

# *Innovative* **Financial Solutions**

With a commitment to innovation, Al Meezan's evolution towards innovative financial products ensures that it provides clients with cutting-edge investment opportunities and solutions.

## **Meezan Islamic Fund**

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
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Non-Executive Nominee Director- MBL
Mr. Naeem Sattar	Non-Executive Nominee Director- PKIC
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj	Non-Executive Nominee Director- MBL

Ms. Shazia Khurram was appointed on July 4, 2023 as director in place of Mr. Moin M. Fudda who resigned from the Board on June 9, 2023 and Mr. Saad Ur Rahman Khan was appointed on August 7, 2023 in place of Mr. Mubashar Maqbool who resigned from the Board on July 21, 2023. The revised composition of the Board Committees is as under.

## 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. Saad Ur Rahman Khan	Chairman
Ms. Shazia Khurram	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Saad Ur Rahman Khan	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

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box. 15541, Karachi 75530

## SHARIAH ADVISER

Dr. Muhammad Imran Usmani  
Jamia Darul Uloom Karachi  
Korangi Industrial Area Karachi Postal Code 75180 Pakistan  
Tel: +92 21 35044770  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## BANKERS TO THE FUND

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

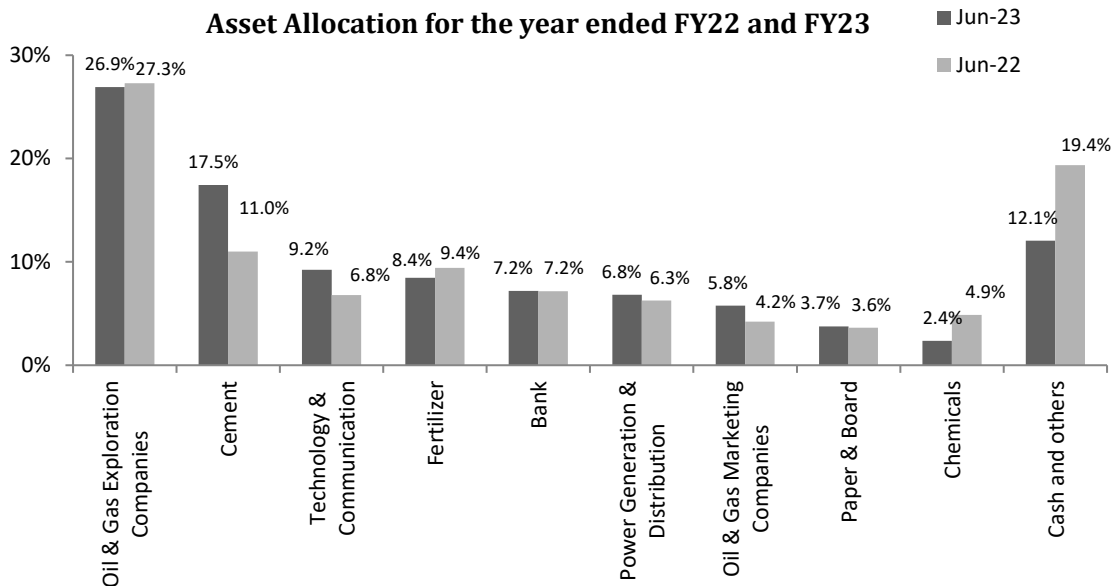
### Objective

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 99.30%. However, it maintained an average exposure close to 98.27% in equities during the year, while closing the period at around 97.10%. Exposure to the Cement sector was sharply increased in the wake of rising cement prices and reduction in international coal prices. Technology sector exposure was also increased to benefit from PKR devaluation during FY23.

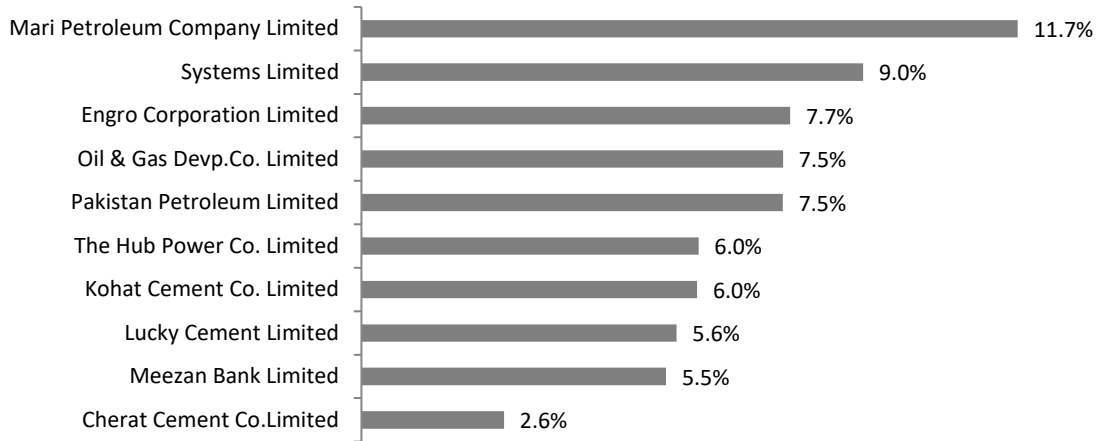




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### Top Holdings



### Performance Review

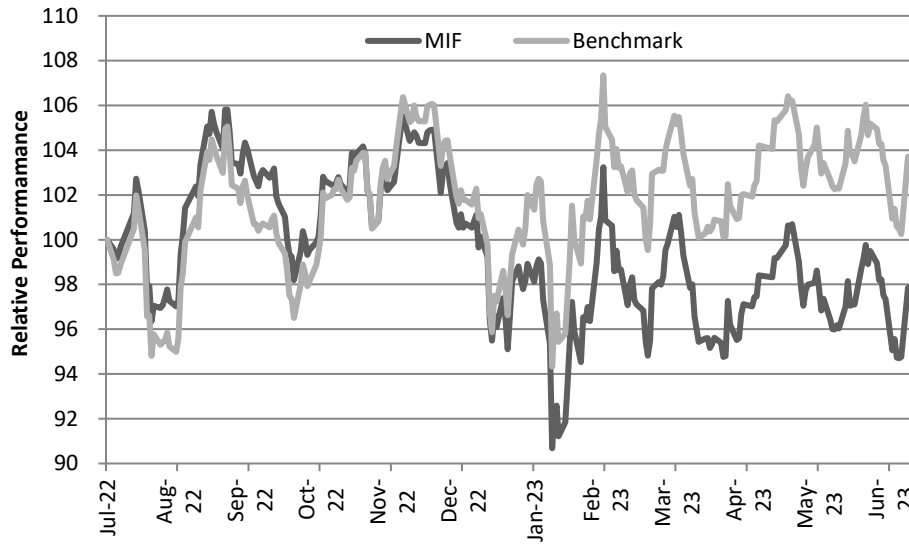
During FY23, Meezan Islamic Fund (MIF) provided a negative return of 2.54% to its investors and KSE Meezan Index (KMI 30) - Benchmark increased by 2.88% to close at 70,748 pts.

	<u>MIF</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2022 –Rs.	56.23	68,766
Net Asset Value (NAV) as on June 30, 2023 –Rs.	54.80	70,748
Change (Points)	-1.43	1,982
Return During the Period	<b>-2.54%</b>	<b>2.88%</b>

MIF posted a total income of Rs. 357 million in the fiscal year 2023 as compared to a total loss of Rs. 2,650 million last year. Total income comprised of realized and unrealized losses on investments of Rs. 919 million and Rs. 598 million respectively. Dividend income contributed Rs. 17,88 million to income, while profit on saving accounts with banks amounted to Rs. 87 million. After accounting for expenses of Rs. 828 million, the Fund posted a net loss of Rs. 471 million. The net assets of the Fund as at June 30, 2023 were Rs. 17,155 million as compared to Rs. 23,822 million at the end of last year depicting a decrease of 28%. The net asset value per unit as at June 30, 2023 was Rs. 54.8025 as compared to Rs. 56.2315 per unit as on June 30, 2022



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, 2023 an amount of Rs. 63 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2023.

### SWWF Disclosure

Not applicable

### Breakdown of unit holdings by size:

(As on June 30, 2023)

Range (Units)	No. of Investors
1 - 9,999	19,149
10,000 - 49,999	1,473
50,000 - 99,999	257
100,000 - 499,999	196
500,000 and above	44
<b>Total</b>	<b>21,119</b>

### Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	31	31	0	0
<b>Percentage</b>	100%	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**  
**MEEZAN ISLAMIC FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	17,154,806.00	23,821,524.00	34,274,023.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	54.8025	56.2315	63.3761
Offer price per unit as at June 30, (Rs.) (ex-distribution)	56.0410	57.5024	64.8084
Highest offer price per unit (Rs.)	60.8174	68.1579	66.9236
Lowest offer price per unit (Rs.)	52.1186	56.1787	48.9781
Highest redemption price per unit (Rs.)	59.4734	65.4446	65.4446
Lowest redemption price per unit (Rs.)	50.9668	54.9372	47.8957
Distribution (%)	N/A	N/A	N/A
Interim	N/A	N/A	N/A
Final	N/A	N/A	N/A
Date of distribution	N/A	N/A	N/A
Interim	N/A	N/A	N/A
Final	N/A	N/A	N/A
Income distribution (Rupees in '000)	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	(2.54)	(11.27)	35.50

	One Year	Two Years	Three Years
Average annual return as at June 30, 2023 (%)	-2.54%	-7.01%	5.43%

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

# Dr. Muhammad Imran Usmani

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Pakistan  
Postal Code 75180  
Tel: +92 21 3 5047770  
Fax: +92 21 5040234  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## Report of the Shariah Advisor – Meezan Islamic Fund (MIF)

July 29, 2023/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2022 to June 30, 2023 was the Twentieth year of operations of Meezan Islamic Fund (the “MIF” or the “Fund”) under management of Al Meezan Investment Management Limited (the “Al Meezan” or the “Management Company”). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the “Report”) in accordance with 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 Shariah Advisor, we have prescribed six criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah 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 Shariah compliance with the Shariah 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.

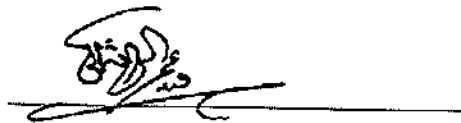
We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2023 have been in compliance with the Shariah principles.

In light of the above, we hereby certify that all the provisions of the scheme and investments made on account of the Fund under management of Al Meezan are Shariah-compliant and in accordance with the criteria established by us.

We further confirm that earnings realized through prohibited sources were transferred to the charity account which amounts to PKR 62.8 million and is available for disbursement.

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

And Allah knows the best.



Dr. Muhammad Imran Ashraf Usmani  
Shariah 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.

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



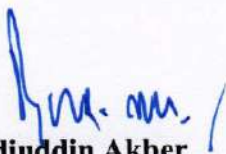
**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of 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, 2023 in accordance with the provisions of the following:

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

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

Karachi, September 25, 2023



## INDEPENDENT AUDITORS' 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 **30 June 2023**, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and investments</b>	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2023, the bank balances and investments (comprised of equity instruments) held by the Fund represent 98% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 and reconciled it with the books and records of the Fund.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4.</li> <li>- We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).</li> <li>- We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

### 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 auditors' 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 for the Financial Statements

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

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

The Board of Directors are 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.
- 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

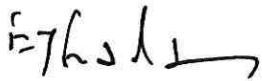
#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

#### **Other Matter**

The annual financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants, whose audit report dated 21 September 2022, expressed an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 26 September 2023

**Place:** Karachi

**UDIN Number:** AR202310076b6kT9qH72



**MEEZAN ISLAMIC FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30 JUNE, 2023**

	2023	2022
	----- (Rupees in '000) -----	
<b>Assets</b>		
Balances with banks	580,890	1,208,150
Investments	16,779,045	23,278,367
Receivable against sale of investments	237,355	33,457
Receivable against conversion of units	134,071	57,085
Dividend receivable	22,360	7,762
Advance, deposits and other receivable	12,379	14,009
<b>Total assets</b>	<b>17,766,100</b>	<b>24,598,830</b>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	54,643	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee	1,701	2,326
Payable to the Securities and Exchange Commission of Pakistan	4,169	6,039
Payable against redemption and conversion of units	218,046	416,758
Payable against purchase of investments	-	186
Payable to Meezan Bank Limited	120	214
Accrued expenses and other liabilities	332,615	320,762
<b>Total liabilities</b>	<b>611,294</b>	<b>777,306</b>
<b>Net assets</b>	<b>17,154,806</b>	<b>23,821,524</b>
<b>Unit holders' fund (as per statement attached)</b>	<b>17,154,806</b>	<b>23,821,524</b>
<b>Contingencies and commitments</b>		
<b>Number of units in issue</b>	<b>313,029,444</b>	<b>423,632,865</b>
	----- (Rupees) -----	
<b>Net asset value per unit</b>	<b>54.8025</b>	<b>56.2315</b>

The annexed notes 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 ISLAMIC FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023 ----- (Rupees in '000) -----	2022
<b>Income</b>		
Dividend income	1,787,647	1,956,865
Profit on bank balances	86,800	116,751
Other income	-	6,683
Net realised loss on sale of investments	(919,020)	(1,004,161)
	955,427	1,076,138
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2 (598,401)	(3,725,929)
<b>Total income / (loss)</b>	<b>357,026</b>	<b>(2,649,791)</b>
<b>Expenses</b>		
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1 416,914	603,864
Sindh Sales Tax on remuneration of the Management Company	8.2 54,199	78,502
Allocated expenses	8.3 22,930	33,212
Selling and marketing expenses	8.4 208,457	301,932
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 21,846	31,193
Sindh Sales Tax on remuneration of the Trustee	9.2 2,840	4,055
Annual fee to the Securities and Exchange Commission of Pakistan	10 4,169	6,039
Auditors' remuneration	13 836	791
Fees and subscription	2,608	3,712
Legal and professional charges	170	698
Brokerage expense	27,926	30,364
Bank and settlement charges	2,323	2,952
Charity expense	11.1 62,820	46,892
Printing expense	37	-
Reversal of provision for Sindh Workers Welfare Fund (SWWF)	-	(525,426)
<b>Total expenses</b>	<b>828,075</b>	<b>618,780</b>
<b>Net loss for the year before taxation</b>	<b>(471,049)</b>	<b>(3,268,571)</b>
Taxation	-	-
<b>Net loss for the year after taxation</b>	<b>(471,049)</b>	<b>(3,268,571)</b>
<b>Allocation of net income for the year</b>		
Net income for the year after taxation	-	-
Income already paid on units redeemed	-	-
<b>Accounting income available for distribution</b>		
- Relating to capital gains	-	-
- Excluding capital gains	-	-

The annexed notes 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 ISLAMIC FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	----- (Rupees in '000) -----	
<b>Net loss for the year after taxation</b>	<b>(471,049)</b>	(3,268,571)
Other comprehensive income	-	-
<b>Total comprehensive loss income for the year</b>	<b><u>(471,049)</u></b>	<b><u>(3,268,571)</u></b>

The annexed notes 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 ISLAMIC FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	(Accumulated loss) / Undistributed income	Total	Capital value	(Accumulated loss) / Undistributed income	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
<b>Net assets at the beginning of the year</b>	23,419,662	401,862	23,821,524	30,603,590	3,670,433	34,274,023
Issue of 238,015,023 units (2022: 401,062,742 units)						
- Capital value (at net asset value per unit at the beginning of the year)	13,383,942	-	13,383,942	25,417,792	-	25,417,792
- Element of loss	(63,405)	-	(63,405)	(500,606)	-	(500,606)
Total proceeds on issuance of units	13,320,537	-	13,320,537	24,917,186	-	24,917,186
Redemption of 348,618,444 units (2022: 518,233,857 units)						
- Capital value (at net asset value per unit at the beginning of the year)	19,603,338	-	19,603,338	32,843,641	-	32,843,641
- Element of loss	(87,132)	-	(87,132)	(742,527)	-	(742,527)
Total payments on redemption of units	19,516,206	-	19,516,206	32,101,114	-	32,101,114
Total comprehensive loss for the year	-	(471,049)	(471,049)	-	(3,268,571)	(3,268,571)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(471,049)	(471,049)	-	(3,268,571)	(3,268,571)
<b>Net assets at the end of the year</b>	<b>17,223,993</b>	<b>(69,187)</b>	<b>17,154,806</b>	<b>23,419,662</b>	<b>401,862</b>	<b>23,821,524</b>
<b>Undistributed income / (accumulated loss) brought forward</b>						
- Realised income/ (loss)		4,127,791			(2,652,037)	
- Unrealised (loss) / income		(3,725,929)			6,322,470	
		401,862			3,670,433	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(471,049)			(3,268,571)	
(Accumulated loss) / undistributed income carried forward		(69,187)			401,862	
<b>(Accumulated loss) / undistributed income carried forward</b>						
- Realised income		529,214			4,127,791	
- Unrealised loss		(598,401)			(3,725,929)	
		(69,187)			401,862	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		56.2315			63.3761	
Net asset value per unit at the end of the year		54.8025			56.2315	

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, 2023**

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year before taxation		(471,049)	(3,268,571)
<b>Adjustment for:</b>			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<u>598,401</u>	<u>3,725,929</u>
		127,352	457,358
<b>Decrease / (increase) in assets</b>			
Investments - net		5,900,921	5,882,044
Receivable against sale of investments		(203,898)	1,112
Dividend receivable		(14,598)	76,921
Advance, deposits and other receivable		1,630	175,708
		5,684,055	6,135,785
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		23,622	(61,466)
Payable to Central Depository Company of Pakistan Limited - Trustee		(625)	(988)
Payable to the Securities and Exchange Commission of Pakistan		(1,870)	(162)
Payable to Meezan Bank Limited		(94)	(821)
Payable against purchase of investments		(186)	(70,317)
Accrued expenses and other liabilities		11,853	(548,056)
		32,700	(681,810)
<b>Net cash generated from operating activities</b>		5,844,107	5,911,333
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		13,243,551	25,005,386
Payment against redemption and conversion of units		(19,714,918)	(31,769,960)
Dividend paid		-	-
<b>Net cash used in financing activities</b>		(6,471,367)	(6,764,574)
<b>Net decrease in cash and cash equivalents during the year</b>		(627,260)	(853,241)
Cash and cash equivalents at the beginning of the year		1,208,150	2,061,391
<b>Cash and cash equivalents at the end of the year</b>	5	580,890	1,208,150

The annexed notes 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 ISLAMIC FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**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 (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 21, 2008 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) notified through S.R.O. 1203 (I) / 2008. The Trust Deed was previously registered under the "Trust Act, 1882" and now has been registered under "The Sindh Trusts Act, 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above-mentioned Trust Deed has been registered under the Sindh Trust Act. 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.
- 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 (MBL) 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 30, 2022 (2022: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2023 (2022: AM1 dated June 23, 2022). 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 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 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Fund has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

#### Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

### 3.3 Standards and amendments to the approved accounting standards that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a - Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 -and IFRS 7	January 01, 2024
IAS 12	International Tax Reform – Pillar Two Model Rules -Amendments to IAS 12	January 01, 2023

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1	First time adoption of IFRS January 01, 2004
IFRS 17	Insurance Contracts January 01, 2023

'The Fund expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

### 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.

### 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	2023	2022
			----- (Rupees in '000) -----	
	Balances with banks in:			
	Savings accounts	5.1	543,334	1,201,534
	Current accounts		37,556	6,616
			<u>580,890</u>	<u>1,208,150</u>

5.1 This includes balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 10% (2022: 6.01%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 5.25% to 20.25% (2022: 3.00% to 16.40%) per annum.

6	INVESTMENTS	Note	2023	2022
			----- (Rupees in '000) -----	
	Investment at 'fair value through profit or loss'			
	Shares of listed companies - 'ordinary shares'	6.1	<u>16,779,045</u>	<u>23,278,367</u>

#### 6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / Right issue	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023.	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	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>											
Ghandhara Industries Limited	123,000	-	-	123,000	-	-	-	-	-	-	-
Ghandhara Nissan Limited	223,800	-	-	223,800	-	-	-	-	-	-	-
Millat Tractors Limited	789,228	51,713	209,408	878,080	172,269	75,919	67,238	(8,681)	0.39	0.40	0.15
									<b>0.39</b>	<b>0.40</b>	
<b>Automobile parts and accessories</b>											
Agriauto Industries Limited (note 6.1.1)	140,700	-	13,925	154,625	-	-	-	-	-	-	-
Panther Tyres Limited	513,508	-	-	485,500	28,008	907	565	(343)	0.00	-	0.02
									<b>0.00</b>	<b>-</b>	

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2022	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	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) -----								----- (Rupees in '000) -----			----- (%) -----		
<b>Chemicals</b>													
Engro Polymer & Chemicals Limited	6,708,221	-	-	6,708,221	-	-	-	-	-	-	-	-	
Dynea Pakistan Limited (Note 6.1.1)	303,000	10,500	-	-	313,500	53,932	39,504	(14,428)	0.23	0.24	3.32		
Lucky Core Industries Limited	828,885	21,000	-	240,184	609,701	439,598	368,345	(71,253)	2.15	2.20	0.66		
Sitara Chemicals Industries Limited	45,500	-	-	-	45,500	14,105	10,264	(3,841)	0.06	0.06	0.21		
									<b>2.44</b>	<b>2.50</b>			
<b>Cement</b>													
Attock Cement Pakistan Limited	523,300	-	-	145,000	378,300	25,157	31,350	6,193	0.18	0.19	0.28		
Bestway Cement Limited	-	284,500	-	-	284,500	36,158	41,253	5,094	0.24	0.25	0.05		
Cherat Cement Company Limited	3,545,000	866,868	-	641,739	3,770,129	369,046	453,471	84,425	2.64	2.70	1.94		
D.G. Khan Cement Company Limited	454,440	3,180,000	-	1,584,440	2,050,000	91,606	105,165	13,559	0.61	0.63	0.47		
Fauji Cement Company Limited	5,322,500	2,725,000	738,312	5,816,000	2,969,812	39,058	34,925	(4,133)	0.20	0.21	0.12		
Kohat Cement Company Limited	5,732,850	656,626	-	235,000	6,154,476	819,270	1,067,617	248,347	6.22	6.36	3.06		
Lucky Cement Limited	2,350,144	965,413	-	1,395,497	1,920,060	898,625	1,002,444	103,819	5.84	5.97	0.59		
Pioneer Cement Limited	650,000	1,200,000	-	718,588	1,131,412	74,921	98,014	23,093	0.57	0.58	0.50		
Maple Leaf Cement Factory Limited	13,568,850	10,990,000	-	15,135,428	9,423,422	252,106	266,966	14,860	1.56	1.59	0.88		
									<b>18.08</b>	<b>18.48</b>			
<b>Paper and Board</b>													
Cherat Packaging Limited	161,847	-	25,085	-	186,932	18,276	18,205	(70)	0.11	0.11	0.44		
Century Paper & Board Mills Limited	4,454,840	304,000	4,464,543	89,000	9,134,383	283,482	257,955	(25,527)	1.50	1.54	4.50		
Roshan Packages Limited	3,332,500	-	-	1,984,000	1,348,500	20,039	11,988	(8,051)	0.07	0.07	0.95		
Packages Limited	1,379,715	24,800	-	433,600	970,915	385,773	377,628	(8,146)	2.20	2.25	1.09		
									<b>3.88</b>	<b>3.97</b>			
<b>Technology and communication</b>													
Avanceon Limited	1,380,820	-	192,123	524,860	1,048,083	71,005	46,158	(24,848)	0.27	0.28	0.32		
Airlink communication Limited	1,632,712	-	-	1,632,712	-	-	-	-	-	-	-		
Octopus Digital Limited	65,207	-	-	65,207	-	-	-	-	-	-	-		
Systems Limited	4,513,040	221,113	-	778,011	3,956,142	1,327,829	1,595,631	267,801	9.30	9.51	1.42		
									<b>9.57</b>	<b>9.79</b>			
<b>Refinery</b>													
Attock Refinery Limited	215,000	100,000	-	315,000	-	-	-	-	-	-	-		
Energycico PK Limited (Formerly Byco petroleum Limited)	44,462,500	-	-	27,382,553	17,079,947	91,207	48,507	(42,700)	0.28	0.29	0.32		
National Refinery Limited	237,000	-	-	237,000	-	-	-	-	-	-	-		
									<b>0.28</b>	<b>0.29</b>			
<b>Commercial Banks</b>													
Meezan Bank Limited (a related party of the Fund)	13,762,144	1,587,735	1,428,074	5,560,523	11,217,430	1,153,092	968,849	(184,243)	5.65	5.77	0.63		
BankIslami Pakistan Limited	17,401,000	4,870,000	-	4,825,000	17,446,000	213,678	309,841	96,163	1.81	1.85	1.57		
									<b>7.45</b>	<b>7.62</b>			
<b>Oil and Gas Marketing Companies</b>													
Attock Petroleum Limited	798,334	35,000	198,333	53,443	978,224	253,556	293,712	40,156	1.71	1.75	0.79		
Hascol Petroleum Limited (note 6.1.3)	39,192	-	-	-	39,192	165	218	52	0.00	-	0.00		
Shell Pakistan Limited	-	175,000	-	50,000	125,000	12,348	14,456	2,108	0.08	0.09	0.06		
Pakistan State Oil Company Limited (note 6.1.3)	3,327,669	785,711	-	1,070,147	3,043,233	524,309	337,829	(186,479)	1.97	2.01	0.65		
Sui Northern Gas Pipelines Limited	6,009,512	4,050,000	-	1,370,697	8,688,815	321,450	342,079	20,629	1.99	2.04	1.37		
Sui Southern Gas Company Limited	-	4,161,500	-	-	4,161,500	45,405	35,747	(9,658)	0.21	0.21	0.47		
									<b>5.97</b>	<b>6.10</b>			



Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023.	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	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>											
Oil and Gas Development Company Limited	19,446,871	1,808,315	-	4,065,872	17,189,314	1,357,407	1,340,766	(16,640)	7.82	7.99	0.40
Pakistan Oilfields Limited	1,447,011	-	-	1,414,750	32,261	13,092	12,962	(130)	0.08	0.08	0.01
Pakistan Petroleum Limited	19,390,644	8,795,674	-	5,530,340	22,655,978	1,544,546	1,339,875	(204,671)	7.81	7.99	0.83
Mari Petroleum Company Limited (note 6.1.3)	1,888,097	32,000	-	542,086	1,378,011	2,392,583	2,087,191	(305,392)	12.17	12.44	1.03
									<b>27.87</b>	<b>28.50</b>	
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	60,050	-	-	60,050	-	-	-	-	-	-	-
Haleon Pakistan Limited	279,156	-	-	3,600	275,556	65,673	38,616	(27,057)	0.23	0.23	0.24
IBL Healthcare Limited	306,840	-	30,684	-	337,524	15,953	10,986	(4,966)	0.06	0.07	0.47
Highnoon Laboratories Limited (note 6.1.3)	144,934	-	38,407	-	183,341	76,796	61,634	(15,162)	0.36	0.37	0.44
The Searle Company Limited (note 6.1.3)	1,612,069	198,965	374,008	2,008,883	176,159	15,265	6,750	(8,515)	0.04	0.04	0.05
									<b>0.69</b>	<b>0.71</b>	
<b>Power Generation and Distribution</b>											
The Hub Power Company Limited	17,993,008	9,803,874	-	12,385,517	15,411,365	1,068,665	1,072,323	3,658	6.25	6.39	1.19
K - Electric Limited (6.1.1)	103,014,000	11,984,823	-	34,347,799	80,651,024	241,067	138,720	(102,347)	0.81	0.83	0.29
									<b>7.06</b>	<b>7.22</b>	
<b>Fertilizer</b>											
Fauji Fertilizer Bin Qasim Limited	2,518,000	-	-	2,518,000	-	-	-	-	-	-	-
Engro Corporation Limited (note 6.1.2)	4,933,090	2,943,029	-	2,628,669	5,247,450	1,433,664	1,363,760	(69,904)	7.95	8.13	0.91
Engro Fertilizers Limited	11,301,107	100,000	-	9,736,287	1,664,820	147,443	137,398	(10,045)	0.80	0.82	0.12
									<b>8.75</b>	<b>8.95</b>	
<b>Engineering</b>											
International Industries Limited	685,572	-	-	685,572	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	6,444,318	-	-	3,508,404	2,935,914	169,226	142,216	(27,010)	0.83	0.85	0.87
KSB Pumps Company Limited	37,900	-	-	37,900	-	-	-	-	-	-	-
									<b>0.83</b>	<b>0.85</b>	
<b>Food and Personal Care Products</b>											
Al-Shaheer Corporation Limited (note 6.1.3)	62,711	-	-	3,744	58,967	533	426	(107)	0.00	0.00	0.02
At-Tahur Limited	2,236,854	-	223,685	-	2,460,539	42,657	40,500	(2,156)	0.24	0.24	1.13
National Foods Limited (note 6.1.1)	317,687	1,315,000	-	1,301,887	330,800	29,511	32,551	3,040	0.19	0.19	0.14
The Organic Meat Company Limited	-	2,793,000	121,875	119,500	2,795,375	63,786	58,088	(5,698)	0.34	0.35	2.07
Unity Foods Limited	265,683	150,000	-	415,683	-	-	-	-	-	-	-
									<b>0.77</b>	<b>0.78</b>	
<b>Glass and Ceramics</b>											
Shabbir Tiles and Ceramics Limited (Note 6.1.1)	3,295,000	-	-	1,043,500	2,251,500	32,939	18,732	(14,207)	0.11	0.11	0.94
Tariq Glass Industries Limited	248,393	1,676,504	460,436	923,263	1,462,070	136,428	99,567	(36,861)	0.58	0.59	0.85
Ghani Glass Limited	1,253,200	-	239,361	-	1,492,561	51,168	38,060	(13,108)	0.22	0.23	0.18
									<b>0.91</b>	<b>0.93</b>	
<b>Textile Composite</b>											
Feroze1888 Mills Limited	1,474,086	-	-	1,471,086	3,000	187	225	38	0.00	-	0.00
Interloop Limited	13,443,118	575,000	3,073,233	9,947,629	7,143,722	280,037	251,888	(28,150)	1.47	1.50	0.76
Kohinoor Textile Mills Limited (note 6.1.3)	2,756,514	-	-	260,000	2,496,514	124,826	127,098	2,272	0.74	0.76	0.83
Nishat Mills Limited	2,488,299	-	-	2,346,475	141,824	10,482	8,051	(2,431)	0.05	0.05	0.04
									<b>2.26</b>	<b>2.31</b>	
<b>Leather &amp; Tanneries</b>											
Service Global Footwear Limited	816,325	-	-	207,000	609,325	24,483	16,988	(7,495)	<b>0.10</b>	<b>0.10</b>	<b>0.30</b>

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023.	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	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	349,000	550,000	-	800,000	99,000	3,648	4,477	828	0.03	0.03	0.03	
Synthetic Products Enterprises Limited (note 6.1.1)	2,247,534	-	-	1,518,500	729,034	10,272	7,582	(2,690)	0.04	0.05	0.36	
									<b>0.07</b>	<b>0.08</b>		
<b>Property &amp; Real Estate</b>												
TPL Properties Limited	-	5,650,000	425,000	-	6,075,000	113,088	75,695	(37,394)	<b>0.44</b>	<b>0.45</b>	<b>1.08</b>	
<b>Total as at June 30, 2023</b>					<b>284,963,333</b>	<b>17,377,446</b>	<b>16,779,045</b>	<b>(598,401)</b>				
<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>				

**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.275.48 million as at June 30, 2023 (2022: Rs.272.52 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, 2023, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.32.965 million (2022: Rs.48.964 million).

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>6.2</b>	<b>Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	6.1	<b>16,779,045</b>	23,278,367
Carrying value of investments	6.1	<b>(17,377,446)</b>	(27,004,296)
		<b><u>(598,401)</u></b>	<b><u>(3,725,929)</u></b>
<b>7</b>	<b>ADVANCE, DEPOSITS AND OTHER RECEIVABLE</b>		
Security deposit with Central Depository Company of Pakistan Limited		<b>100</b>	100
Security deposit with National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
Profit accrued on balances with banks		<b>8,779</b>	11,409
Advance against IBFT redemptions		<b>1,000</b>	-
		<b><u>12,379</u></b>	<b><u>14,009</u></b>
<b>8</b>	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Remuneration of the Management Company	8.1	<b>7,472</b>	7,906
Sindh Sales Tax on remuneration of the Management Company	8.2	<b>970</b>	1,027
Allocated expenses payable	8.3	<b>1,565</b>	144
Selling and marketing expenses payable	8.4	<b>44,573</b>	21,249
Sales load payable		<b>56</b>	615
Sindh Sales Tax on sales load payable		<b>7</b>	80
		<b><u>54,643</u></b>	<b><u>31,021</u></b>

**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% (2022: 2%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs.54.199 million (2022: Rs.78.502 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.54.256 million (2022: Rs.77.961 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 rate 0.11% (2022: 0.11%) during the year ended June 30, 2023, subject to total expense charged being lower than actual expense

**8.4** In accordance with Circular 11 dated July 05, 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% (2022: 1%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Remuneration payable	1,505	2,058
	Sindh Sales Tax payable on remuneration of the Trustee	196	268
		<u>1,701</u>	<u>2,326</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.2.840 million (2022: Rs.4.055 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.2.912 million (2022: Rs.4.168 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% (2022: 0.02%) of the average annual net assets of the Fund.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration payable	545	515
	Shariah advisor fee payable	2,014	1,840
	Charity payable	62,533	48,320
	Brokerage payable	2,134	1,716
	Capital gain tax payable	886	3,768
	Zakat payable	29	129
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	32,607	32,607
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	231,867	231,867
		<u>332,615</u>	<u>320,762</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, 2023, Non-Shariah Compliant income amounting to Rs.62.820 million (2022: Rs.46.892 million) was charged as an expense in the books of the Fund, and Rs.51.32 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount (Rupees in '000)
1	Akhuwat Foundation	1,100
2	Alamgir Welfare Trust International	8,730
3	Baitussalam Welfare Trust	7,730
4	Child Life Foundation	7,730
5	Edhi Foundation	7,730
6	Health and Nutrition Development Society (HANDS)	478
7	Ihsan Trust	2,000
8	Indus Hospital	7,730
9	Saylani Welfare Trust	7,730
10	The Patients behbud Society for the Aga Khan University Hospital	362
		<u>51,320</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 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, 2023 would have been higher by Re.0.84 (2022: Re.0.62) per unit.

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

<b>13 AUDITORS' REMUNERATION</b>	<b>2023</b>	<b>2022</b>
	<b>(Rupees in '000)</b>	
Annual audit fee	<b>589</b>	561
Fee for half yearly review of condensed interim financial statements	<b>216</b>	190
Out of pocket expenses	<b>31</b>	40
	<b><u>836</u></b>	<b><u>791</u></b>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 3.97% (2022: 3.79%) which includes 0.31% (2022: 0.31%) 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:

**Balances**

	2023	2022
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	7,472	7,906
Sindh Sales Tax on remuneration of the Management Company	970	1,027
Allocated expenses payable	1,565	144
Selling and marketing expenses payable	44,573	21,249
Sales load payable	56	615
Sindh Sales Tax on sales load payable	7	80
Investment of 1,381,285 units (2022: 437,592 units)	75,698	24,606
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	1,505	2,058
Sindh Sales Tax payable on remuneration of the Trustee	196	268
Security deposit	100	100

**Balances**

**2023**                      **2022**  
----- (Rupees in '000) -----

**Meezan Bank Limited**

Bank balance	<u>129,198</u>	<u>132,143</u>
Profit receivable	<u>310</u>	<u>303</u>
Sales load payable	<u>106</u>	<u>190</u>
Sindh Sales Tax on sales load payable	<u>14</u>	<u>24</u>
Shariah advisor fee payable	<u>2,014</u>	<u>1,840</u>
Investment in 11,217,430 shares (2022: 13,762,144 shares)	<u>968,849</u>	<u>1,554,847</u>
Investment of 12,475,049 units (2022: 12,475,049 units)	<u>683,664</u>	<u>701,491</u>

**Al Meezan Investment Management Limited - Employees' Gratuity Fund**

Investment of 189,837 units (2022: 189,837 units)	<u>10,404</u>	<u>10,675</u>
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**Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan**

Investment of 873,360 units (2022: 3,876,672 units)	<u>47,874</u>	<u>217,991</u>
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**Meezan Financial Planning Fund of Funds - Moderate Allocation Plan**

Investment of 562,357 units (2022: 853,646 units)	<u>30,826</u>	<u>48,002</u>
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**Meezan Financial Planning Fund of Funds - Conservative Allocation Plan**

Investment of 268,928 units (2022: 631,840 units)	<u>14,742</u>	<u>35,529</u>
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**Meezan Strategic Allocation Fund - MSAP - I**

Investment of 109,823 units (2022: 840,906 units)	<u>6,019</u>	<u>47,285</u>
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**Meezan Strategic Allocation Fund - MSAP - II**

Investment of 143,230 units (2022: 2,283,025 units)	<u>7,581</u>	<u>128,378</u>
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**Meezan Strategic Allocation Fund - MSAP - III**

Investment of 197,440 units (2022: 324,453 units)	<u>10,823</u>	<u>18,244</u>
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**Meezan Strategic Allocation Fund - MSAP - V**

Investment of 46,929 units (2022: 14,424 units)	<u>2,572</u>	<u>811</u>
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**Directors and executives of the Management Company**

Investment of 1,399,745 units (2022: 3,751,087 units)	<u>76,710</u>	<u>210,929</u>
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**Unit holders holding 10% or more units of the Fund**

Investment of 63,951,330 units (2022: nil units)	<u>3,504,693</u>	<u>-</u>
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**Transactions during the year**

**2023**                      **2022**  
----- (Rupees in '000) -----

**Al Meezan Investment Management Limited**
**- Management Company**

Remuneration of the Management Company	<u>416,914</u>	<u>603,864</u>
Sindh Sales Tax on remuneration of the Management Company	<u>54,199</u>	<u>78,502</u>
Allocated expenses	<u>22,930</u>	<u>33,212</u>
Selling and marketing expenses	<u>208,457</u>	<u>301,932</u>
Issuance of 7,001,254 units (2022: 5,511,594 units)	<u>383,685</u>	<u>346,499</u>
Redemption of 5,457,826 units (2022: 7,079,068 units)	<u>302,786</u>	<u>434,797</u>

**Transactions during the year**
**Central Depository Company of Pakistan Limited - Trustee**

Remuneration of Central Depository Company of Pakistan Limited - Trustee	21,846	31,193
Sindh Sales Tax on remuneration of the Trustee	2,840	4,055
CDS charges	633	791

**Meezan Bank Limited**

Profit on balances maintained with the Bank	3,761	2,457
Bonus issue of 1,428,074 shares (2022: 2,113,106 shares)	-	-
Purchase of 1,587,735 shares (2022: 794,667 shares)	172,482	109,183
Sale of 5,560,523 shares (2022: 3,276,445 shares)	557,555	452,212
Shariah advisor fee	2,580	3,684
Dividend income	139,126	90,738

**Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan**

Units issued: 141,095 units (2022: 506,155 units)	7,674	30,639
Units redeemed: 3,144,406 units (2022: 751,688 units)	173,125	46,275

**Meezan Financial Planning Fund of Funds - Moderate Allocation Plan**

Units issued: 118,091 units (2022: 444,918 units)	6,481	27,756
Units redeemed: 409,380 units (2022: 778,713 units)	22,920	47,575

**Meezan Financial Planning Fund of Funds - Conservative Allocation Plan**

Units issued: 44,768 units (2022: 305,731 units)	2,443	18,543
Units redeemed: 407,678 units (2022: 572,170 units)	23,075	34,025

**Meezan Financial Planning Fund of Funds - MAAP - I**

Units issued: nil units (2022: 47,581 units)	-	3,000
Units redeemed: nil units (2022: 47,581 units)	-	2,844

**Meezan Strategic Allocation Fund - MSAP - I**

Units issued: nil units (2022: 523,279 units)	-	33,048
Units redeemed: 731,083 units (2022: 2,412,967 units)	40,020	147,350

**Meezan Strategic Allocation Fund - MSAP - II**

Units issued: 87,437 units (2022: 2,703,370 units)	4,972	174,546
Units redeemed: 2,227,231 units (2022: 1,999,920 units)	121,500	118,330

**Meezan Strategic Allocation Fund - MSAP - III**

Units issued: 122,059 units (2022: 227,046 units)	6,941	14,300
Units redeemed: 249,072 units (2022: 2,444,065 units)	14,000	151,850

**Meezan Strategic Allocation Fund - MSAP - IV**

Units issued: 15,663 units (2022: 395,055 units)	891	23,000
Units redeemed: 15,663 units (2022: 417,564 units)	866	24,202

**Meezan Strategic Allocation Fund - MSAP - V**

Units issued: 32,505 units (2022: 23,827 units)	1,848	1,500
Units redeemed: nil units (2022: 35,689 units)	-	2,170

**Directors and executives of the Management Company**

Units issued: 14,308,686 units (2022: 4,564,282 units)	815,339	290,745
Units redeemed: 15,380,968 units (2022: 13,783,258 units)	856,535	781,561

	2023	2022
	(Rupees in '000)	
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	21,846	31,193
Sindh Sales Tax on remuneration of the Trustee	2,840	4,055
CDS charges	633	791
<b>Meezan Bank Limited</b>		
Profit on balances maintained with the Bank	3,761	2,457
Bonus issue of 1,428,074 shares (2022: 2,113,106 shares)	-	-
Purchase of 1,587,735 shares (2022: 794,667 shares)	172,482	109,183
Sale of 5,560,523 shares (2022: 3,276,445 shares)	557,555	452,212
Shariah advisor fee	2,580	3,684
Dividend income	139,126	90,738
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Units issued: 141,095 units (2022: 506,155 units)	7,674	30,639
Units redeemed: 3,144,406 units (2022: 751,688 units)	173,125	46,275
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Units issued: 118,091 units (2022: 444,918 units)	6,481	27,756
Units redeemed: 409,380 units (2022: 778,713 units)	22,920	47,575
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Units issued: 44,768 units (2022: 305,731 units)	2,443	18,543
Units redeemed: 407,678 units (2022: 572,170 units)	23,075	34,025
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units issued: nil units (2022: 47,581 units)	-	3,000
Units redeemed: nil units (2022: 47,581 units)	-	2,844
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Units issued: nil units (2022: 523,279 units)	-	33,048
Units redeemed: 731,083 units (2022: 2,412,967 units)	40,020	147,350
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Units issued: 87,437 units (2022: 2,703,370 units)	4,972	174,546
Units redeemed: 2,227,231 units (2022: 1,999,920 units)	121,500	118,330
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Units issued: 122,059 units (2022: 227,046 units)	6,941	14,300
Units redeemed: 249,072 units (2022: 2,444,065 units)	14,000	151,850
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Units issued: 15,663 units (2022: 395,055 units)	891	23,000
Units redeemed: 15,663 units (2022: 417,564 units)	866	24,202
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Units issued: 32,505 units (2022: 23,827 units)	1,848	1,500
Units redeemed: nil units (2022: 35,689 units)	-	2,170
<b>Directors and executives of the Management Company</b>		
Units issued: 14,308,686 units (2022: 4,564,282 units)	815,339	290,745
Units redeemed: 15,380,968 units (2022: 13,783,258 units)	856,535	781,561



**17 FINANCIAL INSTRUMENTS BY CATEGORY**

	2023		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
<b>Financial assets</b>			
Balances with banks	580,890	-	580,890
Investments	-	16,779,045	16,779,045
Receivable against sale of investments	237,355	-	237,355
Receivable against conversion of units	134,071	-	134,071
Dividend receivable	22,360	-	22,360
Deposits and other receivable	11,379	-	11,379
	<u>986,055</u>	<u>16,779,045</u>	<u>17,765,100</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	54,643	-	54,643
Payable to Central Depository Company of Pakistan Limited - Trustee	1,701	-	1,701
Payable against redemption and conversion of units	218,046	-	218,046
Payable against purchase of investments	-	-	-
Payable to Meezan Bank Limited	120	-	120
Accrued expenses and other liabilities	4,693	-	4,693
	<u>279,203</u>	<u>-</u>	<u>279,203</u>
	----- (Rupees in '000) -----		
	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
Advance, 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>

**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, 2023, 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.5.433 million (2022: Rs.12.015 million).

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

As at June 30, 2023, 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, 2023 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, 2023 can be determined as follows:

As at June 30, 2023						
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	5.25% to 20.25%	543,334	-	-	37,556	580,890
Investments		-	-	-	16,779,045	16,779,045
Receivable against sale of investments		-	-	-	237,355	237,355
Receivable against conversion of units		-	-	-	134,071	134,071
Dividend receivable		-	-	-	22,360	22,360
Deposits and other receivable		-	-	-	11,379	11,379
		<b>543,334</b>	<b>-</b>	<b>-</b>	<b>17,221,766</b>	<b>17,765,100</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	54,643	54,643
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,701	1,701
Payable to Meezan Bank Limited		-	-	-	120	120
Payable against redemption and conversion of units		-	-	-	218,046	218,046
Payable against purchase of investments		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	4,693	4,693
		-	-	-	279,203	279,203
<b>On-balance sheet gap (a)</b>		<b>543,334</b>	<b>-</b>	<b>-</b>	<b>16,942,563</b>	<b>17,485,897</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>543,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Cumulative profit rate sensitivity gap**
**543,334      543,334      543,334**

As at June 30, 2022						
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		

**(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, 2023, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 167.790 million (2022: Rs. 232.784 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, 2023 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, 2023.

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, 2023						
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	580,890	-	-	-	-	580,890
Investments	-	-	-	-	16,779,045	16,779,045
Receivable against sale of investments	237,355	-	-	-	-	237,355
Receivable against conversion of units	134,071	-	-	-	-	134,071
Dividend receivable	22,360	-	-	-	-	22,360
Deposits and other receivable	9,779	-	-	-	2,600	12,379
	984,455	-	-	-	16,781,645	17,766,100
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	54,643	-	-	-	-	54,643
Payable to Central Depository Company of Pakistan Limited - Trustee	1,701	-	-	-	-	1,701
Payable to Meezan Bank Limited	120	-	-	-	-	120
Payable against redemption and conversion of units	218,046	-	-	-	-	218,046
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	-	4,693	-	-	-	4,693
	274,510	4,693	-	-	-	279,203
<b>Net financial assets / (liabilities)</b>	<b>709,945</b>	<b>(4,693)</b>	<b>-</b>	<b>-</b>	<b>16,781,645</b>	<b>17,486,897</b>

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)

**Financial assets**

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

**Financial liabilities**

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

**Net financial assets / (liabilities)**

	<b>867,358</b>	<b>(4,071)</b>	-	-	-	<b>23,280,967</b>	<b>24,144,254</b>
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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.

	2023		2022	
	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	<b>580,890</b>	<b>580,890</b>	1,208,150	1,208,150
Investments	<b>16,779,045</b>	-	23,278,367	-
Receivable against sale of investments	<b>237,355</b>	<b>237,355</b>	33,457	33,457
Receivable against conversion of units	<b>134,071</b>	<b>134,071</b>	57,085	57,085
Dividend receivable	<b>22,360</b>	<b>22,360</b>	7,762	7,762
Advance, deposits and other receivable	<b>12,379</b>	<b>12,379</b>	14,009	14,009
	<b>17,766,100</b>	<b>987,055</b>	<b>24,598,830</b>	<b>1,320,463</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 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	
	2023	2022
AAA	56.23	79.42
AA+	40.79	8.91
AA	0.03	0.10
A+	2.95	11.57
	<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, 2023 and June 30, 2022 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, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

ASSETS	2023		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	16,779,045	-	-
	2022		
	(Rupees in '000)		
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	23,278,367	-	-

**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	2023			2022		
	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	20,923	6,938,331	40.44	24,038	11,232,123	47.14
Associated Companies /						
Directors	14	257,315	1.50	16	698,102	2.93
Insurance Companies	4	828,828	4.83	4	829,673	3.48
Banks and DFIs	3	820,966	4.79	3	842,373	3.54
Retirement Funds	67	5,507,343	32.10	100	6,271,029	26.33
Public Limited Companies	2	219,557	1.28	3	254,468	1.07
Others	106	2,582,467	15.05	122	3,693,756	15.51
	<b>21,119</b>	<b>17,154,806</b>	<b>100.00</b>	<b>24,286</b>	<b>23,821,524</b>	<b>100.00</b>

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

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Top Line Securities (Private) Limited	7.32%	Arif Habib Limited	8.35%
Sherman Securities (Private) Limited	7.27%	AKD Securities Limited	8.05%
JS Global Capital Limited	6.73%	Akik Capital (Private) Limited	7.54%
Akik Capital (Private) Limited	6.20%	JS Global Capital Limited	6.86%
Arif Habib Limited	5.90%	Top Line Securities (Private) Limited	5.79%
Ismail Iqbal Securities (Private) Limited	5.87%	Foundation Securities (Private) Limited	5.02%
Foundation Securities (Private) Limited	5.83%	BMA Capital Management Limited	4.78%
BMA Capital Management Limited	5.52%	EFG Hermes Pakistan Limited	4.52%
AKD Securities Limited	5.49%	Optimus Capital Management (Private) Limited	4.37%
Alfalsh CLSA Securities (Private) Limited	5.43%	Insight Securities (Private) Limited	4.25%

**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 Shoab	Chief Executive Officer	CFA / MBA	Thirty Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven years
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Shariah Compliant Income	CFA level II / MBA	Sixteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Twelve years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Sixteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fifteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Nine 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 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	No	Yes	Yes

\*Mr. Moin M. Fudda resigned from the Board on June 9, 2023.

**25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 7, 2023 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



# Adapting to Change



Embracing change is core to Al Meezan's pursuit of excellence. With agility, it evolves alongside industry shifts, technology advancements, and customer needs to stay ahead of the curve.

## Al Meezan Mutual Fund

Al Meezan Mutual Fund aims to optimize the total investment returns in the form of capital gains and 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
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Non-Executive Nominee Director- MBL
Mr. Naeem Sattar	Non-Executive Nominee Director- PKIC
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj	Non-Executive Nominee Director- MBL

Ms. Shazia Khurram was appointed on July 4, 2023 as director in place of Mr. Moin M. Fudda who resigned from the Board on June 9, 2023 and Mr. Saad Ur Rahman Khan was appointed on August 7, 2023 in place of Mr. Mubashar Maqbool who resigned from the Board on July 21, 2023. The revised composition of the Board Committees is as under.

## 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. Saad Ur Rahman Khan	Chairman
Ms. Shazia Khurram	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Saad Ur Rahman Khan	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

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box. 15541, Karachi 75530

## SHARIAH ADVISER

Dr. Muhammad Imran Usmani  
Jamia Darul Uloom Karachi  
Korangi Industrial Area Karachi Postal Code 75180 Pakistan  
Tel: +92 21 35044770  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## 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

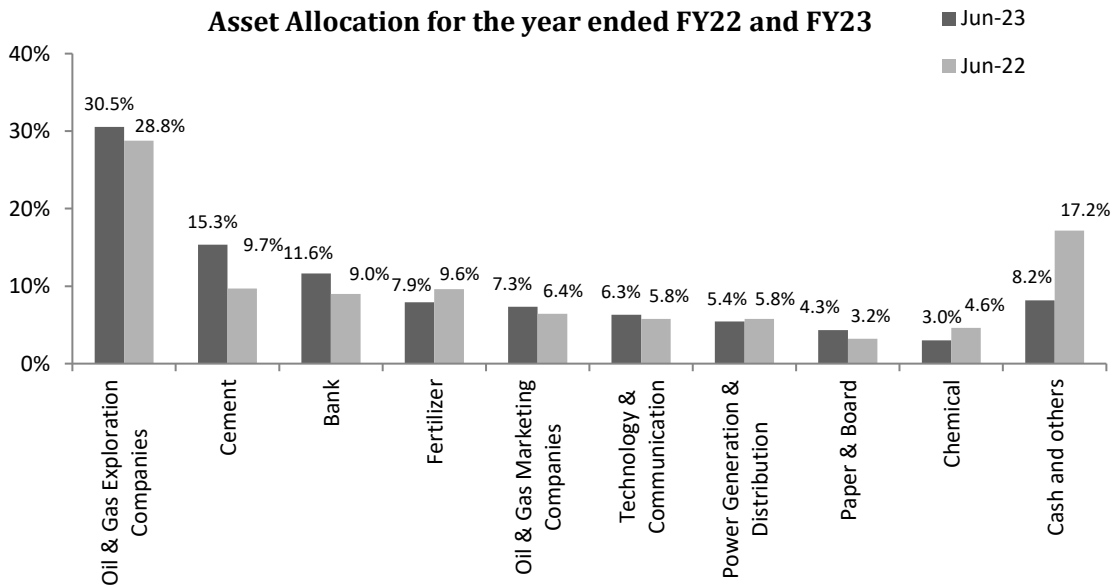
### Objective

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 97.90% exposure to equities, touched a maximum of 99.73% and minimum of around 90.73% during the fiscal year, on average remaining around 98.39% invested and while closing the year at 97.55% invested percentage. Exposure to Oil and Gas sector was increased in wake of weak PKR and possible resolution circular debt that may potentially increase payouts of the investee companies. Simultaneously, exposure to cement sector was raised to benefit from possible rebound in stock prices due to weak commodities and resumption of IMF program.

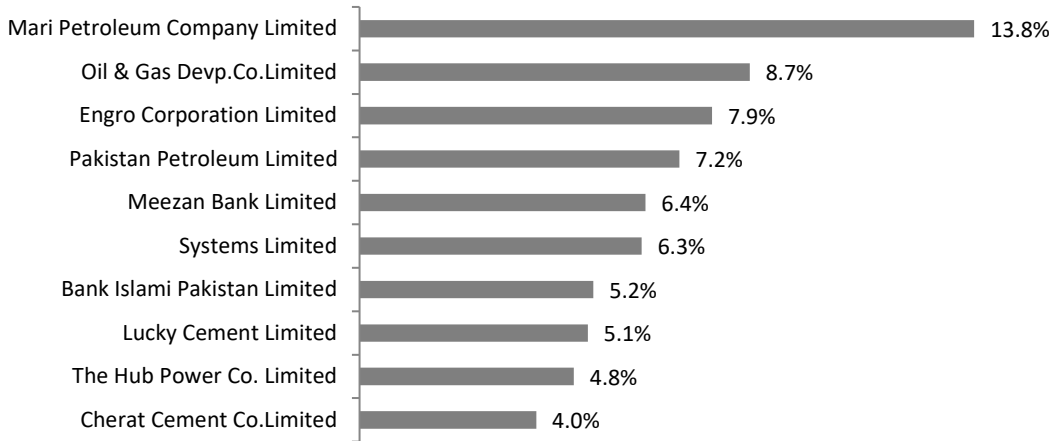




Pure. Profit.



### Top Holdings



### Performance Review

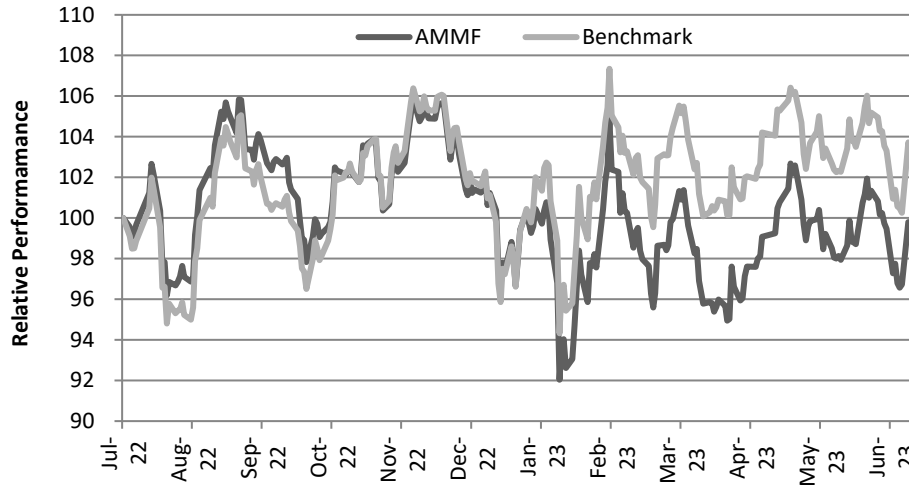
During FY23, Al Meezan Mutual Fund (AMMF) provided a negative return of 0.28% to its investors and the KSE Meezan Index (KMI 30) - Benchmark increased by 2.88% to close at 70,748 pts.

	<u>AMMF (NAV)</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2022- Rs.	15.72	68,766
Net Asset Value (NAV) as on June 30, 2023- Rs.	15.68	70,748
Change (Points)	-0.04	1,982
Return During the Period	-0.28%	2.88%

AMMF posted a total income of Rs. 124 million in the fiscal year 2023 as compared to a total loss of Rs. 463 million last year. Total income comprised of realized loss and unrealized loss on investments of Rs. 139 million and Rs. 102 million respectively. Dividend income contributed Rs. 352 million to income, while profit on saving accounts with banks amounted to Rs. 12 million. After accounting for expenses of Rs. 157 million, the Fund posted a net loss of Rs. 33 million. The net assets of the Fund as at June 30, 2023 were Rs. 3,153 million as compared to Rs. 4,451 million last year depicting decrease of 29%. The net asset value per unit as at June 30, 2023 was Rs. 15.6760 as compared to Rs. 15.7208 per unit as on June 30, 2022.



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, 2023 an amount of Rs. 12.52 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2023

### SWWF Disclosure

Not Applicable

### Breakdown of unit holdings by size:

(As on June 30, 2023)

Range (Units)	No. of investors
1 - 9,999	3,923
10,000 - 49,999	419
50,000 - 99,999	95
100,000 - 499,999	86
500,000 and above	26
<b>Total</b>	<b>4,549</b>

### Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	32	32	0	0
<b>Percentage</b>	100%	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**  
**AL MEEZAN MUTUAL FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	3,153,194.00	4,450,543.00	4,917,841.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	15.6760	15.7208	17.6466
Offer price per unit as at June 30, (Rs.) (ex-distribution)		16.0761	18.0454
Highest offer price per unit (Rs.)	17.0147	18.9709	18.6562
Lowest offer price per unit (Rs.)	14.7959	15.6983	13.9437
Highest redemption price per unit (Rs.)	16.6387	18.5517	18.2439
Lowest redemption price per unit (Rs.)	14.4690	15.3514	13.6356
Distribution (%)			
Interim			
Final			
Date of distribution			
Interim			
Final			
Income distribution (Rupees in '000)			
Growth distribution (Rupees in '000)			
Total return (%)	-0.28%	-11%	33%

	One Year	Two Years	Three Years
Average annual return as at June 30, 2023 (%)	0.00%	-0.06%	0.07%

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

# Dr. Muhammad Imran Usmani

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Tel: +92 21 3 5047770  
Fax: +92 21 5040234  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## Report of the Shariah Advisor – Al Meezan Mutual Fund (AMMF)

July 29, 2023/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2022 to June 30, 2023 was the Twenty Eighth year of operations of Al Meezan Mutual Fund (the "AMMF" or the "Fund") under management of Al Meezan Investment Management Limited (the "Al Meezan" or the "Management Company"). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the "Report") in accordance with 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 Shariah Advisor, we have prescribed six criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah 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 Shariah compliance with the Shariah 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.

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2023 have been in compliance with the Shariah principles.

In light of the above, we hereby certify that all the provisions of the scheme and investments made on account of the Fund under management of Al Meezan are Shariah-compliant and in accordance with the criteria established by us.

We further confirm that earnings realized through prohibited sources were transferred to the charity account which amounts to PKR 12.5 million and is available for disbursement.

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

And Allah knows the best.



Dr. Muhammad Imran Ashraf Usmani  
Shariah Advisor

**Head Office:**

CDC House, 99-B, Block 'B'  
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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**AL MEEZAN MUTUAL FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of 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, 2023 in accordance with the provisions of the following:

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

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

Karachi, September 25, 2023



## INDEPENDENT AUDITORS' 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 **30 June 2023**, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and investments</b>	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2023, the bank balances and investments (comprised of equity instruments) held by the Fund represent 99% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 and reconciled it with the books and records of the Fund.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4.</li> <li>- We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).</li> <li>- We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

#### 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 auditors' 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 for the Financial Statements

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

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

The Board of Directors are 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.
- 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

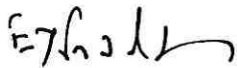
#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

#### **Other Matter**

The annual financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants, whose audit report dated 21 September 2022, expressed an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 26 September 2023

**Place:** Karachi

**UDIN Number:** AR202310076o29euRjV1



**AL MEEZAN MUTUAL FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2023**

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Balances with banks	5	121,100	124,935
Investments	6	3,111,672	4,357,083
Receivable against sale of investments		2,208	24,807
Receivable against conversion of units		23,440	14,127
Dividend receivable		1,668	1,276
Advance, deposits and other receivable	7	3,642	4,747
<b>TOTAL ASSETS</b>		<b>3,263,730</b>	<b>4,526,975</b>
<b>LIABILITIES</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	9,804	5,622
Payable to Central Depository Company of Pakistan Limited - Trustee	9	384	510
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	768	967
Payable to Meezan Bank Limited		17	10
Payable against purchase of investments		-	1,788
Payable against conversion and redemption of units		40,064	12,318
Dividend payable		4,917	4,917
Accrued expenses and other liabilities	11	54,582	50,300
<b>TOTAL LIABILITIES</b>		<b>110,536</b>	<b>76,432</b>
<b>NET ASSETS</b>		<b>3,153,194</b>	<b>4,450,543</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>3,153,194</b>	<b>4,450,543</b>
<b>Contingencies and commitments</b>	12		
		----- (Number of units) -----	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>201,147,634</b>	<b>283,099,100</b>
		----- (Rupees) -----	
<b>NET ASSET VALUE PER UNIT</b>		<b>15.6760</b>	<b>15.7208</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, 2023**

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>INCOME</b>			
Dividend income		352,404	302,059
Profit on saving account with banks		12,218	18,450
Other income		-	3,630
Realised loss on sale of investments - net		(138,642)	(215,328)
		225,980	108,811
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(102,140)	(571,557)
<b>TOTAL INCOME</b>		<b>123,840</b>	<b>(462,746)</b>
<b>EXPENSES</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	76,793	96,736
Sindh Sales Tax on remuneration of the Management Company	8.2	9,983	12,576
Allocated expenses	8.3	4,224	5,320
Selling and marketing expenses	8.4	38,396	48,368
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,840	5,837
Sindh Sales Tax on remuneration of the Trustee	9.2	629	759
Annual fee to the Securities and Exchange Commission of Pakistan	10	768	967
Auditors' remuneration	13	580	798
Fees and subscription		527	556
Legal and professional charges		-	184
Brokerage expense		6,830	7,991
Printing expenses		6	-
Bank and settlement charges		855	933
Charity expense	11.1	12,523	7,327
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(77,691)
<b>TOTAL EXPENSES</b>		<b>156,954</b>	<b>110,661</b>
<b>Net loss for the year before taxation</b>		<b>(33,114)</b>	<b>(573,407)</b>
Taxation	15	-	-
<b>Net loss for the year after taxation</b>		<b>(33,114)</b>	<b>(573,407)</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-

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, 2023**

	2023	2022
	----- (Rupees in '000) -----	
Net loss for the year after taxation	(33,114)	(573,407)
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>(33,114)</u></b>	<b><u>(573,407)</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, 2023**

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the year</b>	4,250,146	200,397	4,450,543	4,144,037	773,804	4,917,841
Issuance of 93,283,029 units (2022: 222,100,181 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,466,484	-	1,466,484	3,919,313	-	3,919,313
- Element of income / (loss)	2,019	-	2,019	(68,147)	-	(68,147)
Total proceeds on issuance of units	1,468,503	-	1,468,503	3,851,166	-	3,851,166
Redemption of 175,234,495 units (2022: 217,686,450 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,754,826	-	2,754,826	3,841,426	-	3,841,426
- Element of loss	(22,088)	-	(22,088)	(96,369)	-	(96,369)
Total payments on redemption of units	2,732,738	-	2,732,738	3,745,057	-	3,745,057
Total comprehensive (loss) / income for the year	-	(33,114)	(33,114)	-	(573,407)	(573,407)
Distribution during the year	-	-	-	-	-	-
Loss for the year less distribution	-	(33,114)	(33,114)	-	(573,407)	(573,407)
<b>Net assets at the end of the year</b>	<b>2,985,911</b>	<b>167,283</b>	<b>3,153,194</b>	<b>4,250,146</b>	<b>200,397</b>	<b>4,450,543</b>
Undistributed income brought forward						
- Realised income / (loss)		771,954			(27,472)	
- Unrealised (loss) / income		(571,557)			801,276	
		200,397			773,804	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(33,114)			(573,407)	
<b>Undistributed income carried forward</b>		<b>167,283</b>			<b>200,397</b>	
<b>Undistributed income carried forward</b>						
- Realised income		269,423			771,954	
- Unrealised loss		(102,140)			(571,557)	
		167,283			200,397	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year		15.7208			17.6466	
Net assets value per unit at the end of the year		15.6760			15.7208	

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, 2023**

Note	2023	2022
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year before taxation	(33,114)	(573,407)
<b>Adjustments for:</b>		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	<u>102,140</u>	<u>571,557</u>
	69,026	(1,850)
<b>Decrease / (increase) in assets</b>		
Investments - net	<u>1,143,271</u>	<u>(278,219)</u>
Dividend receivable	(392)	20,634
Receivable against sale of investments	22,599	(12,125)
Advance, deposits and other receivable	<u>1,105</u>	<u>66,472</u>
	1,166,583	(203,238)
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	<u>4,182</u>	<u>(7,563)</u>
Payable to Central Depository Company of Pakistan Limited - Trustee	(126)	(47)
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(199)	30
Payable to Meezan Bank Limited	7	(91)
Payable against purchase of investments	<u>(1,788)</u>	<u>1,788</u>
Accrued expenses and other liabilities	<u>4,282</u>	<u>(85,230)</u>
	6,358	(91,113)
<b>Net cash generated from / (used in) operating activities</b>	<u>1,241,967</u>	<u>(296,201)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	<u>1,459,190</u>	<u>3,873,414</u>
Payment against issuance and conversion of units	<u>(2,704,992)</u>	<u>(3,748,779)</u>
Dividend paid	-	-
<b>Net cash (used in) / generated from financing activities</b>	<u>(1,245,802)</u>	<u>124,635</u>
<b>Net decrease in cash and cash equivalents during the year</b>	<u>(3,835)</u>	<u>(171,566)</u>
Cash and cash equivalents at the beginning of the year	124,935	296,501
<b>Cash and cash equivalents at the end of the year</b>	<u>5</u> <u>121,100</u>	<u>124,935</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, 2023**

**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 30, 2022 (2022: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2023 (2022: 'AM1' dated June 23, 2022). 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 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Fund has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

#### Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

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

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Amendments		Effective date (annual periods beginning on or after)
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 -and IFRS 7	January 01, 2024
IAS 12	International Tax Reform – Pillar Two Model Rules -Amendments to IAS 12	January 01, 2023

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:



**IASB Effective date  
(annual periods  
beginning on or after)**

**Standards**

IFRS 1	First time adoption of IFRS	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

**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.

**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	2023	2022
----- Rupees in '000 -----			
<b>5</b>	<b>BALANCES WITH BANKS</b>		
	Balances with banks in:		
	Current accounts	13,391	10,190
	Savings accounts	5.1 <u>107,709</u>	<u>114,745</u>
		<u><u>121,100</u></u>	<u><u>124,935</u></u>

5.1 These include a balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 10% (2022: 6.01%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates of profit ranging from 6.74% to 20.25% per annum (2022: 3% to 16.25% per annum).

	Note	2023	2022
----- Rupees in '000 -----			
<b>6</b>	<b>INVESTMENTS</b>		
	Listed equity securities - at 'fair value through profit or loss'	6.1 <u>3,111,672</u>	<u>4,357,083</u>

**6.1 Investments in equity securities - listed**

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market Value as at June 30, 2023	Unrealised (diminution) / appreciation as at June 30, 2023	Percentage in relation to				
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of		
											%		
								(Number of shares)		(Rupees in '000)		-%	
<b>Automobile Assembler</b>													
Gandhara Industries Limited	29,700	-	-	29,700	-	-	-	-	-	-	-	-	
Millat Tractors Limited	130,694	-	23,938	154,632	-	-	-	-	-	-	-	-	
<b>Cement</b>													
Attock Cement Pakistan Limited **	400	-	-	400	-	-	-	-	-	-	-	-	
Cherat Cement Company Limited	855,000	772,500	-	553,260	1,074,240	112,783	129,210	16,427	4.10	4.15	0.55		
Kohat Cement Company Limited	739,320	62,199	-	85,500	716,019	94,781	124,208	29,427	3.94	3.99	0.36		
Lucky Cement Limited	411,130	433,044	-	524,500	319,674	148,197	166,899	18,702	5.29	5.36	0.10		
Pioneer Cement Limited	-	450,000	-	-	450,000	31,702	38,984	7,282	1.24	1.25	0.20		
Maple Leaf Cement Factory Limited	2,702,082	1,175,000	-	2,407,193	1,469,889	40,244	41,642	1,398	1.32	1.34	0.14		
									<b>15.89</b>	<b>16.09</b>	<b>1.35</b>		
<b>Chemicals</b>													
Dynea Pakistan Limited (note 6.1.1)	119,500	-	-	119,500	-	-	-	-	-	-	-	-	
Engro Polymer and Chemicals Limited	823,041	-	-	823,041	-	-	-	-	-	-	-	-	
Lucky Core Industries Limited	129,829	29,702	-	25,000	134,531	94,352	81,276	(13,076)	2.58	2.61	0.15		
Sitara Chemical Industries Limited	93,100	-	-	17,200	75,900	23,529	17,122	(6,407)	0.54	0.55	0.35		
									<b>3.12</b>	<b>3.16</b>	<b>0.50</b>		
<b>Commercial Banks</b>													
BankIslami Pakistan Limited	8,154,000	4,150,114	-	2,675,500	9,628,614	120,152	171,004	50,852	5.42	5.50	0.87		
Meezan Bank Limited	2,732,907	262,232	263,290	837,145	2,421,284	247,426	209,126	(38,300)	6.63	6.72	0.14		
									<b>12.05</b>	<b>12.22</b>	<b>1.01</b>		
<b>Engineering</b>													
International Industries Limited	-	51,332	-	51,332	-	-	-	-	-	-	-	-	
International Steels Limited	-	100,000	-	100,000	-	-	-	-	-	-	-	-	
Mughal Iron & Steel Industries Limited	1,116,300	397,491	-	1,513,791	-	-	-	-	-	-	-	-	
<b>Fertilizer</b>													
Engro Corporation Limited (note 6.1.2)	971,629	370,000	-	350,000	991,629	266,153	257,714	(8,439)	8.17	8.28	0.17		
Engro Fertilizers Limited	2,088,300	-	-	2,088,300	-	-	-	-	-	-	-	-	
									<b>8.17</b>	<b>8.28</b>	<b>0.17</b>		
<b>Food and Personal Care Products</b>													
At-Tahir Limited	1,534,840	100,000	163,484	110,000	1,688,324	29,166	27,790	(1,376)	0.88	0.89	0.77		
The Organic Meat Company Limited	-	1,250,000	-	75,000	1,175,000	25,297	24,417	(880)	0.77	0.78	0.87		
Al-Shaheer Corporation Limited **	12,997	-	-	1,458	11,539	104	83	(21)	0.00	0.00	-		
National Foods Limited (note 6.1.1)	7,687	317,000	-	122,687	202,000	17,170	19,877	2,707	0.63	0.64	0.17		
									<b>2.28</b>	<b>2.31</b>	<b>1.81</b>		
<b>Glass and Ceramics</b>													
Ghani Glass Limited	498,125	-	406	496,000	2,531	87	65	(22)	0.00	0.00	0.00		
<b>Miscellaneous</b>													
Pakistan Aluminium Beverage Cans Limited	141,500	264,000	-	405,500	-	-	-	-	-	-	-	-	





Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market Value as at June 30, 2023	Unrealised (diminution) / appreciation as at June 30, 2023	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	331,178	19,800	-	54,243	296,735	513,762	449,447	(64,315)	14.25	14.44	0.22
Oil and Gas Development Company Ltd	3,996,888	536,500	-	875,820	3,657,568	289,694	285,290	(4,404)	9.05	9.17	0.09
Pakistan Oilfields Limited	428,409	33,000	-	393,000	68,409	27,686	27,485	(201)	0.87	0.88	0.02
Pakistan Petroleum Limited	3,528,271	1,852,500	-	1,425,000	3,955,771	274,983	233,944	(41,039)	7.42	7.52	0.15
									<b>31.59</b>	<b>32.01</b>	<b>0.48</b>
<b>Oil and Gas Marketing Companies</b>											
Attock Petroleum Limited	66,238	-	16,559	1,708	81,089	20,844	24,347	3,503	0.77	0.78	0.07
Hascol Petroleum Limited (note 6.1.3)**	7,946	-	-	-	7,946	34	44	10	0.00	0.00	-
Pakistan State Oil Company Limited (note 6.1.3)	1,093,913	106,500	-	195,000	1,005,413	168,186	111,611	(56,575)	3.54	3.59	0.21
Sui Northern Gas Pipelines Limited	2,367,000	550,000	-	300,000	2,617,000	91,711	103,031	11,320	3.27	3.31	0.41
									<b>7.58</b>	<b>7.68</b>	<b>0.69</b>
<b>Paper and Board</b>											
Century Paper & Board Mills Limited (note 6.1.3)	802,650	515,000	1,229,527	18,500	2,528,677	81,174	71,410	(9,764)	2.26	2.29	0.63
Packages Limited	238,678	10,500	-	68,800	180,378	71,634	70,156	(1,478)	2.22	2.25	0.20
									<b>4.48</b>	<b>4.54</b>	<b>0.83</b>
<b>Property</b>											
TPL Properties Limited	-	250,000	25,000	275,000	-	-	-	-	-	-	-
<b>Pharmaceuticals</b>											
Haleon Pakistan Limited	130,500	-	-	130,500	-	-	-	-	-	-	-
Highnoon Laboratories Limited (note 6.1.3)	2,118	-	205	1,339	984	413	331	(82)	0.01	0.01	-
The Searle Company Limited (note 6.1.3)	173,146	11,000	43,286	205,223	22,209	1,675	851	(824)	0.03	0.03	0.01
									<b>0.04</b>	<b>0.04</b>	<b>0.01</b>
<b>Power Generation and Distribution</b>											
K-Electric Limited (note 6.1.1)	17,973,000	6,000,000	-	12,135,235	11,837,765	36,176	20,361	(15,815)	0.65	0.65	0.04
The Hub Power Company Limited	3,026,409	1,925,000	-	2,700,000	2,251,409	157,038	156,653	(385)	4.97	5.03	0.17
									<b>5.62</b>	<b>5.70</b>	<b>0.21</b>
<b>Refinery</b>											
Attock Refinery Limited	270,000	150,000	-	420,000	-	-	-	-	-	-	-
Energycico Pk Limited (formerly Byco Petroleum Pakistan Limited)	9,370,000	1,000,000	-	10,370,000	-	-	-	-	-	-	-
National Refinery Limited	112,000	-	-	112,000	-	-	-	-	-	-	-
<b>Technology and Communication</b>											
Air Link Communication Limited	329,025	250,000	-	579,025	-	-	-	-	-	-	-
Avanceon Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Systems Limited (note 6.1.3)	752,550	135,000	-	376,000	511,550	183,478	206,323	22,845	6.54	6.63	0.18
									<b>6.54</b>	<b>6.63</b>	<b>0.18</b>
<b>Textile Composite</b>											
Interloop Limited	2,251,189	-	386,504	1,756,513	881,180	34,456	31,070	(3,386)	0.99	1.00	0.06
Kohinoor Textile Mills Limited	306,500	-	-	112,000	194,500	9,725	9,902	177	0.31	0.32	0.06
Nishat Mills Limited	355,300	-	-	355,300	-	-	-	-	-	-	-
Feroze1888 Mills Limited	211,682	-	-	211,682	-	-	-	-	-	-	-
									<b>1.30</b>	<b>1.32</b>	<b>0.12</b>
<b>Total as at June 30, 2023</b>						<b>3,213,812</b>	<b>3,111,672</b>	<b>(102,140)</b>	<b>98.66</b>	<b>99.98</b>	
<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>	

\*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 which have a nominal value of Rs 5 and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.1.2** 202,000 shares (June 30, 2022: 202,000 shares) of Engro Corporation Limited, having market value of Rs 52.50 million (June 30, 2022: Rs 51.93 million), 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, 2023, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.5.202 million (2022: Rs 7.434 million).

	Note	2023	2022
----- Rupees in '000 -----			
<b>6.2 Unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments	6.1	3,111,672	4,357,083
Carrying value of investments	6.1	(3,213,812)	(4,928,640)
		<u>(102,140)</u>	<u>(571,557)</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
Profit accrued on balances with banks		904	2,009
		<u>3,642</u>	<u>4,747</u>

<b>8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- Rupees in '000 -----	
Remuneration payable	8.1	1,372	1,463
Sindh Sales Tax payable on remuneration of the Management Company	8.2	178	190
Allocated expenses payable	8.3	284	29
Sales load payable		51	86
Sindh Sales Tax payable on sales load		7	11
Selling and marketing expenses payable	8.4	7,912	3,843
		<u>9,804</u>	<u>5,622</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% (2022: 2%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 9.9833 million (2022: Rs. 12.576 million) was charged on account of sales tax at a rate of 13% on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 9.995 million (2022: Rs. 12.461 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, 2023 (2022: 0.11%), subject to total expense charged being lower than actual expense incurred.

**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% (2022: 1%) per annum of the average annual net assets of the Fund during the period ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.

<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- Rupees in '000 -----	
Remuneration payable	9.1	340	452
Sindh Sales Tax payable on remuneration of the Trustee	9.2	44	58
		<u>384</u>	<u>510</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. 0.629 million (2022: Rs. 0.759 million) was charged on account of sales tax at a rate of 13% on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.643 million (2022: Rs. 0.765 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% (2022: 0.02%) of average annual net assets of the Fund during the current year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2023	2022
			----- Rupees in '000 -----	
	Auditors' remuneration payable		327	577
	Brokerage payable		190	710
	Shariah advisor fee payable		155	196
	Charity payable	11.1	12,521	7,251
	Capital gain tax payable		107	302
	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
	Zakat payable		26	8
			<b>54,582</b>	<b>50,300</b>

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, 2023, Shariah non-compliant income amounting to Rs. 12.523 million (2022 : Rs. 7.327 million) was charged as charity expense and Rs. 7.252 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	2023 Rupees in '000	Charitable Organisations	2022 Rupees in '000
1	<b>Health&amp;Nutrition Development Society (HANDS)</b>	<b>7,252</b>	The Patients behbud Society for AKUH	2,000
			Medical Aid Foundation	2,000
			Cancer Care Hospital & Research Centre	1,000
			The Patients Behbud Society for AKUH	1,000
			IBA Centre for Excellence in Islamic Finance	1,000
			Behbud Association- Karachi	500
			Sargodhian Spirit Trust	400
			Jamal Noor Hospital	400
			Al Mustafa Trust	300
			Al-Mustafa Welfare Society	300
			Aiwan-e-Tijarat-o-Sanat hospital trust	200
	<b>Total</b>	<b>7,252</b>	<b>Total</b>	<b>9,100</b>

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, 2023 would have been higher by Re 0.21 (2022: Re 0.15) per unit.

**12 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

	2023	2022
	----- Rupees in '000 -----	
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	401	636
Half yearly review fee	144	127
Out of pocket expenses	35	35
	<u>580</u>	<u>798</u>

**14 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 4.09% (2022: 3.89%) which includes 0.32% 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, 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**

- 16.1** Related Parties / Connected persons include AI 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, AI Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10% 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:



	2023	2022
	----- Rupees in '000 -----	
<b>Balances</b>		
<b>Al Meezan Investment Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	1,372	1,463
Sindh Sales Tax payable on remuneration of the Management Company	178	190
Sales load payable	51	86
Sindh Sales Tax payable on sales load	7	11
Allocated expenses payable	284	29
Selling and marketing expenses payable	7,912	3,843
Investment of 17,962,346 units (2022: 17,879,458 units)	<u>281,578</u>	<u>281,079</u>
<b>Central Depository Company of Pakistan Limited - CDC (Trustee)</b>		
Security deposit	238	238
Remuneration payable to the Trustee	340	452
Sindh Sales Tax on remuneration of the Trustee	44	58
<b>Meezan Bank Limited</b>		
Profit receivable on saving account	207	136
Balance with bank	61,328	51,710
Sales load payable	15	9
Sindh Sales Tax on sales load	2	1
Investment in 22,984,581 units (2022: 22,984,581 units)	360,306	361,336
Investment in 2,421,284 shares (2022: 2,732,907 shares)	209,126	308,764
Shariah Advisor fee payable	155	196
<b>MSAF - Meezan Strategic Allocation Plan - I</b>		
Investment of 661,800 units (2022: 7,821,802 units)	<u>10,374</u>	<u>122,965</u>
<b>MSAF - Meezan Strategic Allocation Plan - II</b>		
Investment of 1,599,999 units (2022: 3,453,209 units)	<u>25,082</u>	<u>54,287</u>
<b>MSAF - Meezan Strategic Allocation Plan - IV</b>		
Investment of 492,296 units (2022: 518,354 units)	<u>7,717</u>	<u>8,149</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Investment of 340,968 units (2022: 1,280,478 units)	<u>5,345</u>	<u>20,130</u>
<b>MSAF - Meezan Strategic Allocation Plan - III</b>		
Investment of 913,189 units (2022: 2,682,179 units)	<u>14,315</u>	<u>42,166</u>
<b>MSAF - Meezan Strategic Allocation Plan - V</b>		
Investment of 539,774 units (2022: 1,273,912 units)	<u>8,461</u>	<u>20,027</u>
<b>Directors and executives of the Management Company</b>		
Investment of 393,230 units (2022: 8,216,642 units)	<u>6,164</u>	<u>129,176</u>
<b>Pakistan Kuwait Investment Company (Private) Limited</b>		
Investment of 16,895,690 units (2022: 16,895,690 units)	<u>264,857</u>	<u>265,614</u>
<b>Al Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 438,459 units (2022: 438,459)	<u>6,873</u>	<u>6,893</u>
<b>Unitholders holding 10% or more units of the fund</b>		
Investment as at June 30, 2022: 79,631,145 units (2022: 79,631,145)	<u>1,248,298</u>	<u>1,251,865</u>

**Transactions during the year**
**For the year ended June 30,**  
**2023                      2022**

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

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

Remuneration to the Management Company	76,793	96,736
Sindh Sales Tax on remuneration of the Management Company	9,983	12,576
Allocated expenses	4,224	5,320
Selling and marketing expenses	38,396	48,368
Issuance of 2,065,206 units (2022: 2,406,039 units)	29,881	42,152
Redemption of 1,982,318 units (2022: 9,034,698 units)	30,000	150,000

**Central Depository Company of Pakistan Limited - CDC (Trustee)**

Remuneration of the Trustee	4,840	5,837
Sindh Sales Tax on remuneration of the Trustee	629	759
CDS charges	170	224

**Meezan Bank Limited**

Profit on saving account	1,883	891
Purchase of 262,232 shares (2022: 697,359 shares)	25,573	92,343
Sale of 837,145 shares (2022: 400,000 shares)	85,146	57,348
Bonus shares: 263,290 shares (2022: 291,593)	-	-
Dividend income	25,151	14,764
Shariah Advisor fee	499	529

**MSAF - Meezan Strategic Allocation Plan - I**

Issuance of Nil units (2022: 1,247,373 units)	-	20,000
Redemption of 7,160,002 units (2022: 2,956,484 units)	110,530	48,500

**MSAF - Meezan Strategic Allocation Plan - II**

Issuance of 1,256,795 units (2022: 611,135 units)	20,000	11,000
Redemption of 3,110,005 units (2022: 9,144,900 units)	48,870	165,000

**MSAF - Meezan Strategic Allocation Plan - IV**

Issuance of Nil units (2022: Nil units)	-	-
Redemption of 26,058 units (2022: 2,255,798 units)	400	39,680

**Meezan Financial Planning Fund of Funds - MAAP - I**

Issuance of Nil units (2022: Nil units)	-	-
Redemption of 939,510 units (2022: 2,477,784 units)	14,620	41,990

**MSAF - Meezan Strategic Allocation Plan - III**

Issuance of Nil units (2022: 611,135 units)	-	11,000
Redemption of 1,768,991 units (2022: 630,417 units)	27,660	11,000

**MSAF - Meezan Strategic Allocation Plan - V**

Issuance of Nil units (2022: 1,143,543 units)	-	20,000
Redemption of 734,137 units (2022: Nil units)	11,520	-

**Al Meezan Investment Management Limited - Employees Gratuity Fund**

Units issued: Nil (2022: Nil)	-	-
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**Directors and executives of the Management Company**

Issuance of 1,034,608 units (2022: 2,491,136 units)	16,405	42,615
Redemption of 9,126,419 units (2022: 1,304,336 units)	146,585	22,192

**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**

2023		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
<b>Financial assets</b>		
Balances with banks	121,100	121,100
Investments	-	3,111,672
Receivable against sale of investments	2,208	2,208
Receivable against conversion of units	23,440	23,440
Dividend receivable	1,668	1,668
Advance, deposits and other receivable	3,642	3,642
	<u>152,058</u>	<u>3,263,730</u>
<b>Financial liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	9,804	9,804
Payable to the Central Depository Company of Pakistan Limited - Trustee	384	384
Payable to Meezan Bank Limited	17	17
Payable against conversion and redemption of units	40,064	40,064
Payable against purchase of investments	-	-
Dividend payable	4,917	4,917
Accrued expenses and other liabilities	672	672
	<u>55,858</u>	<u>55,858</u>

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
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>4,526,975</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>26,648</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, 2023, 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. 1.077 million (2022: Rs. 1.147 million).

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

As at June 30, 2023, 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, 2023 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, 2023 can be determined as follows:

Effective yield / profit rate (%)	2023				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	6.74% - 20.25%	107,709	-	-	13,391	121,100
Investments		-	-	-	3,111,672	3,111,672
Receivable against sale of investments		-	-	-	2,208	2,208
Receivable against conversion of units		-	-	-	23,440	23,440
Dividend receivable		-	-	-	1,668	1,668
Advance, deposits and other receivable		-	-	-	3,642	3,642
		107,709	-	-	3,156,021	3,263,730
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9,804	9,804
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	384	384
Payable to Meezan Bank Limited		-	-	-	17	17
Payable against conversion and redemption of units		-	-	-	40,064	40,064
Payable against purchase of investments		-	-	-	-	-
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	672	672
		-	-	-	55,858	55,858
<b>On-balance sheet gap (a)</b>		107,709	-	-	3,100,163	3,207,872
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		107,709	-	-		
<b>Cumulative profit rate sensitivity gap</b>		107,709	107,709	107,709		

----- 2022 -----						
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	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
		114,745	-	-	4,412,230	4,526,975
<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
		-	-	-	26,648	26,648
<b>On-balance sheet gap (a)</b>		114,745	-	-	4,385,582	4,500,327
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		114,745	-	-		
<b>Cumulative profit rate sensitivity gap</b>		114,745	114,745	114,745		

## (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, 2023, with all other variables held constant, total income of the Fund would increase / decrease by Rs 31.1167 million (2022: Rs 43.571 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, 2023 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 15% 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:

----- 2023 -----						
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	121,100	-	-	-	-	121,100
Investments	-	-	-	-	3,111,672	3,111,672
Receivable against sale of investments	2,208	-	-	-	-	2,208
Receivable against conversion of units	23,440	-	-	-	-	23,440
Dividend receivable	1,668	-	-	-	-	1,668
Advance, deposits and other receivable	3,642	-	-	-	2,738	6,380
	<b>152,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,114,410</b>	<b>3,266,468</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	9,804	-	-	-	-	9,804
Payable to Central Depository Company of Pakistan Limited - Trustee	384	-	-	-	-	384
Payable to Meezan Bank Limited	17	-	-	-	-	17
Payable against conversion and redemption of units	40,064	-	-	-	-	40,064
Payable against purchase of investments	-	-	-	-	-	-
Dividend payable	4,917	-	-	-	-	4,917
Accrued expenses and other liabilities	12,711	482	-	-	-	13,193
	<b>67,897</b>	<b>482</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,379</b>
<b>Net financial assets / (liabilities)</b>	<b>84,161</b>	<b>(482)</b>	<b>-</b>	<b>-</b>	<b>3,114,410</b>	<b>3,198,089</b>

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
	167,154	-	-	-	4,359,821	4,526,975
<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
	33,126	773	-	-	-	33,899
<b>Net financial assets / (liabilities)</b>	134,028	(773)	-	-	4,359,821	4,493,076

### 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:

	2023		2022	
	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	121,100	121,100	124,935	124,935
Investments	3,111,672	-	4,357,083	-
Receivable against conversion of units	23,440	23,440	14,127	14,127
Dividend receivable	1,668	1,668	1,276	1,276
Receivable against sale of investments	2,208	2,208	24,807	24,807
Advance, deposits and other receivable	3,642	3,642	4,747	4,747
	<b>3,263,730</b>	<b>152,058</b>	4,526,975	169,892

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. 3,111.6720 million (2022: Rs. 4,357.0830 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	
	2023	2022
AAA	52.93%	42.32%
AA+	42.20%	40.66%
AA	0.05%	0.03%
A+	4.82%	16.99%
A	-	-
	<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, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair values:

	2023		
	Level 1	Level 2	Level 3
<b>Financial assets</b>	(Rupees in '000)		
At fair value through profit or loss	3,111,672	-	-
	<b>3,111,672</b>	<b>-</b>	<b>-</b>
	2022		
<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>

## 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	2023			2022		
	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	4,496	648,775	20.58	4,761	66,528,192	23.50
Associated Companies / Directors	12	986,041	31.27	13	82,888,896	29.28
Insurance Companies	1	143,333	4.55	2	34,075,837	12.04
Banks and DFIs	1	8,996	0.29	1	573,891	0.20
Retirement Funds	14	1,324,139	41.99	20	96,116,893	33.95
Public Limited Companies	-	-	-	-	-	-
Others	25	41,910	1.33	29	2,915,392	1.03
	<b>4,549</b>	<b>3,153,194</b>	<b>100%</b>	<b>4,826</b>	<b>283,099,101</b>	<b>100%</b>

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

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Next Capital Limited	9%	Taurus Securities Limited	8%
EFG Hermes Pakistan	8%	Invest & Finance Securities Limited	8%
Taurus Securities Limited	7%	Aba Ali Habib Securities Pvt Ltd.	7%
BMA Capital Management Limited	6%	BMA Capital Management Limited	7%
AKD Securities Limited	6%	Optimus Capital Management (Private) Limited	6%
Aba Ali Habib Securities Pvt Ltd.	5%	Foundation Securities (Private) Limited	6%
JS Global Capital Limited	5%	Top Line Securities (Pvt) Ltd.	5%
Intermarket Securities Limited	5%	AKD Securities Limited	4%
Dalal Securities (Pvt) Ltd.	4%	Intermarket Securities Limited	4%
Arif Habib Limited	4%	JS Global Capital 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 Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven years
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Sixteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Twelve years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Sixteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fifteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Nine 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 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah Ahmed	Non-Executive	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda*	Non-Executive	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Independent Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Non-Executive	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Non-Executive	Yes	Yes	Yes	Yes
Mr. Naeem	Non-Executive	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Independent Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Independent Director	Yes	No	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes

\* Mr. Moin M. Fudda Resigned on June 09, 2023

**25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 7, 2023.

**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

# Technology

## Enhanced Experiences



At Meezan's incorporation of evolving technology platforms guarantees clients an excellent and user-friendly experience while managing their investments wherever they are, whenever they want.

### KSE Meezan Index Fund

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
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Non-Executive Nominee Director- MBL
Mr. Naeem Sattar	Non-Executive Nominee Director- PKIC
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj	Non-Executive Nominee Director- MBL

Ms. Shazia Khurram was appointed on July 4, 2023 as director in place of Mr. Moin M. Fudda who resigned from the Board on June 9, 2023 and Mr. Saad Ur Rahman Khan was appointed on August 7, 2023 in place of Mr. Mubashar Maqbool who resigned from the Board on July 21, 2023. The revised composition of the Board Committees is as under.

## 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. Saad Ur Rahman Khan	Chairman
Ms. Shazia Khurram	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Saad Ur Rahman Khan	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

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box. 15541, Karachi 75530

## SHARIAH ADVISER

Dr. Muhammad Imran Usmani  
Jamia Darul Uloom Karachi  
Korangi Industrial Area Karachi Postal Code 75180 Pakistan  
Tel: +92 21 35044770  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## 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



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

### Type of Fund

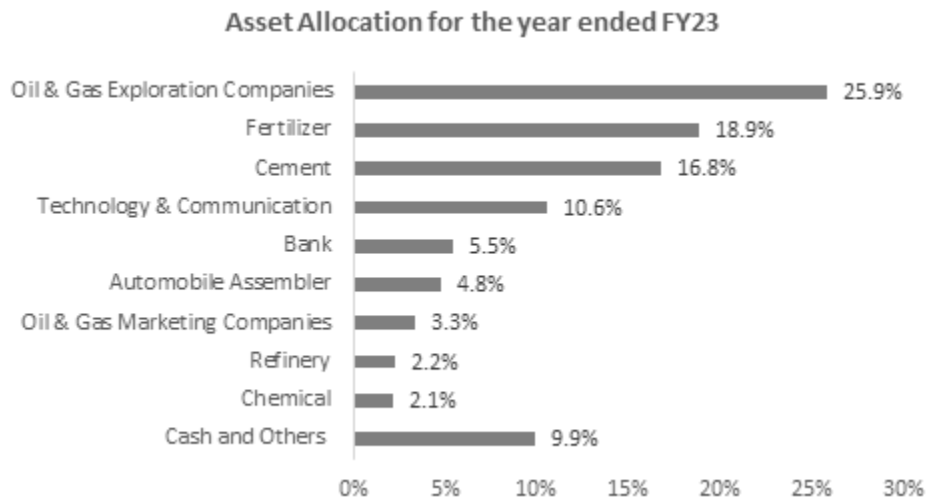
Open end index tracker fund

### 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 (26%), Fertilizer (19%) and Cement (17%). Details below:



### Performance Review

During FY23, KSE Meezan Index Fund (KMIF) provided a positive return of 0.69% to its investors while KSE Meezan Index (KMI 30) - Benchmark increased 2.88% to close at 70,748 pts.

	<b>KMIF</b>	<b>KMI-30 (Benchmark)</b>
Net Asset Value (NAV) as on June 30, 2022	65.08	68,766
Net Asset Value (NAV) as on June 30, 2023	64.93	70,748
Change (Points)	-0.15	1,982
Return During the Period	0.69%	2.88%

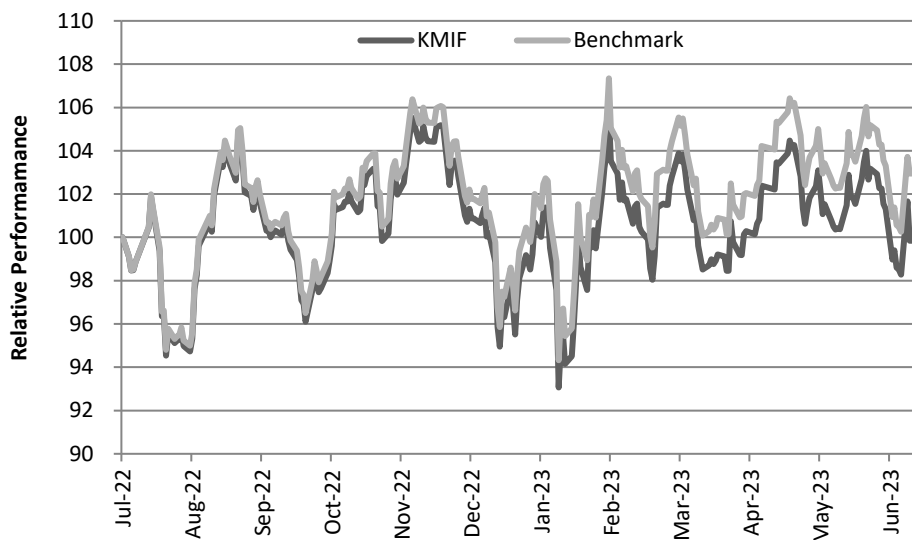
KMIF posted a total income of Rs.25.45 million in the fiscal year 2023 as compared to a total Loss of Rs.308 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 43.12 million



Pure. Profit.



and Rs. 178 million respectively. Dividend income contributed Rs. 298.69 million to income, while profit on saving accounts with banks amounted to Rs. 1.12 million. After accounting for expenses of Rs. 54.14 million, the Fund posted a net income of Rs. 25.45 million. The net assets of the Fund as at June 30, 2023 were Rs. 2585 million as compared to Rs. 2,610 million at the end of last year depicting a decrease of 0.97%. The net asset value per unit as at June 30, 2023 was Rs.64.9320 as compared to Rs. 65.0795 per unit as on June 30, 2022.



### 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, 2023 an amount of Rs. 6 million was accrued as charity payable.

### Distributions

There is 0.60 distribution by the Fund during the fiscal year ended June 30, 2023.

### SWWF Disclosure

Not Applicable

### Breakdown of unit holdings by size:

(As on June 30, 2023)

Range (Units)	No. of investors
1 - 9,999	1598
10,000 - 49,999	56
50,000 - 99,999	6
100,000 - 499,999	9
500,000 and above	6
<b>Total</b>	<b>1675</b>



**Pure. Profit.**



### Summary of Actual Proxy Voted by the Fund

	<b>Resolutions</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>Number</b>	16	16	0	0
<b>Percentage</b>	100%	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**  
**KSE MEEZAN INDEX FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	2,584,714	2,610,096	2,696,504
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	64.9320	65.0795	72.8711
Offer price per unit as at June 30, (Rs.) (ex-distribution)	64.9352	66.7130	74.7001
Highest offer price per unit (Rs.)	70.5350	77.0186	77.9982
Lowest offer price per unit (Rs.)	62.0448	64.8802	56.1718
Highest redemption price per unit (Rs.)	68.8080	75.1328	76.0884
Lowest redemption price per unit (Rs.)	60.5257	63.2916	54.7965
<b>Distribution (%)</b>			
Interim	1.20%	N/A	N/A
Final	-	N/A	N/A
<b>Date of distribution</b>			
Interim	27-Jun-23	N/A	N/A
Final	-	N/A	N/A
Income distribution (Rupees in '000)	23,706	-	-
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	0.69	(10.69)	36.43

Average annual return as at June 30, 2023 (%)

One Year	Two Years	Three Years
0.69%	-5.17%	7.05%

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

# Dr. Muhammad Imran Usmani

Address:

**Jamia Darul Uloom Karachi**

Korangi Industrial Area Karachi

Pakistan

Postal Code 75180

Tel: +92 21 3 5047770

Fax: +92 21 5040234

Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## Report of the Shariah Advisor – KSE Meezan Index Fund (KMIF)

July 29, 2023/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2022 to June 30, 2023 was the Eleventh year of operations of KSE Meezan Index Fund (the "KMIF" or the "Fund") under management of Al Meezan Investment Management Limited (the "Al Meezan" or the "Management Company"). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the "Report") in accordance with 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 Shariah Advisor, we have prescribed six criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah 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 Shariah compliance with the Shariah 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.

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2023 have been in compliance with the Shariah principles.

In light of the above, we hereby certify that all the provisions of the scheme and investments made on account of the Fund under management of Al Meezan are Shariah-compliant and in accordance with the criteria established by us.

We further confirm that earnings realized through prohibited sources were transferred to the charity account which amounts to PKR 11.7 million and is available for disbursement.

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

And Allah knows the best.



Dr. Muhammad Imran Ashraf Usmani  
Shariah Advisor

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**KSE MEEZAN INDEX FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of 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, 2023 in accordance with the provisions of the following:

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

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

Karachi, September 25, 2023

## INDEPENDENT AUDITORS' 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 **30 June 2023**, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and investments</b>	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2023, the bank balances and investments (comprised of equity instruments) held by the Fund represent 99% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 and reconciled it with the books and records of the Fund.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4.</li> <li>- We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).</li> <li>- We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

### 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 auditors' 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 for the Financial Statements

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

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

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The Board of Directors are 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.
- 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

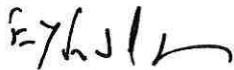
#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

#### **Other Matter**

The annual financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants, whose audit report dated 21 September 2022, expressed an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 26 September 2023

**Place:** Karachi

**UDIN Number:** AR2023100768Y1wLVgZT



**KSE MEEZAN INDEX FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2023**

	Note	2023	2022
		-----Rupees in '000'-----	
<b>Assets</b>			
Balances with banks	5	12,575	16,481
Investments	6	2,582,852	2,609,402
Receivable against sale of investments		-	3,048
Receivable against conversion of units		9,168	368
Dividend receivable		1,997	260
Deposits and other receivables	7	2,628	2,695
<b>Total assets</b>		<b>2,609,220</b>	<b>2,632,254</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	8	775	569
Payable to Central Depository Company of Pakistan Limited - Trustee	9	322	337
Payable to the Securities and Exchange Commission of Pakistan	10	532	559
Payable to Meezan Bank Limited		-	6
Payable against conversion and redemption of units		2	1,138
Payable against purchase of investments		22	-
Accrued expenses and other liabilities	11	21,521	19,549
Dividend Payable		1,332	-
<b>Total liabilities</b>		<b>24,506</b>	<b>22,158</b>
<b>Net assets</b>		<b>2,584,714</b>	<b>2,610,096</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>2,584,714</b>	<b>2,610,096</b>
<b>Contingencies and commitments</b>	12		
<b>Number of units in issue</b>		<b>39,806,440</b>	<b>40,106,278</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>64.9320</b>	<b>65.0795</b>

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**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
		-----Rupees in '000'-----	
<b>Income</b>			
Dividend income		298,699	207,435
Profit on saving accounts with banks		1,124	527
Net realised loss on sale of investments		(43,121)	(80,929)
Other income		1,355	4,980
		<b>258,057</b>	132,013
Net unrealised diminution appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(178,454)	(414,818)
<b>Total Income / (loss)</b>		<b>79,603</b>	(282,805)
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	26,602	27,930
Sindh Sales Tax on remuneration of the Management Company	8.2	3,458	3,631
Allocated expenses	8.3	2,926	3,072
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,658	3,793
Sindh Sales Tax on remuneration of the Trustee	9.2	475	493
Annual fees to Securities and Exchange Commission of Pakistan	10	532	559
Brokerage expense		3,159	2,527
Auditors' remuneration	13	420	355
Fee and subscription		529	564
Printing Expense		3	184
Charity expense	11.2	11,696	6,006
Bank and settlement charges		691	562
Reversal of provision for Sindh Workers' Welfare Fund		-	(23,931)
<b>Total expenses</b>		<b>54,149</b>	25,745
<b>Net income / (loss) for the year before taxation</b>		<b>25,454</b>	(308,550)
Taxation	15	-	-
<b>Net income / (loss) for the year after taxation</b>		<b>25,454</b>	(308,550)
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		25,454	-
Income already paid on units redeemed		-	-
		<b>25,454</b>	-
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		25,454	-
		<b>25,454</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**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	-----Rupees in '000'-----	
Net income / (loss) for the year after taxation	25,454	(308,550)
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b><u>25,454</u></b>	<b><u>(308,550)</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

**KSE MEEZAN INDEX FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	Undistributed income / (accumulated losses)	Total	Capital value	(Accumulated losses / undistributed income)	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the year</b>	2,781,964	(171,868)	2,610,096	2,559,822	136,682	2,696,504
Issuance of 8,650,022 units (2022: 21,217,552 units)						
- Capital value (at net asset value per unit at the beginning of the year)	562,939	-	562,939	1,546,146	-	1,546,146
- Element of loss	(1,714)	-	(1,714)	(97,251)	-	(97,251)
Total proceeds on issuance of units	561,225	-	561,225	1,448,895	-	1,448,895
Redemption of 8,949,860 units (2022: 18,115,018 units)						
- Capital value (at net asset value per unit at the beginning of the year)	582,452	-	582,452	1,320,061	-	1,320,061
- Element of loss / (income)	5,903	-	5,903	(93,308)	-	(93,308)
Total payments on redemption of units	588,355	-	588,355	1,226,753	-	1,226,753
Total comprehensive income / (loss) for the year	-	25,454	25,454	-	(308,550)	(308,550)
Distribution during the year	-	(23,706)	(23,706)	-	-	-
Net income / (loss) for the year less distribution	-	1,748	1,748	-	(308,550)	(308,550)
<b>Net assets at the end of the year</b>	<b>2,754,834</b>	<b>(170,120)</b>	<b>2,584,714</b>	<b>2,781,964</b>	<b>(171,868)</b>	<b>2,610,096</b>
<b>Undistributed income / (Accumulated loss) brought forward</b>						
- Realised Income / (loss)		242,950			(267,341)	
- Unrealised income / (loss)		(414,818)			404,023	
		(171,868)			136,682	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		25,454			-	
		25,454			-	
Net loss for the year after taxation		-			(308,550)	
Distribution during the year		(23,706)			-	
Accumulated losses carried forward		(170,120)			(171,868)	
<b>Accumulated losses carried forward</b>						
- Realised income		8,334			242,950	
- Unrealised loss		(178,454)			(414,818)	
		(170,120)			(171,868)	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year		<u>65.0795</u>				<u>72.8711</u>
Net asset value per unit at the end of the year		<u>64.9320</u>				<u>65.0795</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

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

\_\_\_\_\_  
 Director



**KSE MEEZAN INDEX FUND**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 -----Rupees in '000'-----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the year after taxation		25,454	(308,550)
<b>Adjustments for:</b>			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<u>178,454</u>	414,818
		<b>203,908</b>	106,268
<b>Increase in assets</b>			
Investments - net		<b>(151,904)</b>	(326,354)
Receivable against sale of investments		3,048	21,186
Dividend receivable		(1,737)	3,895
Deposits and other receivables		67	(11)
		<b>(150,526)</b>	(301,284)
<b>Increase / (Decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		<b>206</b>	(336)
Payable to Central Depository Company of Pakistan Limited - Trustee		(15)	(12)
Payable to the Securities and Exchange Commission of Pakistan		(27)	70
Payable to Meezan Bank Limited		(6)	(247)
Payable against purchase of investments		22	(12,393)
Accrued expenses and other liabilities		<b>1,972</b>	(20,405)
		<b>2,152</b>	(33,323)
<b>Net cash generated from / (used in) operating activities</b>		<u><b>55,534</b></u>	(228,339)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		<b>552,425</b>	1,449,709
Payment against redemption and conversion of units		<b>(589,490)</b>	(1,227,538)
Dividend paid		<b>(22,375)</b>	-
<b>Net cash (used in) / generated from financing activities</b>		<b>(59,440)</b>	222,171
<b>Net decrease in cash and cash equivalents during the year</b>		<b>(3,906)</b>	(6,168)
Cash and cash equivalents at the beginning of the year		<b>16,481</b>	22,649
<b>Cash and cash equivalents at the end of the year</b>	5	<u><b>12,575</b></u>	<u>16,481</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



## KSE MEEZAN INDEX FUND

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

#### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 KSE Meezan Index 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 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 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Trust Deed was previously registered under The "Trust Act 1882" and now has been registered under "The Sindh Trust Act 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above-mentioned Trust Deed has been registered under the Sindh Trust Act. The Management Company has been licensed 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.
- 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 30, 2022 (2021: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2023 (2022: 'AM1' dated June 23, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated January 03, 2023 (2021: A+(f) dated December 27, 2021).
- 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 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Company has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

#### Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

#### Standards and amendments to the approved accounting standards that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS	Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
Amendments		IASB Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRS	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

### 3.3 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).

### 3.4 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.

### 3.5 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	<b>BALANCES WITH BANKS</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
			-----Rupees in '000'-----	
	Balances with banks in:			
	Savings accounts	5.1	4,362	11,044
	Current accounts		<u>8,213</u>	<u>5,437</u>
			<u><u>12,575</u></u>	<u><u>16,481</u></u>

- 5.1 These include balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate 10% of (2022: 6.01%) per annum. Other balances in savings accounts have an expected profit ranging from 7% to 7.14% (2022: 4.10% to 4.29%) per annum.

**6 INVESTMENTS**
**Note**
**2023**      **2022**  
**-----Rupees in '000'-----**
**At fair value through profit or loss**

Investment in equity securities - listed

6.1

**2,582,852**    **2,609,402**
**6.1 Investments in equity securities - listed**

Name of the investee company	As at July 1, 2022	Purchases during the period	Rights / Bonus issue	Sales during the period	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised gain / (loss) as at June 30, 2023	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)		%			

**Sectors / companies**
**Automobile Assembler**

Ghandhara Ind	39,300	-	-	39,300	-	-	-	-	-	-	-
Millat Tractors Limited	157,268	35,703	158,422	31,508	319,885	<b>138,398</b>	<b>124,854</b>	(13,543)	4.83	0.17	4.83
									<b>4.83</b>	<b>0.17</b>	<b>4.83</b>

**Bank**

Meezan Bank Limited (an associate of the Fund)	1,319,812	424,541	130,781	217,671	1,657,463	<b>171,297</b>	<b>143,155</b>	(28,142)	5.54	0.09	5.54
									<b>5.54</b>	<b>0.09</b>	<b>5.54</b>

**Cable And Electrical Goods**

Pak Elektron Limited	804,101	1,687,060	-	899,068	1,592,093	<b>19,291</b>	<b>14,408</b>	(4,882)	0.56	0.19	0.56
									<b>0.56</b>	<b>0.19</b>	<b>0.56</b>

**Cement**

Cherat Cement Company Limited	379,904	114,446	-	63,284	431,066	<b>41,730</b>	<b>51,849</b>	10,118	2.01	0.22	2.01
D.G. Khan Cement Company Limited	709,402	213,497	-	109,032	813,867	<b>48,924</b>	<b>41,751</b>	(7,173)	1.62	0.19	1.62
Fauji Cement Company Limited	2,467,875	3,409,000	-	2,692,375	3,184,500	<b>36,772</b>	<b>37,450</b>	677	1.45	0.13	1.45
Pioneer Cement	370,432	112,615	-	62,467	420,580	<b>25,627</b>	<b>36,435</b>	10,808	1.41	0.19	1.41
Lucky Cement Limited	367,420	112,670	-	60,693	419,397	<b>192,678</b>	<b>218,963</b>	26,285	8.47	0.13	8.47
Maple Leaf Cement Factory Limited	1,606,164	460,908	-	275,501	1,791,571	<b>48,192</b>	<b>50,755</b>	2,563	1.96	0.17	1.96
									<b>16.92</b>	<b>1.03</b>	<b>16.92</b>

**Chemical**

Engro Polymer & Chemicals Limited	1,032,116	302,172	-	157,511	1,176,777	<b>85,953</b>	<b>49,719</b>	(36,234)	1.92	0.13	1.92
ICI Pakistan Limited	-	-	-	-	-	-	-	-	-	-	-
Ghani Global Holdings Limited	-	632,612	56,684	98,170	591,126	<b>8,753</b>	<b>5,834</b>	(2,918)	-	-	-
									<b>1.92</b>	<b>0.13</b>	-

**Engineering**

International Industries Limited	236,536	33,858	-	270,394	-	-	-	-	-	-	-
International Steels Limited	495,154	-	-	495,154	-	-	-	-	-	-	-
									-	-	-

**Fertilizer**

Engro Corporation Limited	1,028,196	312,520	-	166,405	1,174,311	<b>301,368</b>	<b>305,192</b>	3,824	11.81	0.20	11.81
Engro Fertilizers Limited	1,950,056	585,890	-	310,966	2,224,980	<b>193,184</b>	<b>183,628</b>	(9,556)	7.10	0.17	7.10
									<b>18.91</b>	<b>0.37</b>	<b>18.91</b>

**Food And Personal Care**

Treet Corporation Limited	-	434,194	-	95,128	339,066	<b>8,677</b>	<b>5,367</b>	(3,310)	0.21	0.19	0.21
Unity Foods Limited	1,607,437	477,087	-	309,350	1,775,174	<b>34,312</b>	<b>27,746</b>	(6,566)	1.07	0.15	1.07
									<b>1.28</b>	<b>0.34</b>	<b>1.28</b>

**Investment Banks / Investment**
**Companies / Securities Companies**

Dawood Hercules Corporation Limited	-	1,344,000	-	96,500	1,247,500	<b>118,359</b>	<b>124,750</b>	6,391	4.83	0.26	4.83
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**Oil And Gas Exploration Companies**

Mari Petroleum Company Limited	86,602	24,698	-	12,562	98,738	<b>168,535</b>	<b>149,553</b>	(18,982)	5.79	0.07	5.79
Oil & Gas Development Company Limited	2,092,962	628,603	-	333,046	2,388,519	<b>187,291</b>	<b>186,304</b>	(986)	7.21	0.06	7.21
Pakistan Oilfields Limited	421,153	128,268	-	68,261	481,160	<b>194,217</b>	<b>193,316</b>	(901)	7.48	0.17	7.48
Pakistan Petroleum Limited	2,161,329	646,357	-	334,864	2,472,822	<b>163,949</b>	<b>146,243</b>	(17,706)	5.66	0.09	5.66
									<b>26.14</b>	<b>0.39</b>	<b>26.14</b>

**Oil And Gas Marketing Companies**

Hascol Petroleum Limited	471	-	-	-	471	<b>2</b>	<b>3</b>	<b>1</b>	-	-	-
Pakistan State Oil Company Limited	685,048	221,554	-	125,410	781,192	<b>128,986</b>	<b>86,720</b>	(42,266)	3.36	0.17	3.36
Sui Northern Gas Pipelines Limited	-	1,040,285	-	1,040,285	-	-	-	-	-	-	-
									<b>3.36</b>	<b>0.17</b>	<b>3.36</b>

**Pharmaceuticals**

The Searle Company Limited	456,824	167,896	118,234	93,905	649,049	<b>53,529</b>	<b>24,872</b>	(28,658)	0.96	0.17	0.96
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**Power Generation & Distribution**

The Hub Power Company Limited	3,154,004	472,989	-	3,626,993	-	-	-	-	-	-	-
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**Property**

TPL Properties Limited	-	900,166	-	62,245	837,921	<b>14,289</b>	<b>10,440</b>	(3,848)	0.40	0.15	0.40
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**Refinery**

Attock Refinery Ltd	138,055	39,401	-	19,701	157,755	<b>26,994</b>	<b>27,075</b>	82	1.05	0.15	1.05
Cnergyico PK Limited	5,168,936	1,549,476	-	816,984	5,901,428	<b>30,103</b>	<b>16,760</b>	(13,343)	0.65	0.11	0.65
National Refinery Limited	84,737	24,798	-	12,303	97,232	<b>23,219</b>	<b>14,585</b>	(8,634)	0.56	0.12	0.56
									<b>2.26</b>	<b>0.38</b>	<b>2.26</b>

**Technology & Communication**

Avanceon Limited	432,391	93,267	53,994	165,245	414,407	<b>27,461</b>	<b>18,250</b>	(9,211)	0.71	0.11	0.71
Systems Limited	537,272	169,681	-	88,426	618,527	<b>220,270</b>	<b>249,470</b>	29,200	9.65	0.21	9.65
Telecard Limited	-	1,270,828	76,912	152,656	1,195,084	<b>11,460</b>	<b>7,888</b>	(3,572)	0.31	0.35	0.31
									<b>10.67</b>	<b>0.32</b>	<b>10.36</b>

**Textile Composite**

Nishat Mills Limited	511,877	105,934	-	97,877	519,934	<b>37,487</b>	<b>29,517</b>	(7,970)	1.14	0.15	1.14
Azgard Nine Limited	1,189,500	-	-	1,189,500	-	-	-	-	-	-	-
									<b>1.14</b>	<b>0.15</b>	<b>1.14</b>

**Total as at June 30, 2023**
**31,692,334**
**Total as at June 30, 2022**
**14,690,740**
**35,773,595**
**2,761,306**
**2,582,852**
**(178,454)**
**(414,818)**

- 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. 40.334 million as at June 30, 2023 (2022: Rs. 46.042 million), 80,000 shares (2022: 80,000 shares) of Oil & Gas Development Company Limited having market value of Rs. 6.240 million as at June 30, 2023 (2022: Rs. 6.294 million) and 100,000 shares (2022: 100,000 shares) of Systems Limited having market value of Rs. 40.333 million as at June 30, 2023 (2022: 32.986 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.

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, 2023, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.814 million (2022: Rs. 1.166 million).

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		-----Rupees in '000'-----	
<b>6.2</b>	<b>Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	6.1	<b>2,582,852</b>	2,609,402
Less: Carrying value of investments	6.1	<b>2,761,306</b>	3,024,220
		<b><u>(178,454)</u></b>	<b><u>(414,818)</u></b>
<b>7</b>	<b>DEPOSITS AND OTHER RECEIVABLES</b>		
Profit receivable on bank balances		<b>25</b>	92
Security deposit with Central Depository Company of Pakistan Limited		<b>103</b>	103
Security deposit with the National Clearing Company of Pakistan Limited		<b>2,500</b>	2,500
		<b><u>2,628</u></b>	<b><u>2,695</u></b>



	Note	2023 -----Rupees in '000'-----	2022
<b>8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Management fee payable	8.1	483	427
Sindh Sales Tax on management fee payable	8.2	63	56
Allocated expenses payable	8.3	226	16
Sales load payable		2	62
Sindh Sales Tax payable on sales load		1	8
		<b>775</b>	<b>569</b>

**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% (2022: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs. 3.458 million (2022: Rs 3.631 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. 3.451 million (2022: Rs. 3.595 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% (2022: 0.11%) 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	2023 -----Rupees in '000'-----	2022
<b>9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee payable	9.1	285	298
Sindh Sales Tax payable on trustee fee	9.2	37	39
		<b>322</b>	<b>337</b>

**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 0.475 million (2022: Rs. 0.493 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. 0.477 million (2022: Rs. 0.514 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% (2022: 0.02%) per annum of average annual net assets of the Fund.

	Note	2023	2022
-----Rupees in '000'-----			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		242	230
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	494	497
Brokerage payable		6	365
Shariah advisor fee payable		220	259
Charity payable	11.2	11,697	5,949
Withholding tax payable		3,091	6,501
Zakat payable		30	7
		21,521	19,549

**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 (2022: Re 0.16) 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, 2023, non-shariah compliant income amounting to Rs 11.696 million (2022: Rs. 6.006 million) was charged as an expense in the books of the Fund, and Rs. 5.948 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Akhuwat Foundation	5,949

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

	2023	2022
-----Rupees in '000'-----		
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	286	230
Half yearly review of condensed interim financial statements	122	120
Out of pocket expenses	12	5
	420	355

**14 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 2.03% (2022: 1.78%) which includes 0.18% (2022: 0.18% ) 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, 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, 2023 to the unitholders 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 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:

**Balances**

	2023	2022
	-----Rupees in '000'-----	
<b>Al Meezan Investment Management Limited (Management Company)</b>		
Management fee payable	483	427
Sindh Sales Tax on management fee payable	63	56
Allocated expenses payable	226	16
Sales load payable	2	62
Sindh Sales Tax payable on sales load	1	8
Outstanding units 18,273,945 (2022: 16,134,283 units)	1,186,564	1,050,011
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Trustee fee payable	285	298
Sindh Sales Tax payable on trustee fee	37	39
Security Deposit	103	103

**Balances**

	2023	2022
	-----Rupees in '000'-----	
<b>Meezan Bank Limited</b>		
Bank balance	10,070	9,994
Profit receivable on saving accounts	23	13
Sales load payable	-	5
Sindh Sales Tax on sales load payable	-	1
Shariah advisor fee payable	220	259
Outstanding 2,113,224 units (2022: 2,113,224 units)	137,216	137,528
Investment in 1,657,463 shares (2022: 1,319,812 shares)	143,155	149,112
<b>Directors, their close family members and key management personnel of the management company</b>		
Outstanding 530,947 units (2022: 532,186 units)	34,475	34,634
<b>Unitholders holding 10% or more units of the Fund</b>		
Investment as at June 30, 2023: 14,043,485 units (2022: 13,929,284 units)	911,872	906,511
<b>Al Meezan Investment Management Limited - Gratuity Fund</b>		
Investment as at June 30, 2023 134,782: units (2022: 133,559 units)	8,752	8,692
<b>Meezan Strategic Allocation Fund MSAP-II</b>		
Investment as at June 30, 2023 :337,157 units (2022: 382,268 units)	21,892	24,878
<b>Meezan Strategic Allocation Fund MSAP-III</b>		
Investment as at June 30, 2023: Nil units (2022: 106,250 units)	-	6,915
<b>Meezan Strategic Allocation Fund MSAP-IV</b>		
Investment as at June 30, 2023: Nil units (2022: 13,634 units)	-	887
<b>Meezan Strategic Allocation Fund MSAP-V</b>		
Investment as at June 30, 2023: Nil units (2022: 28,295 units)	-	1,841
<b>For the year ended June 30,</b>		
	2023	2022
	-----Rupees in '000'-----	
<b>Al Meezan Investment Management Limited (Management Company)</b>		
Remuneration of Al Meezan Investment Management Limited - Management Company	26,602	27,930
Sindh Sales Tax on remuneration of the Management Company	3,458	3,631
Allocated expenses	2,926	3,072
Issue of 3,247,074 units (2022: 9,046,609 units)	210,880	587,622
Redemption of 1,107,412 units (2021: 13,631,149 units)	72,000	437,000
<b>Central Depository Company of Pakistan Limited (CDC) - Trustee</b>		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	3,658	3,793
Sindh Sales Tax on remuneration of the Trustee	475	493
CDS charges	107	130
<b>Meezan Bank Limited</b>		
Profit on saving accounts with banks	445	215
Dividend income	15,051	7,693
Shariah advisor fee	500	536
Purchase of 424,541 shares (2022: 323,685 shares)	45,394	42,229
Bonus of 130,781 shares (2022: 164,017 shares)	-	-
Sale of 217,671 shares (2022: 163,703 shares)	23,112	22,058

**Transactions during the year**

**For the year ended June 30,**  
**2023                      2022**  
**-----Rupees in '000'-----**

**Directors, their close family members and key management personnel of the Management Company**

Issue of 4,256 units (2022: 15,094 units)

**326**                      **1,071**

Redemption of 5,495 units (2022: 619,573 units)

**358**                      **40,402**

**Unitholders holding 10% or more units of the fund**

Issue of 114,200 units (2022: Nil units)

**8,358**                      **-**

**Meezan Strategic Allocation Fund MSAP-I**

Redemption of units (2022: 70,737 units)

**-**                      **5,048**

**Meezan Strategic Allocation Fund MSAP-II**

Issue of 337,157 units (2022: 518,594 units)

**21,700**                      **35,000**

Redemption of 382,268 units (2022: 296,091 units)

**24,972**                      **21,546**

**Meezan Strategic Allocation Fund MSAP-III**

Issue of units: Nil (2022: 95,507 units)

**-**                      **7,000**

Redemption of 106,250 units (2022: 148,294 units)

**6,941**                      **11,000**

**Meezan Strategic Allocation Fund MSAP-IV**

Redemption of units: 2023 13635 (2022 nil units)

**891**                      **-**

**Meezan Strategic Allocation Fund MSAP-V**

Redemption of 28,295 units (2022: Nil units)

**1,848**                      **-**

**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**

2023		
At amortised cost	At fair value through profit or loss	Total
-----Rupees in '000'-----		

**Financial assets**

Balances with banks

**12,575**                      **-**                      **12,575**

Investments

**-**                      **2,582,852**                      **2,582,852**

Receivable against sale of investments

**-**                      **-**                      **-**

Receivable against conversion of units

**9,168**                      **-**                      **9,168**

Dividend receivable

**1,997**                      **-**                      **1,997**

Deposits and other receivables

**2,628**                      **-**                      **2,628**

**26,368**                      **2,582,852**                      **2,609,220**

2023		
At fair value through profit or loss	At amortised cost	Total
-----Rupees in '000'-----		

**Financial liabilities**

Payable to Al Meezan Investment Management Limited -

Management Company

**775**                      **775**                      **1,550**

Payable to Central Depository Company of Pakistan Limited - Trustee

**322**                      **322**                      **644**

Payable to the Securities and Exchange Commission of Pakistan

**532**                      **-**                      **532**

Payable against conversion and redemption of units

**2**                      **2**                      **4**

Payable against purchase of investments

**22**                      **-**                      **22**

Dividend Payable

**1,332**                      **-**                      **1,332**

Accrued expenses and other liabilities

**21,521**                      **468**                      **21,989**

**24,506**                      **1,567**                      **24,187**

**Financial assets**

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

2022		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000'		
16,481	-	16,481
-	2,609,402	2,609,402
3,048	-	3,048
368	-	368
260	-	260
2,695	-	2,695
<u>22,852</u>	<u>2,609,402</u>	<u>2,632,254</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

2022		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000'		
-	569	569
-	337	337
-	6	6
-	1,138	1,138
-	854	854
-	<u>2,904</u>	<u>2,904</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 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, 2023, 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, 2023 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, 2023 can be determined as follows:

----- 2023 -----					
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	4,362	-	-	8,213	12,575
Investments	-	-	-	2,582,852	2,582,852
Receivable against sale of investments	-	-	-	-	-
Receivable against conversion of units	-	-	-	9,168	9,168
Dividend receivable	-	-	-	1,997	1,997
Deposits and other receivables	-	-	-	2,628	2,628
	<b>4,362</b>	<b>-</b>	<b>-</b>	<b>2,604,858</b>	<b>2,609,220</b>
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	775	775
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	322	322
Payable to Meezan Bank Limited	-	-	-	-	-
Payable against conversion and redemption of units	-	-	-	2	2
Accrued expenses and other liabilities	-	-	-	468	468
	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,567</b>	<b>1,567</b>
<b>On-balance sheet gap (a)</b>	<b>4,362</b>	<b>-</b>	<b>-</b>	<b>2,603,291</b>	<b>2,607,653</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>4,362</b>	<b>-</b>	<b>-</b>		
<b>Cumulative profit rate sensitivity gap</b>	<b>4,362</b>	<b>4,362</b>	<b>4,362</b>		

----- 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	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
	<b>11,044</b>	<b>-</b>	<b>-</b>	<b>2,621,210</b>	<b>2,632,254</b>
<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
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,904</b>	<b>2,904</b>
<b>On-balance sheet gap (a)</b>	<b>11,044</b>	<b>-</b>	<b>-</b>	<b>2,618,306</b>	<b>2,629,350</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>11,044</b>	<b>-</b>	<b>-</b>		
<b>Cumulative profit rate sensitivity gap</b>	<b>11,044</b>	<b>11,044</b>	<b>11,044</b>		

**(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, 2023, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 25.828 million (2022: Rs. 26.094 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, 2023 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:



2023						
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	12,575	-	-	-	-	12,575
Investments	-	-	-	-	2,582,852	2,582,852
Receivable against conversion of units	9,168	-	-	-	-	9,168
Dividend receivable	1,997	-	-	-	-	1,997
Deposits and other receivables	25	-	-	-	2,603	2,628
	23,765	-	-	-	2,585,455	2,609,220

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	775	-	-	-	-	775
Payable to Central Depository Company of Pakistan Limited - Trustee	322	-	-	-	-	322
Payable to Meezan Bank Limited	-	-	-	-	-	-
Payable against conversion and redemption of units	2	-	-	-	-	2
Accrued expenses and other liabilities	6	462	-	-	-	468
	1,105	462	-	-	-	1,567

**Net assets / (liabilities)**

	22,660	(462)	-	-	-	2,585,455	2,607,653
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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'

**Financial assets**

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

**Financial liabilities**

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

**Net assets / (liabilities)**

	17,834	(489)	-	-	-	2,612,005	2,629,350
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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. The table below analyses the Fund's maximum exposure to credit risk:

	2023		2022	
	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	12,575	12,575	16,481	16,481
Investments	2,582,852	-	2,609,402	-
Receivable against sale of investments	-	-	3,048	3,048
Receivable against conversion of units	9,168	9,168	368	368
Dividend receivable	1,997	1,997	260	260
Deposits and other receivables	2,628	2,628	2,695	2,695
	<b>2,609,220</b>	<b>26,368</b>	<b>2,632,254</b>	<b>22,852</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 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 2,582.852 million (2022: 2,609.402 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	
	2023	2022
AAA	80.00	61.00
AA+	20.00	39.00
	<b>100.00</b>	<b>100.00</b>

## 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, 2023, the Fund held the following financial instruments measured at fair values:

----- 2023 -----				
Level 1	Level 2	Level 3		
----- Rupees in '000 -----				
<b>Financial assets</b>				
Investment in equity securities - listed				
2,582,852	-	-		
<u>2,582,852</u>	<u>-</u>	<u>-</u>		
----- 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>		

## 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	----- 2023 -----			----- 2022 -----		
	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	1,661	200,348	7.75	1,846	256,799	9.84
Associated Companies / Directors	3 1	1,217,209 33,275	47.09 1.29	8	1,263,853	48.42
Retirement Funds	5	296,363	11.47	6	350,053	13.41
Others	5	837,520	32.40	5	739,391	28.33
	<u>1,675</u>	<u>2,584,714</u>	<u>100.00</u>	<u>1,865</u>	<u>2,610,096</u>	<u>100.00</u>

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

----- 2023 -----		----- 2022 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Alfalsh Securities (Pvt.) Ltd	11.00	Ismail Iqbal Securities (Private) Limited	9.34
Multiline Securities Limited	6.98	Vector Capital (Private) Limited	8.94
Top Line Securities (Pvt) Ltd	6.50	Next Capital Limited	7.71
Insight Securities (Pvt.) Ltd	6.05	Insight Securities (Private) Limited	7.54
Spectrum Securities (Private) Ltd	5.42	Aba Ali Habib Securities (Private) Limited	7.47
Aba Ali Habib Securities Pvt Ltd	5.18	Alfalsh Securities (Private) Limited	6.47
Ismail Iqbal Securities (Pvt) Ltd	5.02	Optimus Capital Management (Private) Limited	5.68
Arif Habib	4.68	BMA Capital Management Limited.	5.09
Fawad Yousuf Securities (Pvt) Ltd	4.40	Alfa Adhi Securities (Private) Limited	5.04
Vector Capital (Pvt) Limited	4.18	Arif Habib Limited	4.71

**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 Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven years
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Shariah Compliant Income	CFA level II / MBA	Sixteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Twelve years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / MBA, ACCA, FRM, FCMA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Sixteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fifteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Nine years

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

- Meezan Financial Planning Fund fo Funds
- Meezan Balanced Fund;
- Meezan Asset Allocation 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 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah Ahmed	Non-Executive	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda*	Non-Executive	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Independent Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Non-Executive	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Non-Executive	Yes	Yes	Yes	Yes
Mr. Naeem	Non-Executive	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Independent Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Independent Director	Yes	No	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes

\*Mr. Moin M. Fudda resigned from the Board on June 9, 2023.

**25 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 7, 2023.

**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

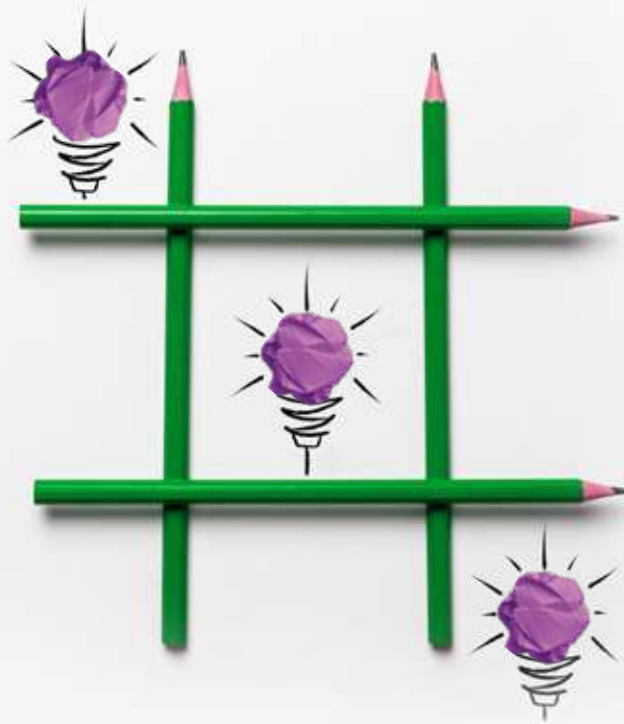
\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Al Meezan**  
Investment Management Ltd.

**AM1**  
Rating by VIS & PACRA



# Risk Management Evolution

Al Meezan's proactive adaptation of risk management strategies ensure that the customer interest is safeguarded under all market conditions. Al Meezan executes all the vital initiatives to identify, assess and tackle investment risks.

## Meezan Dedicated Equity Fund

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated equity 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
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Non-Executive Nominee Director- MBL
Mr. Naeem Sattar	Non-Executive Nominee Director- PKIC
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj	Non-Executive Nominee Director- MBL

Ms. Shazia Khurram was appointed on July 4, 2023 as director in place of Mr. Moin M. Fudda who resigned from the Board on June 9, 2023 and Mr. Saad Ur Rahman Khan was appointed on August 7, 2023 in place of Mr. Mubashar Maqbool who resigned from the Board on July 21, 2023. The revised composition of the Board Committees is as under.

## 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. Saad Ur Rahman Khan	Chairman
Ms. Shazia Khurram	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Saad Ur Rahman Khan	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

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box. 15541, Karachi 75530

## SHARIAH ADVISER

Dr. Muhammad Imran Usmani  
Jamia Darul Uloom Karachi  
Korangi Industrial Area Karachi Postal Code 75180 Pakistan  
Tel: +92 21 35044770  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## 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

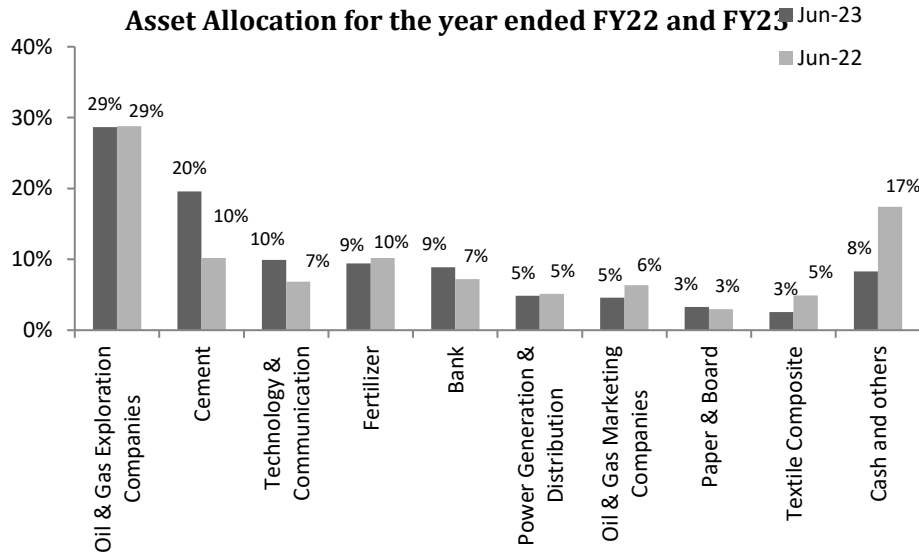
Open end Shariah Compliant Equity Scheme

### Objective

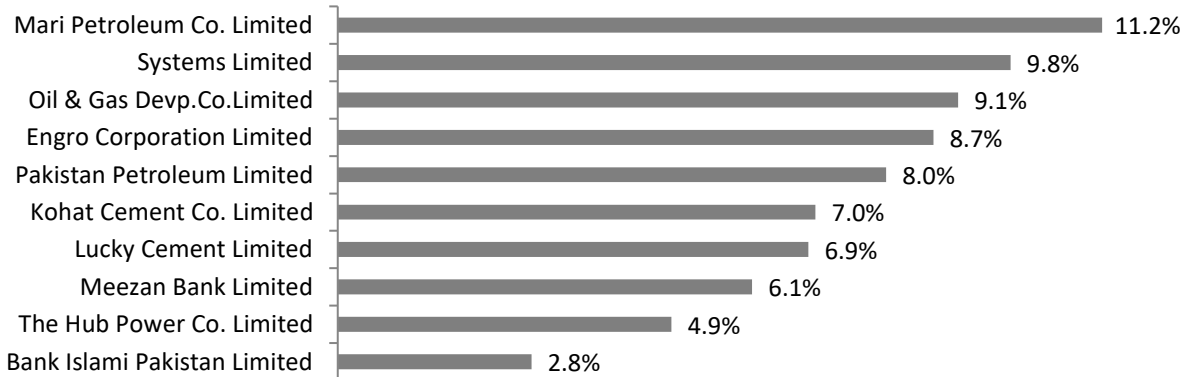
The investment objective of the fund is to provide Fund of Funds schemes a dedicated equity platform to seek long term capital appreciation.

### 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 2023, Meezan Dedicated Fund (MDEF) provided a negative return of 0.56% to its investors while KSE Meezan Index (KMI 30) – Benchmark appreciated by 2.88% to close at 70,748 pts.

	<u>MDEF</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2022 –Rs.	40.22	68,766
Net Asset Value (NAV) as on June 30, 2023 –Rs.	39.99	70,748
Change (Points)	-0.22	1,982
Return During the Period	-0.56%	2.88%

MDEF posted a total income of Rs. 20 million in FY23. Total loss comprised of realised loss and unrealized loss on investments of Rs. 34 million and Rs. 5 million respectively. Dividend income contributed Rs. 57 million to income while profit on saving accounts with banks amounted to Rs. 2 million. After accounting for expenses of Rs. 24 million, the Fund posted a net loss of Rs. 4 million. The net assets of the Fund as at June 30, 2023 were Rs. 406 million as compared to Rs. 753 million at the end of last year depicting a decrease of 46%. The net asset value per unit as at June 30, 2023 was Rs. 39.9919 as compared to Rs. 40.2161 per unit as on June 30, 2022.

### 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, 2023 an amount of Rs. 2.061 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the period ended June 30, 2023.

### SWWF Disclosure

Not Applicable

### Breakdown of unit holdings by size

(As on June 30, 2023)

Range (Units)	No. of Investors
1 - 9,999	0
10,000 - 49,999	1
50,000 - 99,999	0
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>	31	31	0	0
<b>Percentage</b>	100%	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**  
**MEEZAN DEDICATED EQUITY FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	405,819	752,831	1,015,343
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	39.9919	40.2161	46.9066
Offer price per unit as at June 30, (Rs.) (ex-distribution)	41.3476	41.5794	48.4967
Highest offer price per unit (Rs.)	44.0344	50.6543	50.3109
Lowest offer price per unit (Rs.)	38.3423	40.5014	36.6120
Highest redemption price per unit (Rs.)	42.5906	48.9935	48.6613
Lowest redemption price per unit (Rs.)	37.0852	39.1735	35.4116
Distribution (%)			
Interim	N/A	N/A	N/A
Final			
Date of distribution			
Interim			
Final	N/A	N/A	N/A
Income distribution (Rupees in '000)	N/A	N/A	N/A
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	(0.56)	(14.26)	35.55

	One Year	Two Years	Three Years
Average annual return as at June 30, 2023 (%)	-0.56%	-7.66%	4.94%

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

# Dr. Muhammad Imran Usmani

Address:

**Jamia Darul Uloom Karachi**  
Korangi Industrial Area Karachi  
Pakistan  
Postal Code 75180  
Tel: +92 21 3 5047770  
Fax: +92 21 5040234  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## Report of the Shariah Advisor – Meezan Dedicated Equity Fund (MDEF)

July 29, 2023/ Dhu Al-Hijjah 29, 1443

**Alhamdulillah**, the period from July 1, 2022 to June 30, 2023 was the Sixth year of operations of Meezan Dedicated Equity Fund (the “MDEF” or the “Fund”) under management of Al Meezan Investment Management Limited (the “Al Meezan” or the “Management Company”). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the “Report”) in accordance with 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 Shariah Advisor, we have prescribed six criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah 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 Shariah compliance with the Shariah 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.

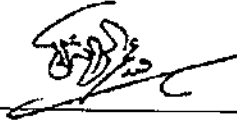
We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2023 have been in compliance with the Shariah principles.

In light of the above, we hereby certify that all the provisions of the scheme and investments made on account of the Fund under management of Al Meezan are Shariah-compliant and in accordance with the criteria established by us.

We further confirm that earnings realized through prohibited sources were transferred to the charity account which amounts to PKR 2.1 million and is available for disbursement.

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

And Allah knows the best.



**Dr. Muhammad Imran Ashraf Usmani**  
Shariah Advisor

**Head Office:**

CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi - 74400, Pakistan.

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN DEDICATED EQUITY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of 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, 2023 in accordance with the provisions of the following:

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

  
**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 25, 2023

## INDEPENDENT AUDITORS' 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 **30 June 2023**, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and investments</b>	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2023, the bank balances and investments (comprised of equity instruments) held by the Fund represent 99% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 and reconciled it with the books and records of the Fund.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4.</li> <li>- We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).</li> <li>- We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

#### 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 auditors' 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 for the Financial Statements

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

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

The Board of Directors are 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.
- 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

#### **Other Matter**

The annual financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants, whose audit report dated 21 September 2022, expressed an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 26 September 2023

**Place:** Karachi

**UDIN Number:** AR202310076pTOSkWJUH





**MEEZAN DEDICATED EQUITY FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2023**

	Note	2023	2022
		-----Rupees in '000'-----	
<b>Assets</b>			
Balances with banks	5	5,121	29,399
Investments	6	393,668	722,383
Dividend receivable		291	55
Receivable against sale of investments		7,259	1,991
Advances, deposits and other receivable	7	2,991	3,172
<b>Total assets</b>		<b>409,330</b>	<b>757,000</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	731	596
Payable to Central Depository Company of Pakistan Limited - Trustee	9	76	141
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	128	176
Payable against purchase of investments		-	1,377
Accrued expenses and other liabilities	11	2,576	1,879
<b>Total liabilities</b>		<b>3,511</b>	<b>4,169</b>
<b>Net assets</b>		<b>405,819</b>	<b>752,831</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>405,819</b>	<b>752,831</b>
<b>Contingencies and commitments</b>	12		
<b>Number of units in issue</b>		<b>10,147,539</b>	<b>18,719,626</b>
		------(Rupees)-----	
<b>Net asset value per unit</b>		<b>39.9919</b>	<b>40.2161</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

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

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
-----Rupees in '000'-----			
<b>Income</b>			
Profit on balances with banks		2,092	1,657
Dividend income		57,421	55,753
Net realised loss on sale of investments		(34,167)	(42,898)
Other income		-	478
		<b>25,346</b>	14,990
Net unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	6.2	<b>(5,116)</b>	(123,396)
<b>Total income / (loss)</b>		<b>20,230</b>	(108,406)
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	12,791	17,649
Sindh Sales Tax on remuneration of the Management Company	8.2	1,663	2,294
Allocated expenses	8.3	704	971
Selling and marketing expenses	8.4	2,558	3,530
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,279	1,764
Sindh Sales Tax on remuneration of the Trustee	9.2	166	229
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	10	128	176
Brokerage expense		1,613	1,169
Auditors' remuneration	13	337	340
Charity expense	11.1	2,061	1,362
Printing expense		1	-
Fee and subscription		542	576
Legal and professional charges		-	184
Bank and settlement charges		444	371
Reversal of Provision for Sindh Workers' Welfare Fund (SWWF)		-	(4,997)
<b>Total expenses</b>		<b>24,287</b>	25,618
<b>Net loss for the year before taxation</b>		<b>(4,057)</b>	(134,024)
Taxation	15	-	-
<b>Net loss for the year after taxation</b>		<b>(4,057)</b>	(134,024)
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
<b>Accounting income available for distribution</b>		<b>-</b>	<b>-</b>
- Relating to capital gains		-	-
- Excluding capital gains		-	-

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

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

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	-----Rupees in '000'-----	
<b>Net loss for the year after taxation</b>	<b>(4,057)</b>	<b>(134,024)</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(4,057)</u></b>	<b><u>(134,024)</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

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

\_\_\_\_\_  
Director



**MEEZAN DEDICATED EQUITY FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the year</b>	<b>1,492,954</b>	<b>(740,123)</b>	<b>752,831</b>	1,621,443	(606,099)	1,015,344
Issue of 1,237,562 units (2022: 6,420,329 units)						
- Capital value (at net asset value per unit at the beginning of the year)	49,770	-	49,770	301,156	-	301,156
- Element of income / (loss)	780	-	780	(24,355)	-	(24,355)
Total proceeds on issuance of units	50,550	-	50,550	276,801	-	276,801
Redemption of 9,809,650 units (2022: 9,346,768 units)						
- Capital value (at net asset value per unit at the beginning of the year)	394,506	-	394,506	438,425	-	438,425
- Element of income	(1,001)	-	(1,001)	(33,135)	-	(33,135)
Total payments on redemption of units	393,505	-	393,505	405,290	-	405,290
Total comprehensive loss for the year	-	(4,057)	(4,057)	-	(134,024)	(134,024)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(4,057)	(4,057)	-	(134,024)	(134,024)
<b>Net assets at the end of the year</b>	<b>1,149,999</b>	<b>(744,180)</b>	<b>405,819</b>	<b>1,492,954</b>	<b>(740,123)</b>	<b>752,831</b>
<b>Accumulated losses brought forward</b>						
- Realised loss		(616,727)			(757,234)	
- Unrealised (loss) / income		(123,396)			151,135	
		<u>(740,123)</u>			<u>(606,099)</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(4,057)			(134,024)	
Accumulated losses carried forward		<u>(744,180)</u>			<u>(740,123)</u>	
<b>Accumulated losses carried forward</b>						
- Realised loss		(739,064)			(616,727)	
- Unrealised loss		(5,116)			(123,396)	
		<u>(744,180)</u>			<u>(740,123)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year	<u>40.2161</u>			<u>46.9066</u>		
Net assets value per unit at the end of the year	<u>39.9919</u>			<u>40.2161</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

Chief Financial Officer

Director



**MEEZAN DEDICATED EQUITY FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
-----Rupees in '000'-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year before taxation		(4,057)	(134,024)
<b>Adjustments for</b>			
Net unrealised diminution on re-measurement of investments classified assets at 'fair value through profit or loss'	6.2	5,116	123,396
		1,059	(10,628)
<b>Decrease in assets</b>			
Investments - net		323,599	144,407
Dividend receivable		(236)	3,584
Receivable against sale of investments		(5,268)	494
Advances, deposits and other receivable		181	14,687
		318,276	163,172
<b>Decrease in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		135	(663)
Payable to Central Depository Company of Pakistan Limited - Trustee		(65)	(52)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(48)	(1)
Payable against purchase of investments		(1,377)	1,369
Accrued expenses and other liabilities		697	(5,574)
		(658)	(4,921)
<b>Net cash generated from operating activities</b>		318,677	147,623
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		50,550	276,801
Payment against redemption and conversion of units		(393,505)	(405,290)
<b>Net cash used in from financing activities</b>		(342,955)	(128,489)
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		(24,278)	19,134
Cash and cash equivalents at the beginning of the year		29,399	10,265
<b>Cash and cash equivalents at the end of the year</b>	5	5,121	29,399

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



**MEEZAN DEDICATED EQUITY FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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 on October 09, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations). The Trust Deed was previously registered under The "Trust Act 1882" and now has been registered under "The Sindh Trusts Act, 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above-mentioned Trust Deed has been registered under the Sindh Trust Act. 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.
- 1.2** The Fund has been formed to enable the unitholders 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.
- 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 Limited.
- 1.4** 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.
- 1.5** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2022: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2023 (2022: 'AM1' dated June 23, 2022). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**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 VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the requirements of the Trust Deed differ from the 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 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Fund has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

##### Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

##### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

### 3.3 Standards and amendments to the approved accounting standards that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

		Effective date (annual periods beginning on or after)
<b>Amendments</b>		
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising - from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-Current and - Non-Current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its - Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 -and IFRS 7	January 01, 2024
IAS 12	International Tax Reform – Pillar Two Model Rules -Amendments to IAS 12	January 01, 2023

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

<b>Standards</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1            First time adoption of IFRS	January 01, 2004
IFRS 17          Insurance Contracts	January 01, 2023

The Company expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the fund's financial statements in the period of initial application.

### 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 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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.

### 3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at 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 Funds' 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.

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>(Rupees in '000)</b>	
<b>5 BALANCES WITH BANKS</b>			
Balances with banks in:			
Savings accounts	5.1	2,781	27,616
Current accounts		<u>2,340</u>	<u>1,783</u>
		<u><u>5,121</u></u>	<u><u>29,399</u></u>
<b>5.1</b>			
These includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 10.0% (2022: 6.01% per annum). Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 7.14% to 20.25% per annum (2022: 4.0% to 15.5% per annum).			
<b>6 INVESTMENTS</b>			
<b>Investment at 'fair value through profit or loss'</b>			
Listed equity securities	6.1	<u><u>393,668</u></u>	<u><u>722,383</u></u>

### 6.1 Investment at fair value through profit or loss - Listed equity securities

Name of the investee company	As at July 1, 2022	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	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>Automobile Assembler</b>											
Millat Tractors Limited	17,390	-	2,778	20,168	-	-	-	-	-	-	-
<b>Banks</b>											
BankIslami Pakistan Limited	612,000	200,000	-	160,000	652,000	8,047	11,580	3,533	2.85	0.06	2.94
Meezan Bank Limited (a related party)	417,934	35,000	45,293	211,354	286,873	29,548	24,777	(4,771)	6.11	0.02	6.29
									<b>8.96</b>	<b>0.08</b>	<b>9.23</b>
<b>Cement</b>											
Cherat Cement Company Limited	62,889	40,000	-	10,000	92,889	9,493	11,173	1,680	2.75	0.05	2.84
Fauji Cement Company Limited	230,000	-	28,750	150,000	108,750	1,370	1,279	(91)	0.32	-	0.32
Kohat Cement Company Limited	159,670	15,000	-	10,000	164,670	21,832	28,565	6,733	7.04	0.08	7.26
Lucky Cement Limited	77,900	31,000	-	55,000	53,900	25,037	28,141	3,104	6.93	0.02	7.15
Maple Leaf Cement Factory Limited	416,000	150,000	-	330,000	236,000	6,568	6,686	118	1.65	0.02	1.70
Pioneer Cement Limited	-	50,000	-	-	50,000	3,600	4,332	732	1.07	0.02	1.10
									<b>19.76</b>	<b>0.19</b>	<b>20.37</b>
<b>Chemical</b>											
Dynea Pakistan Limited (note 6.1.1)	19,400	7,500	-	26,900	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	242,141	-	-	242,141	-	-	-	-	-	-	-
Lucky Core Industries Limited (Formerly ICI Pak Ltd)	15,700	-	-	4,500	11,200	8,115	6,766	(1,349)	1.67	0.01	1.72
									<b>1.67</b>	<b>0.01</b>	<b>1.72</b>
<b>Engineering</b>											
International Industries Limited	-	7,660	-	7,660	-	-	-	-	-	-	-
International Steels Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	190,943	100,000	-	245,000	45,943	2,709	2,225	(484)	0.55	0.01	0.57
									<b>0.55</b>	<b>0.01</b>	<b>0.57</b>
<b>Fertilizer</b>											
Engro Corporation Limited (note 6.1.2)	157,534	85,000	-	105,500	137,034	37,454	35,614	(1,840)	8.78	0.02	9.05
Engro Fertilizers Limited	414,387	-	-	378,605	35,782	3,172	2,953	(219)	0.73	-	0.75
									<b>9.51</b>	<b>0.02</b>	<b>9.80</b>
<b>Food And Personal Care</b>											
At-Tahir Limited	179,200	-	17,920	150,000	47,120	817	776	(41)	0.19	0.02	0.20
National Foods Limited	-	45,000	-	32,000	13,000	1,105	1,279	174	0.32	0.01	0.32
The Organic Meat Company Limited	-	260,000	4,875	79,500	185,375	4,097	3,852	(245)	0.95	0.14	0.98
									<b>1.46</b>	<b>0.17</b>	<b>1.50</b>
<b>Glass And Ceramics</b>											
Shabbir Tiles & Ceramics Limited (note 6.1.1)	522,500	-	-	522,500	-	-	-	-	-	-	-
<b>Leather &amp; Tanneries</b>											
Service Global Footwear Limited	24,113	-	-	-	24,113	969	672	(297)	0.17	0.01	0.17
<b>Miscellaneous</b>											
Pakistan Aluminum Beverage Cans Limited	30,000	-	-	-	30,000	946	1,357	411	0.33	0.01	0.34
<b>Oil &amp; Gas Exploration Companies</b>											
Mari Petroleum Company Limited	53,588	2,200	-	25,617	30,171	52,260	45,698	(6,562)	11.26	0.02	11.61
Oil & Gas Development Company Limited (note 6.1.2)	679,295	111,125	-	315,000	475,420	37,679	37,083	(596)	9.14	0.01	9.42
Pakistan Oilfields Limited	58,721	-	-	54,500	4,221	1,713	1,696	(17)	0.42	-	0.43
Pakistan Petroleum Limited	702,452	200,000	-	348,208	554,244	37,961	32,778	(5,183)	8.08	0.02	8.33
									<b>28.90</b>	<b>0.05</b>	<b>29.79</b>

Name of the investee company	As at July 1, 2022	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	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)		%			
<b>Oil &amp; Gas Marketing Companies</b>											
Attock Petroleum Limited	-	23,000	4,000	15,000	12,000	3,681	3,603	(78)	0.89	0.01	0.92
Pakistan State Oil Company Limited (note 6.1.3)	191,072	10,000	-	129,000	72,072	12,305	8,001	(4,304)	1.97	0.02	2.03
Sui Northern Gas Pipelines Limited	442,150	50,000	-	310,000	182,150	6,299	7,171	872	1.77	0.03	1.82
									<b>4.63</b>	<b>0.06</b>	<b>4.77</b>
<b>Paper &amp; Board</b>											
Century Paper and Board Mills Limited	126,500	-	123,970	-	250,470	7,818	7,073	(745)	1.74	0.06	1.80
Packages Limited	34,750	1,500	-	20,116	16,134	6,402	6,275	(127)	1.55	0.02	1.59
Roshan Packages Limited	56,500	-	-	56,500	-	-	-	-	-	-	-
									<b>3.29</b>	<b>0.08</b>	<b>3.39</b>
<b>Pharmaceuticals</b>											
Haleon Pakistan Limited(Formerly GSKCH Pak Ltd)	9,200	-	-	9,200	-	-	-	-	-	-	-
IBL HealthCare Limited	101,600	1,000	10,210	112,810	-	-	-	-	-	-	-
The Searle Company Limited	76,193	-	19,048	95,241	-	-	-	-	-	-	-
									-	-	-
<b>Power Generation &amp; Distribution</b>											
K-Electric Limited (note 6.1.1)	2,998,500	1,000,000	-	3,998,500	-	-	-	-	-	-	-
The Hub Power Company Limited	436,655	300,000	-	450,000	286,655	19,974	19,945	(29)	4.91	0.02	5.07
									<b>4.91</b>	<b>0.02</b>	<b>5.07</b>
<b>Property</b>											
TPL Properties Limited	-	100,000	10,000	-	110,000	2,257	1,371	(886)	0.34	0.02	0.35
<b>Refinery</b>											
Attock Refinery Limited	3,500	-	-	3,500	-	-	-	-	-	-	-
Cnergyco PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,162,000	700,000	-	1,862,000	-	-	-	-	-	-	-
National Refinery Limited	6,000	-	-	6,000	-	-	-	-	-	-	-
									-	-	-
<b>Technology &amp; Communication</b>											
Air Link Communication Limited	23,493	-	-	23,493	-	-	-	-	-	-	-
Avanceon Limited	31,250	-	1,545	32,795	-	-	-	-	-	-	-
Supernet Limited	-	20,000	1,400	-	21,400	292	321	29	0.08	0.02	0.08
Octopus Digital Limited	25,001	-	-	25,001	-	-	-	-	-	-	-
Systems Limited	138,940	22,000	-	61,219	99,721	34,413	40,220	5,807	9.91	0.03	10.22
Worldcall Telecom Limited	650,000	-	-	650,000	-	-	-	-	-	-	-
									<b>9.99</b>	<b>0.05</b>	<b>10.30</b>
<b>Textile Composite</b>											
Feroze1888 Mills Limited	45,898	-	-	45,898	-	-	-	-	-	-	-
Interloop Limited	300,208	50,000	55,116	282,000	123,324	4,901	4,348	(553)	1.07	0.01	1.10
Kohinoor Textile Mills Limited	146,500	-	-	27,500	119,000	5,950	6,058	108	1.49	0.04	1.54
Nishat Mills Limited	116,200	-	-	116,200	-	-	-	-	-	-	-
									<b>2.56</b>	<b>0.05</b>	<b>2.64</b>
<b>Total as at June 30, 2023</b>	<b>12,405,867</b>				<b>4,531,631</b>	<b>398,784</b>	<b>393,668</b>	<b>(5,116)</b>	<b>97.03</b>		<b>100</b>
<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</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 Dynea Pakistan Limited and Shabbir Tiles and 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** Investments include 103,000 shares (2022: 100,000 shares) of Engro Corporation Limited and 120,000 shares (2022: 120,000 shares) of Oil and Gas Development Company Limited having market value of Rs.26.7687 million and Rs.9.3600 million (2022: Rs.25.709 million and Rs. 9.440 million) respectively as at June 30, 2023, 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 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 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 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, 2023, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.181 million (2022: Rs. 0.280 million).

	Note	2023 (Rupees in '000)	2022
<b>6.2 Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'</b>			
Market value of investments	6.1	393,668	722,383
Carrying value of investments	6.1	398,784	845,779
		<u>(5,116)</u>	<u>(123,396)</u>
<b>7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE</b>			
Profit receivable on saving accounts		56	273
Advance tax	7.1	1,296	1,296
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with the National Clearing Company of Pakistan Limited		1,536	1,500
		<u>2,991</u>	<u>3,172</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under 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 withholder. 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, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2023	2022
<b>8</b>	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT - MANAGEMENT COMPANY</b>	<b>(Rupees in '000)</b>	
	Remuneration payable	173	247
	Sindh Sales Tax on remuneration payable	22	32
	Allocated expenses payable	86	54
	Selling and marketing expenses payable	450	263
		<u>731</u>	<u>596</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% (2022: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.

- 8.2 During the year, an amount of Rs.1.663 million (2022: Rs.2.294 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.1.673 million (2022: Rs.2.278 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 charged allocated expenses at the rate of 0.11% (2022: 0.11%) of average annual net assets during the year, subject to the total expense charged being lower than actual expense incurred.

- 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% (2022: 0.4%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.

	Note	2023	2022
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>	<b>(Rupees in '000)</b>	
	Trustee fee payable	67	125
	Sindh Sales Tax payable on trustee fee	9	16
		<u>76</u>	<u>141</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 0.166 million (June 30, 2022: Rs 0.229 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 0.173 million (June 30, 2022: Rs 0.235 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, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (June 30, 2022: 0.02%) of average annual net assets of the Fund during the current year.

	Note	2023	2022
		(Rupees in '000)	
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		225	201
Shariah advisor fee payable		247	272
Charity payable	11.1	2,061	1,351
Brokerage payable		43	9
Withholding tax payable		-	46
		<u>2,576</u>	<u>1,879</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. Accordingly, an amount of Rs.2.061 million (June 30, 2022: Rs.1.351 million) is outstanding in this regard.

During the year ended June 30, 2023, non-Shariah Compliant income amounting to Rs.2.061 million (2022: Rs.1.362 million) was charged as an expense in the books of the Fund, and Rs.1.351 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	The Patients' Behbud Society for AKUH	1,351
	<b>Total</b>	<u>1,351</u>

## 12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

	2023	2022	
		(Rupees in '000)	
<b>13 AUDITORS' REMUNERATION</b>			
Annual audit fee	241	276	
Half yearly review fee	79	60	
Out of pocket expense	17	4	
	<u>337</u>	<u>340</u>	

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 3.80% (2022: 3.47%) which includes 0.33% (2022: 0.32%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), 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 Fund's income is exempt from income tax as per 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 the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability as the Fund has incurred a 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. Furthermore, Super tax introduced in Finance Act, 2015 is also not applicable on funds as Section 4B of Income Tax Ordinance, 2001.

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons include Al Meezan Investment Management Limited the Management Company, the Central Depository Company of Pakistan (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 unit holders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons are executed on an arm's length basis and 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 in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

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

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

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

	2023	2022
	(Rupees in '000)	
<b>Balances</b>		
<b>Al Meezan Investment Management Company Limited - Management Company</b>		
Remuneration payable to the Management Company	173	247
Sindh Sales Tax payable on remuneration of the Management Company	22	32
Allocated expenses payable	86	54
Selling and marketing expenses payable	450	263
<b>Meezan Bank Limited</b>		
Balances with bank	2,070	2,105
Profit receivable on saving accounts	26	2
Investments in shares: 286,873 shares (2022: 417,934 shares )	24,777	47,218
Shariah Advisor fee payable	247	272
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to the Trustee	67	125
Sindh Sales Tax on remuneration of the Trustee	9	16
Security deposit	103	103
<b>Meezan Financial Planning Fund of Funds MAAP I</b>		
Investment of 878,913 units (2022: 1,223,499 units)	35,149	49,204
<b>Meezan Strategic Allocation Fund MSAP - I</b>		
Investment of 2,153,430 units (2022: 3,203,303 units)	86,120	128,824
<b>Meezan Strategic Allocation Fund MSAP - II</b>		
Investment of 784,517 units (2022: 918,504 units)	31,374	36,939



<b>Balances</b>	<b>2023</b>	<b>2022</b>
	(Rupees in '000)	
<b>Meezan Strategic Allocation Fund MSAP - III</b> Investment of 1,160,894 units (2022: 2,439,439 units)	<u>46,426</u>	<u>98,105</u>
<b>Meezan Strategic Allocation Fund MSAP - IV</b> Investment of 828,360 units (2022: 1,864,866 units)	<u>33,128</u>	<u>74,998</u>
<b>Meezan Strategic Allocation Fund MSAP - V</b> Investment of 163,741 units (2022: 368,711 units)	<u>6,548</u>	<u>14,828</u>
<b>Meezan Strategic Allocation Fund MCPP-III</b> Investment of 788,936 units (2022: 585,643 units)	<u>31,551</u>	<u>23,552</u>
<b>Meezan Strategic Allocation Fund -II MCPP-IV</b> Investment of 1,532,959 units (2022: 5,553,294 units)	<u>61,306</u>	<u>223,332</u>
<b>Meezan Strategic Allocation Fund -II MCPP-V</b> Investment of 271,418 units (2022: 173,290 units)	<u>10,855</u>	<u>6,969</u>
<b>Meezan Strategic Allocation Fund-II MCPP-VII</b> Investment of 21,094 units (2022: 64,125 units)	<u>844</u>	<u>2,579</u>
<b>Meezan Strategic Allocation Fund-III MCPP - IX</b> Investment of 1,563,275 units (2022: 2,324,953 units)	<u>62,518</u>	<u>93,501</u>
	<b>2023</b>	<b>2022</b>
	(Rupees in '000)	
<b>Transactions during the year</b>		
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration to the Management Company	<u>12,791</u>	<u>17,649</u>
Sindh Sales Tax on remuneration of the Management Company	<u>1,663</u>	<u>2,294</u>
Allocated expenses	<u>704</u>	<u>971</u>
Selling and marketing expense	<u>2,558</u>	<u>3,530</u>
<b>Meezan Bank Limited</b>		
Profit on savings account	<u>138</u>	<u>151</u>
Shares purchased during the year: 35,000 shares (2022: 455,788 shares)	<u>4,099</u>	<u>52,102</u>
Shares sold during the year: 211,354 shares (2022: 539,934 shares)	<u>19,876</u>	<u>64,423</u>
Bonus shares : 45,293 shares (2022: 61,575 shares)	<u>-</u>	<u>-</u>
Dividend income	<u>4,224</u>	<u>2,678</u>
Shariah Advisor fee	<u>514</u>	<u>548</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	<u>1,279</u>	<u>1,764</u>
Sindh Sales Tax on remuneration of the Trustee	<u>166</u>	<u>229</u>
CDS charges	<u>35</u>	<u>43</u>
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units redeemed: 344,585 units (2022: 29,915 units)	<u>14,150</u>	<u>1,330</u>
<b>Meezan Strategic Allocation Fund MSAP - I</b>		
Units issued: nil units (2022: 781,338 units)	<u>-</u>	<u>32,650</u>
Units redeemed: 1,049,872 units (2022: 974,986 units)	<u>41,300</u>	<u>41,650</u>
<b>Meezan Strategic Allocation Fund MSAP - II</b>		
Units issued: nil units (2022: 678,855 units)	<u>-</u>	<u>28,000</u>
Units redeemed: 133,987 units (2022: 156,516 units)	<u>5,230</u>	<u>7,100</u>



Transactions during the year	2023 (Rupees in '000)	2022
<b>Meezan Strategic Allocation Fund MSAP - III</b> Units redeemed: 1,278,544 units (2022: 856,113 units)	<u>50,970</u>	<u>38,500</u>
<b>Meezan Strategic Allocation Fund MSAP - IV</b> Units issued: nil units (2022: 489,045 units) Units redeemed: 1,036,505 units (2022: 995,821 units)	<u>-</u> <u>41,645</u>	<u>19,902</u> <u>43,410</u>
<b>Meezan Strategic Allocation Fund MSAP - V</b> Units redeemed: 204,970 units (2022: 529,365 units)	<u>8,330</u>	<u>23,880</u>
<b>Meezan Strategic Allocation Fund MCPP-III</b> Units issued: 584,040 units (2022: 1,023,560 units) Units redeemed: 380,747 units (2022: 1,504,231 units)	<u>24,000</u> <u>15,350</u>	<u>44,000</u> <u>64,350</u>
<b>Meezan Strategic Allocation Fund -II MCPP-IV</b> Units issued: 420,011 units (2022: 86,412 units) Units redeemed: 4,440,345 units (2022: 2,024,543 units)	<u>17,000</u> <u>179,060</u>	<u>4,000</u> <u>89,720</u>
<b>Meezan Strategic Allocation Fund -II MCPP-V</b> Units issued: 219,408 units (2022: 386,947 units) Units redeemed: 121,280 units (2022: 543,088 units)	<u>9,000</u> <u>4,780</u>	<u>16,800</u> <u>23,300</u>
<b>Meezan Strategic Allocation Fund-II MCPP-VII</b> Units issued: nil units (2022: 198,453 units) Units redeemed: 43,031 units (2022: 316,179 units)	<u>-</u> <u>1,810</u>	<u>9,000</u> <u>13,700</u>
<b>Meezan Strategic Allocation Fund-III MCPP - IX</b> Units issued: 14,102 units (2022: 2,775,720 units) Units redeemed: 775,780 units (2022: 1,416,010 units)	<u>550</u> <u>30,880</u>	<u>122,450</u> <u>58,350</u>

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

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

**Financial assets**

2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Balances with banks	5,121	5,121
Investments	-	393,668
Dividend receivable	291	291
Receivable against sale of investment	7,259	7,259
Deposits and other receivable	1,695	1,695
	<u>14,366</u>	<u>408,034</u>

**Financial liabilities**

2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Payable to Al Meezan Investment Management Limited - Management Company	731	731
Payable to Central Depository Company of Pakistan Limited - Trustee	76	76
Accrued expenses and other liabilities	2,576	2,576
	<u>3,383</u>	<u>3,383</u>

**Financial assets**

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Balances with banks	29,399	29,399
Investments	-	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

**Financial liabilities**

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
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

**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 profit rate risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by the SECP.

**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 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, 2023, 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. 0.028 million (2022: Rs. 0.276 million)

## b) Sensitivity analysis for fixed rate instruments

As at June 30, 2023 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, 2023 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, 2023 can be determined as follows:

2023					
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	7.14% to 20.25%	2,781	-	2,340	5,121
Investments		-	-	393,668	393,668
Dividend receivable		-	-	291	291
Receivable against sale of investments		-	-	7,259	7,259
Deposits and other receivable		-	-	1,695	1,695
		<b>2,781</b>	<b>-</b>	<b>405,253</b>	<b>408,034</b>
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	731	731
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	76	76
Payable against redemption and conversion of units		-	-	-	-
Payable against purchase of investments		-	-	-	-
Accrued expenses and other liabilities		-	-	2,576	2,576
		-	-	<b>3,383</b>	<b>3,383</b>
<b>On-balance sheet gap (a)</b>		<b>2,781</b>	<b>-</b>	<b>401,870</b>	<b>404,651</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		<b>2,781</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative profit rate sensitivity gap</b>		<b>2,781</b>	<b>2,781</b>	<b>2,781</b>	<b>-</b>
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	4.00% - 15.50%	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
		<b>27,616</b>	<b>-</b>	<b>728,088</b>	<b>755,704</b>
<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 redemption and conversion of units		-	-	-	-
Payable against purchase of investments		-	-	1,377	1,377
Accrued expenses and other liabilities		-	-	482	482
		-	-	<b>2,596</b>	<b>2,596</b>
<b>On-balance sheet gap (a)</b>		<b>27,616</b>	<b>-</b>	<b>725,492</b>	<b>753,108</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		<b>27,616</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative profit rate sensitivity gap</b>		<b>27,616</b>	<b>27,616</b>	<b>27,616</b>	<b>-</b>

**(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, 2023, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs.3.937 million (2022: Rs.7.224 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 5% 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, 2023 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 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:

2023						
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)						
Balances with banks	5,121	-	-	-	-	5,121
Investments	-	-	-	-	393,668	393,668
Dividend receivable	291	-	-	-	-	291
Receivable against sale of investments	7,259	-	-	-	-	7,259
Deposits and other receivable	1,695	-	-	-	-	1,695
	<b>14,366</b>	-	-	-	<b>393,668</b>	<b>408,034</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	731	-	-	-	-	731
Payable to Central Depository Company of Pakistan Limited - Trustee	76	-	-	-	-	76
Payable against redemption and conversion of units	-	-	-	-	-	-
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	2,576	-	-	-	-	2,576
	<b>3,383</b>	-	-	-	-	<b>3,383</b>
<b>Net assets / (liabilities)</b>	<b>10,983</b>	-	-	-	<b>393,668</b>	<b>404,651</b>

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)						
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
	<b>31,718</b>	-	-	-	<b>723,986</b>	<b>755,704</b>
<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 redemption and conversion of units	-	-	-	-	-	-
Payable against purchase of investments	1,377	-	-	-	-	1,377
Accrued expenses and other liabilities	-	482	-	-	-	482
	<b>2,114</b>	<b>482</b>	-	-	-	<b>2,596</b>
<b>Net assets / (liabilities)</b>	<b>29,604</b>	<b>(482)</b>	-	-	<b>723,986</b>	<b>753,108</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:

	2023		2022	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000		Rupees in '000	
Balances with banks	5,121	5,121	29,399	29,399
Investments	393,668	-	722,383	-
Dividend receivable	291	291	55	55
Receivable against sale of investments	7,259	7,259	1,991	1,991
Advances, deposits and other receivable	1,695	1,695	1,876	1,876
	<b>408,034</b>	<b>14,366</b>	<b>755,704</b>	<b>33,321</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 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 mark-up accrued thereon, cheques in hand, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2023	2022
AAA	40.43%	7.16%
AA+	52.27%	25.50%
A+	5.52%	67.04%
AA	1.78%	0.30%
	<u>100.00%</u>	<u>100.00%</u>

### 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, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair values:

	2023		
	Level 1	Level 2	Level 3
<b>Financial assets 'at fair value through profit or loss'</b>	(Rupees in '000)		
Shares of listed companies - 'ordinary shares'	<u>393,668</u>	-	-
	-----		
	2022		
	Level 1	Level 2	Level 3
<b>Financial assets 'at fair value through profit or loss'</b>	(Rupees in '000)		
Shares of listed companies - 'ordinary shares'	<u>722,383</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, 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**  
Associated undertakings

----- 2023 -----		
Number of unit holders	Investment amount Rupees in '000	Percentage of total %
11	405,819	100.00

**Category**  
Associated undertakings

----- 2022 -----		
Number of unit holders	Investment amount Rupees in '000	Percentage of total %
11	752,831	100.00

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

----- 2023 -----		----- 2022 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
BMA Capital Management	11.09%	Standard Capital Securities (Pvt.) Ltd	8.01%
Arif Habib Limited	10.53%	Taurus Securities Limited	7.62%
Ismail Iqbal Securities (Private) Limited	8.86%	Vector Capital Management Limited	6.92%
Alfa Adhi Securities (Pvt) Ltd	8.48%	Spectrum Securities (Private) Limited	6.17%
EFG Hermes Pakistan Limited	7.75%	Intermarket Securities Limited	6.00%
Aba Ali Habib Securities Pvt Ltd	6.07%	Ismail Iqbal Securities (Private) Limited	5.20%
Taurus Securities Limited	5.12%	Optimus Capital Management (Pvt) Ltd	5.04%
Intermarket Securities Limited	3.80%	Arif Habib Limited	4.79%
Insight Securities (Pvt.) Ltd	3.58%	Top Line Securities (Private) Limited	4.71%
Standard Capital Sec (Pvt) Ltd	3.09%	BMA Capital Management	4.03%

## 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 Shoab	Chief Executive Officer	CFA / MBA	Thirty Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven years
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Shariah Compliant Income	CFA level II / MBA	Sixteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Twelve years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / MBA, ACCA, FRM, FCMA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Sixteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fifteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Nine years

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

- Meezan Financial Planning Fund of Funds
- KSE Meezan Index Fund
- Meezan Asset Allocation Fund;
- Meezan Strategic Allocation Fund;
- Meezan Strategic Allocation Fund-II;
- Meezan Strategic Allocation Fund-III; and
- Meezan Balanced 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 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah Ahmed	Non-Executive	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda*	Non-Executive	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Independent Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Non-Executive	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Non-Executive	Yes	Yes	Yes	Yes
Mr. Naeem	Non-Executive	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Independent Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Independent Director	Yes	No	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes

\* Mr. Moin M. Fudda resigned from the Board on June 09, 2023.

**25 GENERAL**

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

**26 DATE OF AUTHORISATION FOR ISSUE**

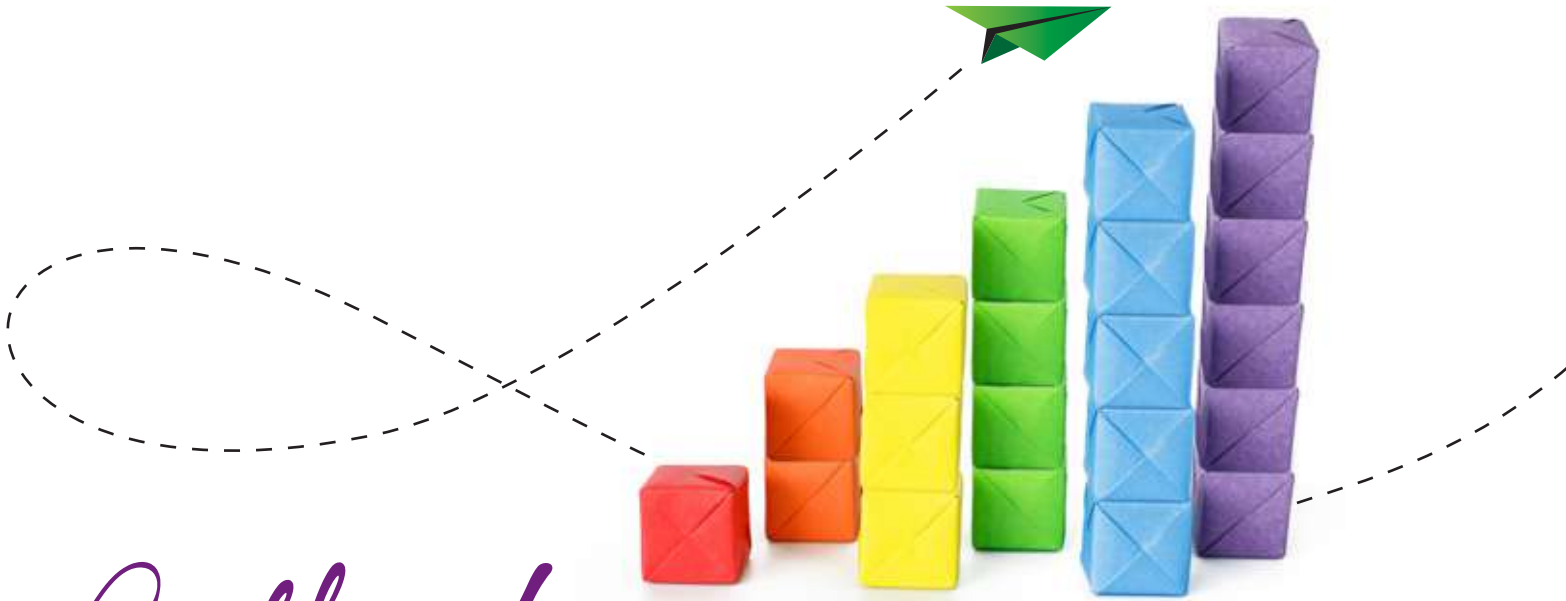
These financial statements were authorised for issue on August 7, 2023 by the Board of Directors of the Management Company.

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

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

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

\_\_\_\_\_  
Director



# Cultivating a Culture of Learning & Empowerment

At Al Meezan, a culture of continuous learning is fostered, motivating employees to enhance their skills and stay updated with dynamic industry trends enabling them to provide innovative investment choices to the investors and increase their level of awareness and intrinsic motivation.

## Meezan Energy Fund

Meezan Energy Fund is a Shariah Compliant Energy Sector (Equity) Scheme. It is an actively managed fund offering a simple way to take exposure to Shariah Compliant equity stocks, primarily from the energy sector/ segment/ industry as defined in the constitutive documents.

# 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
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Non-Executive Nominee Director- MBL
Mr. Naeem Sattar	Non-Executive Nominee Director- PKIC
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj	Non-Executive Nominee Director- MBL

Ms. Shazia Khurram was appointed on July 4, 2023 as director in place of Mr. Moin M. Fudda who resigned from the Board on June 9, 2023 and Mr. Saad Ur Rahman Khan was appointed on August 7, 2023 in place of Mr. Mubashar Maqbool who resigned from the Board on July 21, 2023. The revised composition of the Board Committees is as under.

## 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. Saad Ur Rahman Khan	Chairman
Ms. Shazia Khurram	Member
Mr. Furquan R. Kidwai	Member

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Saad Ur Rahman Khan	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

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box. 15541, Karachi 75530

## SHARIAH ADVISER

Dr. Muhammad Imran Usmani  
Jamia Darul Uloom Karachi  
Korangi Industrial Area Karachi Postal Code 75180 Pakistan  
Tel: +92 21 35044770  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## BANKERS TO THE FUND

Allied Bank Limited  
Al Baraka Islamic Bank B.S.C (E.C)  
Bank Al Habib Limited - Islamic Banking  
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 Energy Fund (MEF)

### Type of Fund

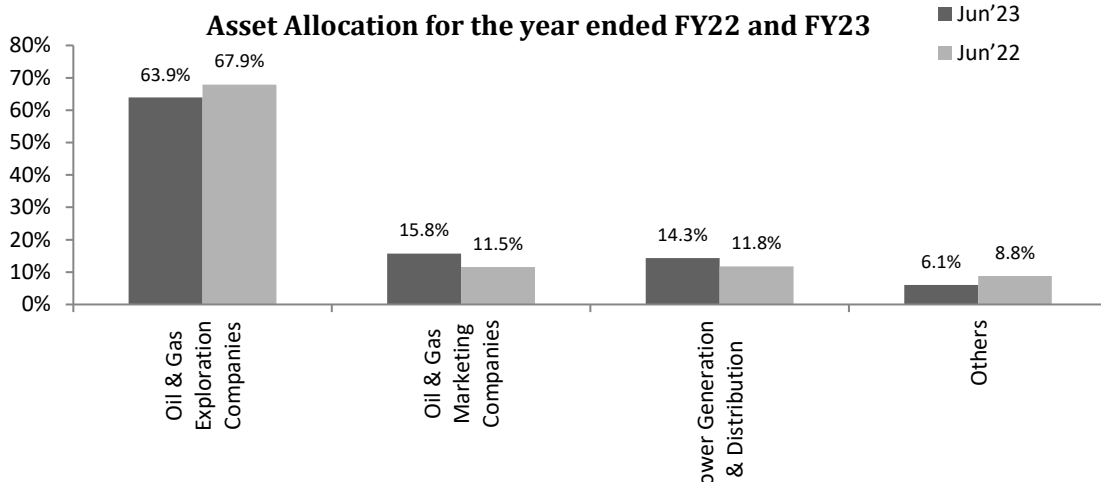
Sector specific open end equity fund. The fund was launched on November 29, 2016.

### Objective

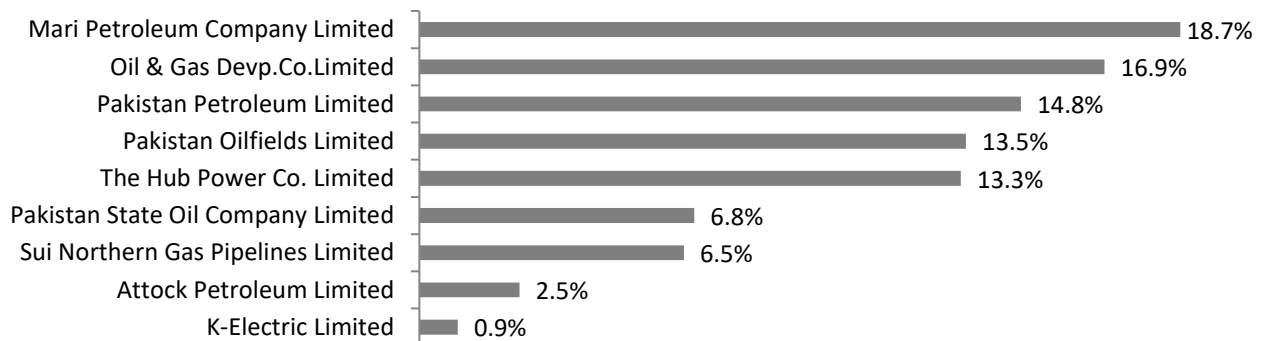
The objective of MEF is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector/segment/industry as defined in the constitutive documents, and provide maximum total return to the shareholders for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

### Strategy, Investment Policy and Asset Allocation

The performance of MEF is directly linked to the performance of the energy sector 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.



### Top Holdings





Pure. Profit.



### Performance Review

During FY23, Meezan Energy Fund (MEF) provided a negative return of 2.13% to its investors while the KSE Meezan Index (KMI 30) – Benchmark increased by 2.88% to close at 70,748 pts.

	<u>MEF</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2022 – Rs.	31.52	68,766
Net Asset Value (NAV) as on June 30, 2023 – Rs.	30.85	70,748
Change (Points)	-0.67	1,982
Return During the Period	2.13%	2.88%

The Fund earned a total income of Rs. 10 million in fiscal year 2023 as compared to total loss of Rs. 27 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 26 million and Rs. 25 million respectively. Dividend income contributed Rs. 59 million to income, while profit on saving accounts with banks amounted to Rs. 1.4 million. After accounting for expenses of Rs. 22 million, the Fund posted a net loss of Rs. 12 million. The net assets of the Fund as at June 30, 2023 were Rs. 452 million as compared to Rs. 438 million at the end of last year depicting an increase of 3%. The net asset value per unit as at June 30, 2023 was Rs. 30.8497 as compared to Rs. 31.5217 per unit as on June 30, 2022.

### 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, 2023 an amount of Rs. 2.804 million was accrued as charity payable.

### Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2023.

### SWWF Disclosure

Not Applicable



Pure. Profit.



### Breakdown of unit holdings by size:

(As on June 30, 2023)

Range (Units)	No. of investors
1 - 9,999	1,153
10,000 - 49,999	101
50,000 - 99,999	14
100,000 - 499,999	11
500,000 and above	6
<b>Total</b>	<b>1,285</b>

### Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	12	12	0	0
<b>Percentage</b>	100%	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**  
**MEEZAN ENERGY FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	451,955	437,914	584,310
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	- 30.8497	31.5217	34.2992
Offer price per unit as at June 30, (Rs.) (ex-distribution)	31.8955	32.5903	35.4619
Highest offer price per unit (Rs.)	37.8286	35.8241	38.5236
Lowest offer price per unit (Rs.)	30.2158	30.7461	30.2164
Highest redemption price per unit (Rs.)	36.5883	34.6495	37.2605
Lowest redemption price per unit (Rs.)	29.2251	29.7380	29.2257
Distribution (%)			
Interim	N/A	N/A	N/A
Final	N/A	N/A	N/A
Date of distribution	N/A		
Interim	N/A	N/A	N/A
Final	N/A	N/A	N/A
Income distribution (Rupees in '000)	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	(2.13)	(8.10)	14.25

	One Year	Two Years	Three Years
Average annual return as at June 30, 2023 (%)	-2.13%	-5.16%	0.91%

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



# Dr. Muhammad Imran Usmani

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Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## Report of the Shariah Advisor – Meezan Energy Fund (MEF)

July 29, 2023/ Dhu Al-Hijjah 29, 1445

Alhamdulillah, the period from July 1, 2022 to June 30, 2023 was the Seventh year of operations of Meezan Energy Fund (the “MEF” or the “Fund”) under management of Al Meezan Investment Management Limited (the “Al Meezan” or the “Management Company”). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the “Report”) in accordance with 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 Shariah Advisor, we have prescribed six criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah 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 Shariah compliance with the Shariah 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.

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2023 have been in compliance with the Shariah principles.

In light of the above, we hereby certify that all the provisions of the scheme and investments made on account of the Fund under management of Al Meezan are Shariah-compliant and in accordance with the criteria established by us.

We further confirm that earnings realized through prohibited sources were transferred to the charity account which amounts to PKR 2.8 million and is available for disbursement.

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

And Allah knows the best.



Dr. Muhammad Imran Ashraf Usmani  
Shariah Advisor

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ENERGY FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Energy 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, 2023 in accordance with the provisions of the following:

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

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

Karachi, September 25, 2023

## INDEPENDENT AUDITORS' REPORT

To the Unit holders of Meezan Energy Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Meezan Energy Fund** (the Fund), which comprise the statement of assets and liabilities as at **30 June 2023**, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Existence and valuation of bank balances and investments</b>	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2023, the bank balances and investments (comprised of equity instruments) held by the Fund represent 95% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 and reconciled it with the books and records of the Fund.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4.</li> <li>- We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).</li> <li>- We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard.</li> <li>- We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.</li> </ul>

### 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 auditors' 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 for the Financial Statements

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

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

The Board of Directors are 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.
- 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

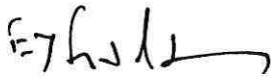
#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

#### **Other Matter**

The annual financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants, whose audit report dated 21 September 2022, expressed an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



**Chartered Accountants**

**Date:** 26 September 2023

**Place:** Karachi

**UDIN Number:** AR202310076V8q9SM2w3



**MEEZAN ENERGY FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2023**

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>Assets</b>			
Balances with banks	5	7,847	5,571
Investments	6	443,644	430,357
Receivable against conversion of units		15,650	61
Dividend receivable		255	197
Receivable against sale of investments		3,949	6,571
Advance, deposits prepayments and other receivable	7	3,128	3,062
Preliminary expenses and floatation costs	8	-	-
<b>Total assets</b>		<b>474,473</b>	<b>445,819</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	9	781	343
Payable to Central Depository Company of Pakistan Limited - Trustee	10	82	81
Payable to the Securities and Exchange Commission of Pakistan	11	101	101
Payable to Meezan Bank Limited		-	2
Payable against redemption and conversion of units		15,702	5,103
Accrued expenses and other liabilities	12	3,691	2,275
Payable against purchase of investments		2,161	-
<b>Total liabilities</b>		<b>22,518</b>	<b>7,905</b>
<b>Net assets</b>		<b>451,955</b>	<b>437,914</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>451,955</b>	<b>437,914</b>
<b>Contingencies and commitments</b>			
	13		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>14,650,240</b>	<b>13,892,447</b>
		----- (Rupees) -----	
<b>Net asset value per unit</b>		<b>30.8497</b>	<b>31.5217</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ENERGY FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees in '000)	2022
<b>Income</b>			
Net realised loss on sale of investments		(25,735)	(23,341)
Dividend income		59,094	43,539
Profit on savings accounts with banks		1,477	549
Other income		-	381
		<b>34,836</b>	21,128
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<b>(25,221)</b>	(47,654)
<b>Total income / (loss)</b>		<b>9,615</b>	(26,526)
<b>Expenses</b>			
Remuneration of AI Meezan Investment Management Limited - Management Company	9.1	10,095	10,084
Sindh Sales Tax on remuneration of the Management Company	9.2	1,312	1,311
Allocated expenses	9.3	555	555
Selling and marketing expenses	9.4	2,019	2,017
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,010	1,008
Sindh Sales Tax on remuneration of the Trustee	10.2	131	131
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	101	101
Auditors' remuneration	14	327	303
Charity expense		2,803	1,732
Fees and subscription		568	565
Brokerage expense		2,583	1,120
Bank and settlement charges		498	399
Legal and professional charges		-	184
Amortisation of preliminary expenses and floatation costs	8.1	-	83
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(2,709)
<b>Total expenses</b>		<b>22,002</b>	16,884
<b>Net loss for the year before taxation</b>		<b>(12,387)</b>	(43,410)
Taxation	16.1	-	-
<b>Net loss for the year after taxation</b>		<b>(12,387)</b>	(43,410)
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-

The annexed notes 1 to 27 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director





**MEEZAN ENERGY FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	----- (Rupees in '000) -----	
<b>Net loss for the year after taxation</b>	<b>(12,387)</b>	(43,410)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b><u>(12,387)</u></b>	<b><u>(43,410)</u></b>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ENERGY FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	----- (Rupees in '000) -----					
<b>Net assets at the beginning of the year</b>	871,748	(433,834)	437,914	974,734	(390,424)	584,310
Issue of 37,404,509 units (2022: 27,624,153 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,179,054	-	1,179,054	947,486	-	947,486
- Element of (loss) / income	22,853	-	22,853	(46,201)	-	(46,201)
Total proceeds on issuance of units	1,201,907	-	1,201,907	901,285	-	901,285
Redemption of 36,646,716 units (2022: 30,767,395 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,155,168	-	1,155,168	1,055,297	-	1,055,297
- Element of (loss) / income	20,311	-	20,311	(51,026)	-	(51,026)
Total payments on redemption of units	1,175,479	-	1,175,479	1,004,271	-	1,004,271
Total comprehensive (loss) / income for the year	-	(12,387)	(12,387)	-	(43,410)	(43,410)
Distribution during the year	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(12,387)	(12,387)	-	(43,410)	(43,410)
<b>Net assets at the end of the year</b>	<b>898,176</b>	<b>(446,221)</b>	<b>451,955</b>	<b>871,748</b>	<b>(433,834)</b>	<b>437,914</b>
<b>Accumulated loss brought forward</b>						
- Realised loss		(386,180)			(390,627)	
- Unrealised (loss) / income		(47,654)			203	
		(433,834)			(390,424)	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
		-			-	
Net loss for the year after taxation		(12,387)			(43,410)	
Accumulated loss carried forward		(446,221)			(433,834)	
<b>Accumulated loss carried forward</b>						
- Realised loss		(421,000)			(386,180)	
- Unrealised loss		(25,221)			(47,654)	
		(446,221)			(433,834)	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>31.5217</u>			<u>34.2992</u>
Net asset value per unit at the end of the year			<u>30.8497</u>			<u>31.5217</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ENERGY FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 (Rupees in '000)	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year before taxation		(12,387)	(43,410)
<b>Adjustments for:</b>			
Amortisation of preliminary expenses and floatation costs	8.1	-	83
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	25,221	47,654
		12,834	4,327
<b>(Increase) / decrease / in assets</b>			
Investments - net		(38,508)	100,349
Dividend receivable		(58)	1,567
Receivable against sale of investments		2,622	(6,571)
Advance, deposits and other receivable		(66)	1,032
		(36,010)	96,377
<b>Increase / (decrease) in liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company		438	(418)
Payable to Central Depository Company of Pakistan Limited - Trustee		1	(32)
Payable to Meezan Bank Limited		(2)	(31)
Payable to the Securities and Exchange Commission of Pakistan		-	(4)
Payable against purchase of investments - net		2,161	-
Accrued expenses and other liabilities		1,416	(2,810)
		4,014	(3,295)
<b>Net cash (used in) / generated from operating activities</b>		(19,162)	97,409
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		1,186,318	909,475
Payment against redemption and conversion of units		(1,164,880)	(1,020,095)
<b>Net cash generated from / (used in) financing activities</b>		21,438	(110,620)
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		2,276	(13,211)
Cash and cash equivalents at the beginning of the year		5,571	18,782
<b>Cash and cash equivalents at the end of the year</b>	5	7,847	5,571

The annexed notes 1 to 27 form an integral part of these financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ENERGY FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Meezan Energy Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 09, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 26, 2016 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 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, Shariah-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 objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. 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** 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 Limited. The Fund is categorised as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by the SECP.

**1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2022: 'AM1' dated December 27, 2021) and by PACRA dated June 23, 2023 (2022: 'AM1' dated June 23, 2022). 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 approved 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 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

#### Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Fund has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

#### Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

#### Standards and amendments to the approved accounting standards that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments		Effective date (annual periods beginning on or after)
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalised
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 -and IFRS 7	January 01, 2024
IAS 12	International Tax Reform – Pillar Two Model Rules -Amendments to IAS 12	January 01, 2023

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:



**Effective date (annual periods beginning on or after)**

**Standards**

IFRS 1	First time adoption of IFRS	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Fund expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

**3.3 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.

**3.4 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.

**3.5 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 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 Preliminary expenses and floatation costs**

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

#### **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 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 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.

#### 4.15 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.

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- (Rupees in '000) -----	
<b>5 BALANCES WITH BANKS</b>			
Balances with banks in:			
Savings accounts	5.1	<b>4,990</b>	3,675
Current accounts		<b>2,857</b>	1,896
		<b><u>7,847</u></b>	<u>5,571</u>
<b>5.1</b>	This includes balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 10% (2022: 6.01%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 7.14% to 20.25% (2022: 4.29% to 16.25%) per annum.		
	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- (Rupees in '000) -----	
<b>6 INVESTMENTS</b>			
<b>Investment at 'fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	6.1	<b><u>443,644</u></b>	<u>430,357</u>

**6.1 Shares of listed companies - 'ordinary shares'**

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised (diminution) / appreciation as at June 30, 2023	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>													
Mari Petroleum Company Limited (note 6.1.2)	49,424	63,190	-	54,166	58,448	93,170	88,528	(4,642)	19.59	19.95	0.04		
Oil and Gas Development Company Limited	922,016	1,441,000	-	1,341,251	1,021,765	80,712	79,698	(1,014)	17.63	17.96	0.02		
Pakistan Oilfields Limited (note 6.1.2)	191,717	215,500	-	248,985	158,232	65,306	63,573	(1,733)	14.07	14.33	0.06		
Pakistan Petroleum Limited (note 6.1.2)	985,036	1,655,000	-	1,456,600	1,183,436	76,873	69,988	(6,885)	15.49	15.78	0.04		
									<b>66.78</b>	<b>68.02</b>	<b>0.16</b>		
<b>Oil and Gas Marketing Companies</b>													
Attock Petroleum Limited	31,500	15,450	7,875	16,000	38,825	10,708	11,657	950	2.58	2.63	0.04		
Pakistan State Oil Company Limited (note 6.1.2 & 6.1.3)	175,878	499,431	-	387,160	288,149	39,596	31,987	(7,609)	7.08	7.21	0.06		
Shell Pakistan Limited	-	25,000	-	25,000	-	-	-	-	-	-	-		
Sui Northern Gas Pipelines Limited	322,300	2,382,990	-	1,923,891	781,399	31,696	30,764	(932)	6.81	6.93	0.12		
Sui Southern Gas Company Limited	-	800,000	-	800,000	-	-	-	-	-	-	-		
									<b>16.47</b>	<b>16.77</b>	<b>0.22</b>		
<b>Power Generation and Distribution</b>													
The Hub Power Company Limited	656,444	1,217,000	-	968,223	905,221	63,730	62,985	(745)	13.94	14.21	0.07		
K - Electric Limited (note 6.1.1)	2,553,500	4,050,000	-	4,008,000	2,595,500	7,075	4,464	(2,611)	0.99	1.01	0.01		
									<b>14.93</b>	<b>15.22</b>	<b>0.08</b>		
<b>Refinery</b>													
Attock Refinery Limited	25,500	77,000	-	102,500	-	-	-	-	-	-	-		
Energycio PK Limited	2,597,000	-	-	2,597,000	-	-	-	-	-	-	-		
National Refinery Limited	21,000	-	-	21,000	-	-	-	-	-	-	-		
									-	-	-		
<b>Total as at June 30, 2023</b>						<b>468,866</b>	<b>443,644</b>	<b>(25,222)</b>	<b>98.18</b>	<b>100.00</b>			
<b>Total as at June 30, 2022</b>						<b>478,011</b>	<b>430,357</b>	<b>(47,654)</b>					

**6.1.1** All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which has face value of Rs 3.5 each.

**6.1.2** Investments include 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 10,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs.3.8441 million, Rs.10.647 million, Rs.15.1464 million and Rs.0.555 million respectively as at June 30, 2023 (2022: 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 4,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs 4.388 million, Rs.10.754 million, Rs.6.959 million and Rs.0.859 million respectively) 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, 2023, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.647 million (2022: Rs. 1.002 million).

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- (Rupees in '000) -----	-----
<b>6.2 Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>			
Market value of investments	6.1	<b>443,644</b>	430,357
Less: carrying value of investments	6.1	<b>468,866</b>	478,011
		<u><b>(25,222)</b></u>	<u>(47,654)</u>

## 7 ADVANCE, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLE

Profit receivable on balances with banks		<b>97</b>	31
Security deposit with Central Depository Company of Pakistan Limited		<b>100</b>	100
Security deposit with National Clearing Company of Pakistan Limited		<b>1,500</b>	1,500
Prepaid listing Fee		<b>2</b>	-
Advance tax	7.1	<b>1,431</b>	1,431
		<u><b>3,128</b></u>	<u>3,062</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under 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 May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits amounts to Rs.1.431 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, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- (Rupees in '000) -----	-----
<b>8 PRELIMINARY EXPENSES AND FLOATATION COSTS</b>			
At the beginning of the year		-	83
Less: Amortisation during the year	8.1	-	83
At the end of the year		<u>-</u>	<u>-</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>9 PAYABLE TO AI MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>			
Remuneration payable	9.1	198	146
Sindh Sales Tax payable on remuneration of the Management Company	9.2	25	19
Allocated expenses payable	9.3	40	3
Selling and marketing expenses payable	9.4	516	148
Sales load payable		2	24
Sindh Sales Tax on sales load payable		-	3
		<b>781</b>	<b>343</b>

- 9.1 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% (2022: 2%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.

- 9.2 During the year, an amount of Rs.1.312 million (2022: Rs.1.311 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.1.306 million (2022: Rs.1.301 million) has been paid to the Management Company which acts as a collecting agent.

- 9.3 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 rate 0.11% (2022: 0.11%) during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.

- 9.4 In accordance with Circular 11 dated July 05, 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% (2022: 0.4%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Remuneration payable	10.1	73	72
Sindh Sales Tax payable on remuneration of the Trustee	10.2	9	9
		<b>82</b>	<b>81</b>

- 10.1 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.

- 10.2 During the year, an amount of Rs.0.131 million (2022: Rs.0.131 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.0.131 million (2022: Rs.0.135 million) was paid to the Trustee which acts as a collecting agent.

**11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

- 11.1 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% (2022: 0.02%) of the average annual net assets of the Fund.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>12 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		215	195
Shariah advisor fee payable		265	264
Charity payable	12.1	2,805	1,623
Capital gain tax payable		66	112
Brokerage payable		335	81
Zakat payable		5	-
		<u>3,691</u>	<u>2,275</u>

- 12.1 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, 2023, Non-Shariah Compliant income amounting to Rs.2.802 million (2022: Rs.1.732 million) was charged as an expense in the books of the Fund, and Rs.1.623 million was disbursed to following charitable welfare organisations respectively:

Charitable Organisations	Amount - Rupees in '000 -
The Patients behbud Society for AKUH	<u>1,623</u>

**13 CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

	2023	2022
(Rupees in '000)		
<b>14 AUDITORS' REMUNERATION</b>		
Annual audit fee	231	213
Fee for half yearly review of condensed interim financial statements	84	74
Out of pocket expenses	12	16
	<u>327</u>	<u>303</u>

**15 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 4.36% (2022: 3.89%) which includes 0.36% (2022: 0.33%) 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'.

**16 TAXATION**

- 16.1 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.

## 17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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>2023</b>	<b>2022</b>
	(Rupees in '000)	
<b>Al Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	198	146
Sindh Sales Tax payable on remuneration of the Management Company	25	19
Allocated expenses payable	40	3
Selling and marketing expenses payable	516	148
Sales load payable	2	24
Sindh Sales Tax on sales load payable	-	3
Investment of 2,746,371 units (2022: 2,671,102 units)	84,725	84,182
<b>Meezan Bank Limited</b>		
Balances with bank	3,509	5,159
Profit receivable on savings account	58	20
Sales load payable	-	2
Sindh Sales Tax on sales load payable	-	-
Shariah advisor fee payable	265	264
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	73	72
Sindh Sales Tax payable on remuneration of the Trustee	9	9
Security deposit	100	100
<b>Directors and executives of the Management Company</b>		
Investment of 3,394,531 units (2022: 439,242 units)	104,720	13,846

**Transactions during the year**
**AI Meezan Investment Management Limited - Management Company**

	2023	2022
	(Rupees in '000)	
Remuneration of the Management Company	10,095	10,084
Sindh Sales Tax on remuneration of the Management Company	1,312	1,311
Allocated expenses	555	555
Selling and marketing expenses	2,019	2,017
Units issued: 1,772,102 units (2022: 149,173 units)	53,500	5,061
Units redeemed: 1,696,833 units (2022: 741,216 units)	53,000	25,000

**Meezan Bank Limited**

Profit on savings account	508	217
Shariah advisor fee	540	537

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee	1,010	1,008
Sindh Sales Tax on remuneration of the Trustee	131	131
CDS charges	62	34

**Directors and executives of the Management Company**

Units issued: 9,090,485 units (2022: 682,933 units)	295,995	22,755
Units redeemed: 4,242,949 units (2022: 463,559 units)	134,083	15,138

**18 FINANCIAL INSTRUMENTS BY CATEGORY**
**Financial assets**

	2023		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Balances with banks	7,847	-	7,847
Investments	-	443,644	443,644
Receivable against conversion of units	15,650	-	15,650
Dividend receivable	255	-	255
Receivable against sale of investments	3,949	-	3,949
Deposits and other receivable	1,696	-	1,696
	<b>29,397</b>	<b>443,644</b>	<b>473,041</b>

**Financial liabilities**

Payable to AI Meezan Investment Management Limited - Management Company	781	-	781
Payable to Central Depository Company of Pakistan Limited - Trustee	82	-	82
Payable to Meezan Bank Limited	-	-	-
Payable against conversion and redemption of units	15,702	-	15,702
Accrued expenses and other liabilities	815	-	815
	<b>17,380</b>	<b>-</b>	<b>17,380</b>

**Financial assets**

	2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Balances with banks	5,571	-	5,571
Investments	-	430,357	430,357
Receivable against conversion of units	61	-	61
Dividend receivable	197	-	197
Receivable against sale of investments	6,571	-	6,571
Deposits and other receivable	1,631	-	1,631
	<b>14,031</b>	<b>430,357</b>	<b>444,388</b>

**Financial liabilities**

Payable to AI Meezan Investment Management Limited - Management Company	343	-	343
Payable to Central Depository Company of Pakistan Limited - Trustee	81	-	81
Payable against conversion and redemption of units	5,103	-	5,103
Payable to Meezan Bank Limited	2	-	2
Accrued expenses and other liabilities	540	-	540
	<b>6,069</b>	<b>-</b>	<b>6,069</b>

## 19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 19.1 Market risk

Market risk is the risk that the fair value or future cash flows of 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, 2023, 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. 0.05 million (2022: Rs. 0.037 million).

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

As at June 30, 2023, 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, 2023 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, 2023 can be determined as follows:



As at June 30, 2023					
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	7.14% - 20.25%	4,990	-	-	2,857	7,847
Investments		-	-	-	443,644	443,644
Receivable against conversion of units		-	-	-	15,650	15,650
Dividend receivable		-	-	-	255	255
Receivable against sale of investments		-	-	-	3,949	3,949
Deposits and other receivable		-	-	-	1,696	1,696
		4,990	-	-	468,051	473,041

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	781	781
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	82	82
Payable to Meezan Bank Limited		-	-	-	-	-
Payable against conversion and redemption of units		-	-	-	15,702	15,702
Accrued expenses and other liabilities		-	-	-	815	815
		-	-	-	17,380	17,380

**On-balance sheet gap (a)**

		4,990	-	-	450,671	455,661
--	--	-------	---	---	---------	---------

**Off-balance sheet financial instruments**

		-	-	-	-	-
--	--	---	---	---	---	---

**Off-balance sheet gap (b)**

		-	-	-	-	-
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**Total profit rate sensitivity gap (a + b)**

		4,990	-	-		
--	--	-------	---	---	--	--

**Cumulative profit rate sensitivity gap**

		4,990	4,990	4,990		
--	--	-------	-------	-------	--	--

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)-----

**Financial assets**

Balances with banks	4.29% - 16.25%	3,675	-	-	1,896	5,571
Investments		-	-	-	430,357	430,357
Receivable against conversion of units		-	-	-	61	61
Dividend receivable		-	-	-	197	197
Receivable against sale of investments		-	-	-	6,571	6,571
Deposits and other receivable		-	-	-	1,631	1,631
		3,675	-	-	440,713	444,388

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	343	343
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	81	81
Payable against conversion and redemption of units		-	-	-	5,103	5,103
Payable to Meezan Bank Limited		-	-	-	2	2
Accrued expenses and other liabilities		-	-	-	540	540
		-	-	-	6,069	6,069

**On-balance sheet gap (a)**

		3,675	-	-	434,644	438,319
--	--	-------	---	---	---------	---------

**Off-balance sheet financial instruments**

		-	-	-	-	-
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**Off-balance sheet gap (b)**

		-	-	-	-	-
--	--	---	---	---	---	---

**Total profit rate sensitivity gap (a + b)**

		3,675	-	-		
--	--	-------	---	---	--	--

**Cumulative profit rate sensitivity gap**

		3,675	3,675	3,675		
--	--	-------	-------	-------	--	--

**(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 20% of net assets and issued capital of the investee company while there is no sector exposure limit.

In case of 1% increase / decrease in KMI 30 index on June 30, 2023, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 4.436 million (2022: Rs. 4.304 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, 2023 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

**19.2 Liquidity risk**

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

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

As per the NBFC Regulations, 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, 2023.

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, 2023						
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) -----						
Balances with banks	7,847	-	-	-	-	7,847
Investments	-	-	-	-	443,644	443,644
Receivable against conversion of units	15,650	-	-	-	-	15,650
Dividend receivable	255	-	-	-	-	255
Receivable against sale of investments	3,949	-	-	-	-	3,949
Deposits and other receivable	97	-	-	-	1,599	1,696
	<b>27,798</b>	-	-	-	<b>445,243</b>	<b>473,041</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	781	-	-	-	-	781
Payable to Central Depository Company of Pakistan Limited - Trustee	82	-	-	-	-	82
Payable to Meezan Bank Limited	-	-	-	-	-	-
Payable against redemption and conversion of units	15,702	-	-	-	-	15,702
Accrued expenses and other liabilities	-	815	-	-	-	815
	<b>16,565</b>	<b>815</b>	-	-	-	<b>17,380</b>
<b>Net financial assets / (liabilities)</b>	<b>11,233</b>	<b>(815)</b>	-	-	<b>445,243</b>	<b>455,661</b>

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)						
Balances with banks	5,571	-	-	-	-	5,571
Investments	-	-	-	-	430,357	430,357
Receivable against conversion of units	61	-	-	-	-	61
Dividend receivable	197	-	-	-	-	197
Receivable against sale of investments	6,571	-	-	-	-	6,571
Deposits and other receivable	31	-	-	-	1,600	1,631
	<b>12,431</b>	-	-	-	<b>431,957</b>	<b>444,388</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	343	-	-	-	-	343
Payable to Central Depository Company of Pakistan Limited - Trustee	81	-	-	-	-	81
Payable against conversion and redemption of units	5,103	-	-	-	-	5,103
Payable to Meezan Bank Limited	2	-	-	-	-	2
Accrued expenses and other liabilities	-	540	-	-	-	540
	<b>5,529</b>	<b>540</b>	-	-	-	<b>6,069</b>
<b>Net financial assets / (liabilities)</b>	<b>6,902</b>	<b>(540)</b>	-	-	<b>431,957</b>	<b>438,319</b>

### 19.3 Credit risk

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

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:

	2023		2022	
	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	7,847	7,847	5,571	5,571
Investments	443,644	-	430,357	-
Receivable against conversion of units	15,650	15,650	61	61
Dividend receivable	255	255	197	197
Receivable against sale of investments	3,949	3,949	6,571	6,571
Deposits and other receivable	1,696	1,696	1,631	1,631
	<b>473,041</b>	<b>29,397</b>	<b>444,388</b>	<b>14,031</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 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.

### 19.3.2 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	
	2023	2022
AAA	30.17	93.44
AA+	66.34	5.88
A+	3.49	0.68
	<b>100.00</b>	<b>100.00</b>

### 19.3.3 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, 2023 and June 30, 2022 are unsecured and are not impaired.

## 20 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing 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, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

2023			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

#### ASSETS

##### Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

443,644	-	-	443,644
---------	---	---	---------

2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

#### ASSETS

##### Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

430,357	-	-	430,357
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## 21 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

## 22 UNIT HOLDING PATTERN OF THE FUND

Category	2023			2022		
	Number of unit holders	Investment amount	Percentage of total investment	Number of unit holders	Investment amount	Percentage of total investment
		(Rupees in '000)	(%)		(Rupees in '000)	(%)
Individuals	1,275	224,353	49.64	1,421	330,245	75.41
Associated companies /						
Directors	2	177,526	39.28	1	84,198	19.23
Retirement funds	4	23,301	5.16	1	19,166	4.25
Others	4	26,775	5.92	3	4,305	0.98
Total	<u>1,285</u>	<u>451,955</u>	<u>100.00</u>	<u>1,426</u>	<u>437,914</u>	<u>99.87</u>

**23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID**

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Insight Securities (Private) Limited	10.11%	Al Habib Capital Markets (Private) Limited	9.54%
Topline Securities Limited	7.49%	Darson Securities Limited	7.80%
Taurus Securities Limited	6.34%	AKD Securities Limited	7.00%
Intermarket Securities Limited	5.83%	Taurus Securities Limited	6.96%
Spectrum Securities Limited	5.82%	BMA Capital Management Limited	6.45%
Next Capital Limited	5.59%	KASB Securities (Private) Limited	6.25%
Alfa Adhi Securities (Private) Limited	5.53%	Aba Ali Habib Securities (Private) Limited	6.01%
AKD Securities Limited	5.53%	Intermarket Securities Limited	6.00%
Dalal Securities (Private) Limited	4.43%	Summit Capital (Private) Limited	5.49%
Multiline Securities (Private) Limited	4.31%	AKIK Capital (Private) Limited	5.29%

**24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE**

24.1 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 Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven years
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Sixteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Twelve years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / MBA, ACCA, FRM, FCMA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Sixteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fifteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Nine years

24.2 The Fund Manager of the Fund is Mr. Ahmed Hassan. Other Funds being managed by the Fund Manager are as follows:

- Al Meezan Mutual Fund; and
- Meezan Tahaffuz Pension Fund

**25 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 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	No	Yes	Yes

\*Mr. Moin M. Fudda resigned from the Board on June 9, 2023.



**26 GENERAL**

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

**27 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 7, 2023 by the Board of Directors of the Management Company.

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

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

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

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