<b>Three Year</b> 4.23

*Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.*



## Report of the *Shari'ah* Advisor –Meezan Dedicated Equity Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

**Alhamdulillah**, the period from July 01, 2021 to June 30, 2022 was the Fifth year of operations of Meezan Dedicated Equity Fund (MDEF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MDEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MDEF as on June 30, 2022 and their evaluation according to the screening criteria established by us. (December 31, 2021 accounts of the Investee companies have been used for the following calculations\*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20



Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04
Systems Limited	Technology	6.82%	4.26%	0.77%	43.71%	30.29	759.84
Lucky Cement	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28

- \* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.  
\*\* All interest based debts.  
\*\*\* Shares are considered 'Compliant' based on the reasoning mentioned in clause 8 of Shariah Standard 59.

ii. On the basis of information provided by the management, all operations of MDEF for the year ended June 30, 2022 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of MDEF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

**Dr. Muhammad Imran Ashraf Usmani**  
For and on behalf of Meezan Bank  
*Shari'ah* Advisor

**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](http://www.cdcpakistan.com)

Email: [info@cdcpak.com](mailto:info@cdcpak.com)



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN DEDICATED EQUITY FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 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 Meezan Dedicated Equity Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 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; and
- (iii) 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 14, 2022





**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of Meezan Dedicated Equity Fund**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Meezan Dedicated Equity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, 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	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 722.383 million and balances with banks aggregated to Rs 29.399 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

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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.

ATP



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is **Khattab Muhammad Akhi Baig**.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 21, 2022

Karachi

UDIN: AR202210081FTkxXO4MN





**MEEZAN DEDICATED EQUITY FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2022**

	Note	2022	2021
		(Rupees in '000)	
<b>Assets</b>			
Balances with banks	5	29,399	10,265
Investments	6	722,383	990,186
Dividend receivable		55	3,639
Receivable against sale of investments		1,991	2,485
Advances, deposits and other receivable	7	3,172	17,859
<b>Total assets</b>		<b>757,000</b>	<b>1,024,434</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	596	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	9	141	193
Payable to the Securities and Exchange Commission of Pakistan	10	176	177
Payable against purchase of investments		1,377	8
Accrued expenses and other liabilities	11	1,879	7,453
<b>Total liabilities</b>		<b>4,169</b>	<b>9,090</b>
<b>Net assets</b>		<b>752,831</b>	<b>1,015,344</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>752,831</b>	<b>1,015,344</b>
<b>Contingencies and commitments</b>	12		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>18,719,626</b>	<b>21,646,065</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>40.2161</b>	<b>46.9066</b>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DEDICATED EQUITY FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		(Rupees in '000)	
<b>Income</b>			
Profit on savings accounts with banks		1,657	794
Dividend income		55,753	39,460
Net realised (loss) / gain on sale of investments		(42,898)	90,624
Other income		478	-
		14,990	130,878
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	-123,396	151,135
<b>Total (loss) / income</b>		<b>(108,406)</b>	<b>282,013</b>
<b>Expenses</b>			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	17,649	17,712
Sindh Sales Tax on remuneration of the Management Company	8.2	2,294	2,303
Allocated expenses	8.3	971	916
Selling and marketing expenses	8.4	3,530	3,542
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,764	1,766
Sindh Sales Tax on remuneration of the Trustee	9.2	229	230
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	176	177
Brokerage expense		1,169	3,227
Auditors' remuneration	13	340	207
Charity expense	11.1	1,362	1,023
Fees and subscription		576	563
Legal and professional charges		184	-
Bank and settlement charges		371	487
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	11.2	(4,997)	4,997
<b>Total expenses</b>		<b>25,618</b>	<b>37,150</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(134,024)</b>	<b>244,863</b>
Taxation	15	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(134,024)</b>	<b>244,863</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	244,863
Income already paid on units redeemed		-	(59,731)
		-	185,132
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	185,132
- Excluding capital gains		-	-
		-	185,132

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021
Net (loss) / income for the year after taxation		-134,024	244,863
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss) / income for the year</b>		<u><u>(134,024)</u></u>	<u><u>244,863</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees in '000)					
<b>Net assets at the beginning of the year</b>	1,621,443	(606,099)	1,015,344	1,410,246	(791,231)	619,015
Issue of 6,420,329 units (2021: 15,202,495 units)						
- Capital value (at net asset value per unit at the beginning of the year)	301,156	-	301,156	526,073	-	526,073
- Element of (loss) / income	(24,355)	-	(24,355)	108,554	-	108,554
Total proceeds on issuance of units	276,801	-	276,801	634,627	-	634,627
Redemption of 9,346,768 units (2021: 11,444,769 units)						
- Capital value (at net asset value per unit at the beginning of the year)	438,425	-	438,425	396,039	-	396,039
- Element of (loss) / income	(33,135)	-	(33,135)	27,391	59,731	87,122
Total payments on redemption of units	405,290	-	405,290	423,430	59,731	483,161
Total comprehensive (loss) / income for the year	-	(134,024)	(134,024)	-	244,863	244,863
Distribution during the year	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(134,024)	(134,024)	-	244,863	244,863
<b>Net assets at the end of the year</b>	<b>1,492,954</b>	<b>(740,123)</b>	<b>752,831</b>	<b>1,621,443</b>	<b>(606,099)</b>	<b>1,015,344</b>
<b>Accumulated loss brought forward</b>						
- Realised loss		(757,234)			(821,914)	
- Unrealised income		151,135			30,683	
		<u>(606,099)</u>			<u>(791,231)</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			185,132	
- Excluding capital gains		-			-	
		-			185,132	
Net loss for the year after taxation		(134,024)			-	
Accumulated loss carried forward		<u>(740,123)</u>			<u>(606,099)</u>	
<b>Accumulated loss carried forward</b>						
- Realised loss		(616,727)			(757,234)	
- Unrealised (loss) / income		(123,396)			151,135	
		<u>(740,123)</u>			<u>(606,099)</u>	
				<b>(Rupees)</b>		<b>(Rupees)</b>
Net asset value per unit at the beginning of the year				<u>46.9066</u>		<u>34.6044</u>
Net asset value per unit at the end of the year				<u>40.2161</u>		<u>46.9066</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the year before taxation		(134,024)	244,863
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified 'financial assets at fair value through profit or loss'	6.2	123,396 (10,628)	(151,135) 93,728
<b>Decrease / (increase) in assets</b>			
Investments - net		144,407	(243,550)
Dividend receivable		3,584	(3,461)
Receivable against sale of investments		494	2,628
Advances, deposits and other receivable		14,687	(13,930)
		163,172	(258,313)
<b>(Decrease) / increase in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		(663)	(559)
Payable to Central Depository Company of Pakistan Limited - Trustee		(52)	76
Payable to the Securities and Exchange Commission of Pakistan		(1)	(32)
Payable against purchase of investments		1,369	(2,608)
Accrued expenses and other liabilities		(5,574)	4,416
		(4,921)	1,293
<b>Net cash generated from / (used in) operating activities</b>		147,623	(163,292)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		276,801	634,627
Payment against redemption and conversion of units		(405,290)	(483,197)
<b>Net cash (used in) / generated from financing activities</b>		(128,489)	151,430
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		19,134	(11,862)
Cash and cash equivalents at the beginning of the year		10,265	22,127
<b>Cash and cash equivalents at the end of the year</b>	5	29,399	10,265

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**MEEZAN DEDICATED EQUITY FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Meezan Dedicated Equity Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on October 9, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 18, 2017 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

**1.2** The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

**1.3** The Fund is an open-end Shariah Compliant Equity Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange.

**1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

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

### **3.5 Accounting convention**

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

### **3.6 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.

## **4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant 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.

### **4.1 Cash and cash equivalents**

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

### **4.2 Financial assets**

#### **4.2.1 Initial recognition and measurement**

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

## **4.2.2 Classification and subsequent measurement**

### **4.2.2.1 Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

### **4.2.3 Impairment**

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

### **4.2.4 Regular way contracts**

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

### **4.2.5 Derecognition**

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

## **4.3 Financial liabilities**

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.

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

## **4.4 Offsetting of financial assets and financial liabilities**

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

## **4.5 Provisions**

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



#### **4.6 Net asset value per unit**

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

#### **4.7 Issue 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 the day when the application is received. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

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

#### **4.8 Distribution to unit holders**

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

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

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

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

#### **4.10 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) 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;
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

#### **4.11 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.

#### **4.12 Taxation**

##### **Current**

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

##### **Deferred**

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

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

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

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

#### 4.13 Earnings / (loss) per unit

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

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

#### 4.14 Foreign currency translation

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

### 5 BALANCES WITH BANKS

Note 2022 2021  
(Rupees in '000)

Balances with banks in:

Savings accounts	5.1	27,616	9,104
Current accounts		1,783	1,161
		<u>29,399</u>	<u>10,265</u>

5.1 This includes a balance of Rs 0.915 million (2021: 0.844 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 4.00% to 15.50% (2021: 2.24% to 7.20%) per annum.

### 6 INVESTMENTS

Note 2022 2021  
(Rupees in '000)

Investment at 'fair value through profit or loss'

Shares of listed companies - 'ordinary shares'	6.1	<u>722,383</u>	<u>990,186</u>
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#### 6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/(diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
..... (Number of shares) .....						..... (Rupees in '000) .....			..... % .....		
<b>Automobile Assembler</b>											
Gandhara Nissan Limited	-	60,000	-	60,000	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	33,000	-	-	33,000	-	-	-	-	-	-	-
Millat Tractors Limited	14,231	17,390	8,159	22,390	17,390	10,866	15,174	4,308	2.02	2.10	0.02
									2.02	2.10	0.02
<b>Automobile Parts and Accessories</b>											
Panther Tyres Limited	11,328	125,000	27,265	163,593	-	-	-	-	-	-	-

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/(diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	----- (Number of shares) -----				----- (Rupees in '000) -----				----- % -----		
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	307,000	917,000	-	612,000	612,000	7,417	7,368	(49)	0.98	1.02	0.06
Meezan Bank Limited (a related party of the Fund)	440,505	455,788	61,575	539,934	417,934	42,899	47,218	4,319	6.27	6.54	0.03
									7.25	7.56	0.09
<b>Cement</b>											
Cherat Cement Company Limited	141,100	110,778	-	188,989	62,889	9,814	5,851	(3,963)	0.78	0.81	0.03
D.G. Khan Cement Company Limited	244,252	185,000	-	429,252	-	-	-	-	-	-	-
Fauji Cement Company Limited	200,000	330,000	-	300,000	230,000	4,839	3,259	(1,580)	0.43	0.45	0.02
Kohat Cement Company Limited	162,270	159,670	-	162,270	159,670	32,970	20,778	(12,192)	2.76	2.88	0.08
Lucky Cement Limited	109,900	89,900	-	121,900	77,900	66,308	35,759	(30,549)	4.75	4.95	0.02
Maple Leaf Cement Factory Limited	665,000	1,051,000	-	1,300,000	416,000	16,211	11,378	(4,833)	1.51	1.58	0.04
									10.23	10.67	0.19
<b>Chemical</b>											
Dynea Pakistan Limited (note 6.1.1)	20,000	19,400	-	20,000	19,400	4,287	3,375	(912)	0.45	0.47	0.21
Engro Polymer and Chemicals Limited	346,144	410,641	-	514,644	242,141	11,897	19,282	7,385	2.56	2.67	0.03
ICI Pakistan Limited	24,350	15,700	-	24,350	15,700	13,640	11,375	(2,265)	1.51	1.57	0.02
Nimir Resins Limited (note 6.1.1)	7,500	-	-	7,500	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	14,500	-	-	14,500	-	-	-	-	-	-	-
									4.52	4.71	0.26
<b>Engineering</b>											
Agha Steel Industries Limited	54,500	-	2,725	57,225	-	-	-	-	-	-	-
Aisha Steel Mills Limited	110,000	300,000	-	410,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	250,000	-	250,000	-	-	-	-	-	-	-
International Industries Limited	76,700	-	-	76,700	-	-	-	-	-	-	-
International Steels Limited	112,000	-	-	112,000	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	375,000	-	-	375,000	-	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	117,300	335,943	31,095	293,395	190,943	17,090	11,006	(6,084)	1.46	1.52	0.06
									1.46	1.52	0.06
<b>Fertilizer</b>											
Engro Corporation Limited (note 6.1.2)	147,534	177,534	-	167,534	157,534	46,027	40,500	(5,527)	5.38	5.61	0.03
Engro Fertilizers Limited	229,387	599,387	-	414,387	414,387	30,457	36,731	6,274	4.88	5.08	0.03
Fauji Fertilizer Bin Qasim Limited	-	455,500	-	455,500	-	-	-	-	-	-	-
									10.26	10.69	0.06
<b>Food &amp; Personal Care Product</b>											
At-Tahur Limited	-	339,200	19,200	179,200	179,200	4,117	3,417	(700)	0.45	0.47	0.09
Unity Foods limited	345,000	-	4,024	349,024	-	-	-	-	-	-	-
									0.45	0.47	0.09
<b>Glass &amp; Ceramics</b>											
Ghani Glass Limited	97,650	-	-	97,650	-	-	-	-	-	-	-
Shabbir Tiles & Ceramics Limited (note 6.1.1)	537,500	522,500	-	537,500	522,500	17,425	7,644	(9,781)	1.02	1.06	0.32
									1.02	1.06	0.32
<b>Leather &amp; Tanneries</b>											
Service GlobalFootwear Limited	46,113	24,113	-	46,113	24,113	1,394	969	(425)	0.13	0.13	0.01
									0.13	0.13	0.01
<b>Miscellaneous</b>											
Pakistan Aluminum Beverage Cans Limited	-	199,999	-	169,999	30,000	936	946	10	0.13	0.13	0.01
									0.13	0.13	0.01
<b>Oil and Gas Exploration Companies</b>											
Mari Petroleum Company Limited	40,848	67,788	-	55,048	53,588	84,396	93,229	8,833	12.38	12.90	0.04
Oil & Gas Development Company Limited (note 6.1.2)	524,295	834,295	-	679,295	679,295	63,448	53,440	(10,008)	7.10	7.40	0.02
Pakistan Oilfields Limited	57,760	59,682	-	58,721	58,721	23,114	23,830	716	3.17	3.30	0.02
Pakistan Petroleum Limited	532,452	872,452	-	702,452	702,452	59,872	47,423	(12,449)	6.30	6.56	0.03
									28.95	30.16	0.11
<b>Oil and Gas Marketing Companies</b>											
Pakistan State Oil Company Limited (note 6.1.3)	197,971	258,063	-	264,962	191,072	39,515	32,834	(6,681)	4.36	4.55	0.04
Sui Northern Gas Pipelines Limited	361,735	753,075	-	672,660	442,150	19,456	15,126	(4,330)	2.01	2.09	0.07
									6.37	6.64	0.11

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/(diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
						(Number of shares)		(Rupees in '000)		%	
<b>Paper and Board</b>											
Century Paper and Board Mills Limited	110,000	126,500	16,500	126,500	126,500	13,428	7,818	(5,610)	1.04	1.08	0.06
Security Papers Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
Packages Limited	40,250	34,750	-	40,250	34,750	18,946	13,860	(5,086)	1.84	1.92	0.04
Roshan Packages Limited	106,500	56,500	-	106,500	56,500	1,861	840	(1,021)	0.11	0.12	0.04
									2.99	3.12	0.14
<b>Pharmaceuticals</b>											
AGP Limited	95,000	-	-	95,000	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	120	-	-	120	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	9,200	9,200	-	9,200	9,200	2,301	2,193	(108)	0.29	0.30	0.01
IBL Healthcare Limited	103,000	103,600	16,600	121,600	101,600	9,348	5,282	(4,066)	0.70	0.73	0.16
The Searle Company Limited	88,732	76,193	20,121	108,853	76,193	14,220	8,307	(5,913)	1.10	1.15	0.02
									2.09	2.18	0.19
<b>Power Generation &amp; Distribution</b>											
The Hub Power Company Limited	376,655	521,655	-	461,655	436,655	34,679	29,767	(4,912)	3.95	4.12	0.01
K-Electric Limited (note 6.1.1)	2,998,500	2,998,500	-	2,998,500	2,998,500	12,534	9,115	(3,419)	1.21	1.26	0.03
									5.16	5.38	0.04
<b>Refinery</b>											
Attock Refinery Limited *	35,000	11,000	-	42,500	3,500	569	615	46	0.08	0.09	-
Energyco PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,060,000	1,692,000	-	1,590,000	1,162,000	12,629	6,205	(6,424)	0.82	0.86	0.02
Pakistan Refinery Limited	-	135,000	-	135,000	-	-	-	-	-	-	-
National Refinery Limited	-	14,000	-	8,000	6,000	1,443	1,515	72	0.20	0.21	0.01
									1.10	1.16	0.03
<b>Technology &amp; Communication</b>											
Air Link Communication Limited	-	217,743	6,243	200,493	23,493	1,563	949	(614)	0.13	0.13	0.01
Avanceon Limited	196,080	81,250	6,250	252,330	31,250	2,103	2,435	332	0.32	0.34	0.03
Octopus Digital Limited *	-	100,002	-	75,001	25,001	1,015	1,783	768	0.24	0.25	-
Systems Limited	58,870	166,140	60,870	146,940	138,940	41,259	45,831	4,572	6.09	6.34	0.10
Worldcall Telecom Limited	650,000	650,000	-	650,000	650,000	2,574	865	(1,709)	0.11	0.12	0.04
									6.89	7.18	0.18
<b>Textile Composite</b>											
Feroze1888 Mills Limited	43,300	45,898	2,598	45,898	45,898	4,534	2,865	(1,669)	0.38	0.40	0.01
Kohinoor Textile Mills Limited	90,000	203,000	-	146,500	146,500	11,125	7,325	(3,800)	0.97	1.01	0.05
Interloop Limited	310,882	300,208	9,326	320,208	300,208	20,412	18,313	(2,099)	2.43	2.54	0.03
Nishat Mills Limited	127,200	116,200	-	127,200	116,200	10,841	8,588	(2,253)	1.14	1.19	0.03
									4.92	5.14	0.12
<b>Total as at June 30, 2022</b>						<b>845,779</b>	<b>722,383</b>	<b>(123,396)</b>	<b>95.94</b>	<b>100.00</b>	
<b>Total as at June 30, 2021</b>						<b>839,051</b>	<b>990,186</b>	<b>151,135</b>	<b>97.51</b>	<b>100.00</b>	

\* Nil figures due to rounding off difference

- 6.1.1** All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited which have a nominal value of Rs. 3.50 each and Dynea Pakistan Limited, Nimir Resins Limited and Shabbir Tiles & Ceramics Limited having a nominal value of Rs. 5 each.
- 6.1.2** Investments include 100,000 shares (2021: 100,000 shares) of Engro Corporation Limited and 120,000 shares (2021: 120,000 shares) of Oil and Gas Development Company Limited having market value of Rs. 25.709 million and Rs. 9.440 million (2021: Rs. 29.461 million and Rs. 11.403 million) respectively as at June 30, 2022, which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the year ended June 30, 2020, the CISs had filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High Court of Sindh had issued notices to the relevant parties and had ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at June 30, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.280 million (2021: Rs. 0.365 million).

	Note	2022	2021
		(Rupees in '000)	
<b>6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified 'as financial assets at fair value through profit or loss'</b>			
Market value of investments	6.1	722,383	990,186
Less: carrying value of investments	6.1	845,779	839,051
		<u>(123,396)</u>	<u>151,135</u>
<b>7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE</b>			
Profit receivable on balances with banks		273	93
Advance against Initial Public Offer (IPO)	7.1	-	13,867
Advance tax	7.2	1,296	1,296
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with National Clearing Company of Pakistan Limited		1,500	2,500
		<u>3,172</u>	<u>17,859</u>

**7.1** This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.

**7.2** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withhold. The tax withheld on dividends and profit on bank deposits amounts to Rs 1.296 million.

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 dividends and profit on bank deposits has been shown as other receivables as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.



8	<b>PAYABLE TO AI MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
			<b>(Rupees in '000)</b>	
	Remuneration payable	8.1	247	121
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	32	16
	Allocated expenses payable	8.3	54	148
	Selling and marketing expenses payable	8.4	263	974
			<u>596</u>	<u>1,259</u>

**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 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 rate of 2% (2021: 2%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs 2.294 million (2021: Rs 2.303 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 2.278 million (2021: Rs 2.420 million) has been paid to the Management Company which acts as a collecting agent.

**8.3** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for 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 following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets of the Fund	0.10% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

**8.4** In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 0.4% (2021: 0.4%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

9	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
			<b>(Rupees in '000)</b>	
	Remuneration payable	9.1	125	171
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	16	22
			<u>141</u>	<u>193</u>

**9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.2% per annum of net assets
- Over Rs. 1,000 million	Rs. 2 million plus 0.1% per annum of net assets exceeding Rs 1,000 million.

**9.2** During the year, an amount of Rs 0.229 million (2021: Rs 0.230 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.235 million (2021: Rs 0.221 million) was paid to the Trustee which acts as a collecting agent.

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

**10.1** In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

11	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	Note	2022 (Rupees in '000)	2021
	Auditors' remuneration payable		201	170
	Printing charges payable		-	69
	Shariah advisor fee payable		272	264
	Charity payable	11.1	1,351	1,189
	Brokerage payable		9	683
	Withholding tax payable		46	81
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	-	4,997
			<u>1,879</u>	<u>7,453</u>

- 11.1** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2022, non-Shariah Compliant income amounting to Rs 1.362 million (2021: Rs 1.023 million) was charged as an expense in the books of the Fund, and Rs 1.200 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Omair Sana Foundation	400
2	Marie Adelaide Leprosy Centre	750
3	Health and Nutrition Development Society (HANDS)	50
	<b>Total</b>	<u>1,200</u>

- 11.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the Mutual Funds Association of Pakistan (MUFAP) with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of SWWF Act as these were not industrial establishments but were pass-through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current year, SRB through its letter dated August 12, 2021 intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also taken up with the SECP and all the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in these financial statements of the Fund.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

13	<b>AUDITORS' REMUNERATION</b>	2022 (Rupees in '000)	2021
	Annual audit fee	276	150
	Fee for half yearly review of condensed interim financial statements	60	54
	Out of pocket expenses	4	3
		<u>340</u>	<u>207</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.47% (2021: 2.45%) which includes 0.32% (2021: 0.78%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

## 15 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 Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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.

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.

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

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

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

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	247	121
Sindh Sales Tax payable on remuneration of the Management Company	32	16
Allocated expenses payable	54	148
Selling and marketing expenses payable	263	974
<b>Meezan Bank Limited</b>		
Balances with bank	2,105	1,658
Profit receivable on savings account	2	6
Investments of 417,934 shares (2021: 440,505 shares)	47,218	50,839
Shariah advisor fee payable	272	264
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	125	171
Sindh Sales Tax payable on remuneration of the Trustee	16	22
Security deposit	103	103
<b>Meezan Financial Planning Fund of Funds - MAAP I</b>		
Investment of 1,223,499 units (2021: 1,253,414 units)	49,204	58,793

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 3,203,303 units (2021: 3,396,951 units)	128,824	159,339
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 918,504 units (2021: 396,165 units)	36,939	18,583
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 2,439,439 units (2021: 3,295,552 units)	98,105	154,583
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of 1,864,866 units (2021: 2,371,642 units)	74,998	111,246
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 368,711 units (2021: 898,076 units)	14,828	42,126
<b>Meezan Strategic Allocation Fund - MCPP - III</b>		
Investment of 585,643 units (2021: 1,066,314 units)	23,552	50,017
<b>Meezan Strategic Allocation Fund II - MCPP - IV</b>		
Investment of 5,553,294 units (2021: 7,491,425 units)	223,332	351,397
<b>Meezan Strategic Allocation Fund II - MCPP - V</b>		
Investment of 173,290 units (2021: 329,431 units)	6,969	15,452
<b>Meezan Strategic Allocation Fund II - MCPP - VII</b>		
Investment of 64,125 units (2021: 181,851 units)	2,579	8,530
<b>Meezan Strategic Allocation Fund III - MCPP - IX</b>		
Investment of 2,324,953 units (2021: 965,243 units)	93,501	45,276
<b>Transactions during the year</b>	<b>2022</b>	<b>2021</b>
	<b>(Rupees in '000)</b>	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	17,649	17,712
Sindh Sales Tax on remuneration of the Management Company	2,294	2,303
Allocated expenses	971	916
Selling and marketing expenses	3,530	3,542
<b>Meezan Bank Limited</b>		
Profit on savings account	151	115
Shares purchased: 455,788 shares (2021: 205,900 shares)	52,102	18,799
Shares sold: 539,934 shares (2021: 60,000 shares)	64,423	6,465
Bonus shares received: 61,575 shares (2021: 33,600 shares)	-	-
Dividend income	2,678	3,256
Shariah advisor fee	548	535
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	1,764	1,766
Sindh Sales Tax on remuneration of the Trustee	229	230
CDS charges	43	92
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units redeemed: 29,915 units (2021: 1,695,344 units)	1,330	73,560
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Units issued: 781,338 units (2021: nil units)	32,650	-
Units redeemed: 974,986 units (2021: 2,625,619 units)	41,650	107,310

Transactions during the year	2022	2021
	(Rupees in '000)	
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Units issued: 678,855 units (2021: 96,045 units)	28,000	4,000
Units redeemed: 156,516 units (2021: 20,355 units)	7,100	930
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Units issued: nil units (2021: 3,501,696 units)	-	19,000
Units redeemed: 856,113 units (2021: 2,609,468 units)	38,500	-
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Units issued: 489,045 units (2021: nil units)	19,902	-
Units redeemed: 995,821 units (2021: 318,473 units)	43,410	14,750
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Units redeemed: 529,365 units (2021: 103,666 units)	23,880	4,830
<b>Meezan Strategic Allocation Fund - MCPP - III</b>		
Units issued: 1,023,560 units (2021: 1,617,588 units)	44,000	73,600
Units redeemed: 1,504,231 units (2021: 551,274 units)	64,350	25,090
<b>Meezan Strategic Allocation Fund II - MCPP - IV</b>		
Units issued: 86,412 units (2021: 10,955,635 units)	4,000	448,950
Units redeemed: 2,024,543 units (2021: 4,471,608 units)	89,720	186,846
<b>Meezan Strategic Allocation Fund II - MCPP - V</b>		
Units issued: 386,947 units (2021: 710,138 units)	16,800	30,750
Units redeemed: 543,088 units (2021: 380,707 units)	23,300	16,785
<b>Meezan Strategic Allocation Fund II - MCPP - VII</b>		
Units issued: 198,453 units (2021: 197,472 units)	9,000	9,100
Units redeemed: 316,179 units (2021: 15,621 units)	13,700	750
<b>Meezan Strategic Allocation Fund III - MCPP - IX</b>		
Units issued: 2,775,720 units (2021: 1,184,730 units)	122,450	48,400
Units redeemed: 1,416,010 units (2021: 1,244,410 units)	58,350	51,497

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Financial assets</b>			
Balances with banks	29,399	-	29,399
Investments	-	722,383	722,383
Dividend receivable	55	-	55
Receivable against sale of investments	1,991	-	1,991
Deposits and other receivable	1,876	-	1,876
	33,321	722,383	755,704
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	596	-	596
Payable to Central Depository Company of Pakistan Limited - Trustee	141	-	141
Payable against purchase of investments	1,377	-	1,377
Accrued expenses and other liabilities	482	-	482
	2,596	-	2,596



	2021		Total
	At amortised cost	At fair value through profit or loss	
----- (Rupees in '000) -----			
<b>Financial assets</b>			
Balances with banks	10,265	-	10,265
Investments	-	990,186	990,186
Dividend receivable	3,639	-	3,639
Receivable against sale of investments	2,485	-	2,485
Deposits and other receivable	2,696	-	2,696
	<u>19,085</u>	<u>990,186</u>	<u>1,009,271</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	1,259	-	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	193	-	193
Payable against purchase of investments	8	-	8
Accrued expenses and other liabilities	1,186	-	1,186
	<u>2,646</u>	<u>-</u>	<u>2,646</u>

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of 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.

### 18.1 Market risk

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

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

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

#### (i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 0.276 million (2021: Rs. 0.091 million).

#### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

As at June 30, 2022					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- (Rupees in '000) -----					
<b>Financial assets</b>					
Balances with banks	27,616	-	-	1,783	29,399
Investments	-	-	-	722,383	722,383
Dividend receivable	-	-	-	55	55
Receivable against sale of investments	-	-	-	1,991	1,991
Deposits and other receivable	-	-	-	1,876	1,876
	27,616	-	-	728,088	755,704
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	596	596
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	141	141
Payable against purchase of investments	-	-	-	1,377	1,377
Accrued expenses and other liabilities	-	-	-	482	482
	-	-	-	2,596	2,596
<b>On-balance sheet gap (a)</b>	27,616	-	-	725,492	753,108
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>	27,616	-	-		
<b>Cumulative profit rate sensitivity gap</b>	27,616	27,616	27,616		

As at June 30, 2021					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- (Rupees in '000) -----					
<b>Financial assets</b>					
Balances with banks	9,104	-	-	1,161	10,265
Investments	-	-	-	990,186	990,186
Dividend receivable	-	-	-	3,639	3,639
Receivable against sale of investments	-	-	-	2,485	2,485
Deposits and other receivable	-	-	-	2,696	2,696
	9,104	-	-	1,000,167	1,009,271
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	1,259	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	193	193
Payable against purchase of investments	-	-	-	8	8
Accrued expenses and other liabilities	-	-	-	1,186	1,186
	-	-	-	2,646	2,646
<b>On-balance sheet gap (a)</b>	9,104	-	-	997,521	1,006,625
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Off-balance sheet gap (b)</b>	-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>	9,104	-	-		
<b>Cumulative profit rate sensitivity gap</b>	9,104	9,104	9,104		

## (ii) Currency risk

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

## (iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 7.224 million (2021: Rs. 9.902 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

## 18.2 Liquidity risk

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

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

As per the NBFC Regulations, 2008, 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 redemption requests during the year ended June 30, 2022.

The table below summaries the maturity profile of the Fund's financial instruments. 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 assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

As at 30 June, 2022						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
<b>Financial assets</b>						
Balances with banks	29,399	-	-	-	-	29,399
Investments	-	-	-	-	722,383	722,383
Dividend receivable	55	-	-	-	-	55
Receivable against sale of investments	1,991	-	-	-	-	1,991
Deposits and other receivable	273	-	-	-	1,603	1,876
	31,718	-	-	-	723,986	755,704
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	596	-	-	-	-	596
Payable to Central Depository Company of Pakistan Limited - Trustee	141	-	-	-	-	141
Payable against purchase of investments	1,377	-	-	-	-	1,377
Accrued expenses and other liabilities	-	482	-	-	-	482
	2,114	482	-	-	-	2,596
<b>Net financial assets / (liabilities)</b>	<b>29,604</b>	<b>(482)</b>	<b>-</b>	<b>-</b>	<b>723,986</b>	<b>753,108</b>

As at 30 June, 2021						
Within 1 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 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
<b>Financial assets</b>						
Balances with banks	10,265	-	-	-	-	10,265
Investments	-	-	-	-	990,186	990,186
Dividend receivable	3,639	-	-	-	-	3,639
Receivable against sale of investments	2,485	-	-	-	-	2,485
Deposits and other receivable	93	-	-	-	2,603	2,696
	16,482	-	-	-	992,789	1,009,271
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	1,259	-	-	-	-	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	193	-	-	-	-	193
Payable against purchase of investments	8	-	-	-	-	8
Accrued expenses and other liabilities	-	1,186	-	-	-	1,186
	1,460	1,186	-	-	-	2,646
<b>Net financial assets / (liabilities)</b>	<b>15,022</b>	<b>(1,186)</b>	<b>-</b>	<b>-</b>	<b>992,789</b>	<b>1,006,625</b>

### 18.3 Credit risk

**18.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, receivable against sale of investments and dividend receivable.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2022		2,021	
	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
Balances with banks	29,399	29,399	10,265	10,265
Investments	722,383	-	990,186	-
Dividend receivable	55	55	3,639	3,639
Receivable against sale of investments	1,991	1,991	2,485	2,485
Deposits and other receivable	1,876	1,876	2,696	2,696
	<u>755,704</u>	<u>33,321</u>	<u>1,009,271</u>	<u>19,085</u>

(Rupees in '000)

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

### 18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and related profit receivable thereon, dividend receivable and receivable against conversion of units and sale of investments. The credit rating profile of balances with banks is as follows:

Ratings	% of financial assets exposed to credit risk	
	2022	2021
AAA	7.16%	16.15%
AA+	25.50%	57.67%
A+	67.04%	24.48%
AA	0.30%	1.70%
	<u>100.00%</u>	<u>100.00%</u>

### 18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

## 19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing 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.

### Fair value hierarchy

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

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

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

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

As at June 30, 2022 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	2022			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	722,383	-	-	722,383
	<u>722,383</u>	<u>-</u>	<u>-</u>	<u>722,383</u>
	(Rupees in '000)			
	2021			
<b>ASSETS</b>	Level 1	Level 2	Level 3	Total
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	990,186	-	-	990,186
	<u>990,186</u>	<u>-</u>	<u>-</u>	<u>990,186</u>



## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, 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.

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Associated companies	11	752,831	100.00	11	1,015,344	100

## 22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Standard Capital Securities (Private) Limited	8.01%	Spectrum Securities (Private) Limited	7.76%
Taurus Securities Limited	7.62%	Taurus Securities Limited	7.35%
Vector Capital Management Limited	6.92%	Next Capital Limited	7.23%
Spectrum Securities (Private) Limited	6.17%	Top Line Securities (Private) Limited	6.48%
Intermarket Securities Limited	6.00%	Aba Ali Habib Securities (Private) Limited	6.46%
Ismail Iqbal Securities (Private) Limited	5.20%	Alfalah Securities (Private) Limited	6.31%
Optimus Capital Management (Private) Limited	5.04%	AKD Securities Limited	6.02%
Arif Habib Limited	4.79%	Ismail Iqbal Securities (Private) Limited	4.79%
Top Line Securities (Private) Limited	4.71%	Vector Capital Management Limited	4.67%
BMA Capital Management Limited	4.03%	Insight Securities (Private) Limited	4.64%

## 23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

23.1 Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

**23.2** The Fund manager of the Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are as follows:

- Meezan Balanced Fund;
- Meezan Asset Allocation Fund;
- Meezan Financial Planning Fund of Funds;
- Meezan Strategic Allocation Fund;
- Meezan Strategic Allocation Fund - II;
- Meezan Strategic Allocation Fund - III ;and
- KSE Meezan Index Fund

**24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY**

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furqan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

**25 GENERAL**

**25.1** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**26 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 16, 2022 by the Board of Directors of the Management Company.

**For AI Meezan Investment Management Limited  
(Management Company)**

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director