

EMPOWERING WOMEN IN FINANCIAL PLANNING

Al Meezan is committed to empowering women through tailored financial planning services, enabling them to achieve financial independence and security for themselves and their families.

KSE Meezan Index Fund

The investment objective of the Fund is 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.



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
E-mail: info@almeezangroup.com

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Irfan Siddiqui	Chairman
Mr. Ahmed Iqbal Rajani	Non-Executive Nominee Director- PKIC
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Imtiaz Gadar	Chief Executive Officer
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Syed Amir Ali	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj*	Non-Executive Nominee Director- MBL
Syed Imran Ali Shah**	Non-Executive Nominee Director- MBL

* Mr. Tariq Mairaj resigned from the Board on September 10, 2024.

** Syed Imran Ali Shah appointed as Director on September 18, 2024.

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

COMPANY SECRETARY

Syed Haseeb Ahmed Shah

BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Ahmed Iqbal Rajani	Member
Syed Imran Ali Shah*	Member

* Syed Imran Ali Shah appointed as Member on September 18, 2024.

BOARD RISK MANAGEMENT COMMITTEE

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

BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Irfan Siddiqui	Chairman
Mr. Furquan R. Kidwai	Member
Mr. Imtiaz Gadar	Member
Mr. Saad Ur Rahman Khan	Member

BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Imtiaz Gadar	Member
Mr. Faiz Ur Rehman	Subject Matter Expert

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Dr. Muhammad Imran Usmani
Jamia Darul Uloom Karachi
Korangi Industrial Area Karachi Postal Code 75180 Pakistan
Tel: +92 21 35044770
Email: 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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

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

Type of Fund

Open end index tracker fund

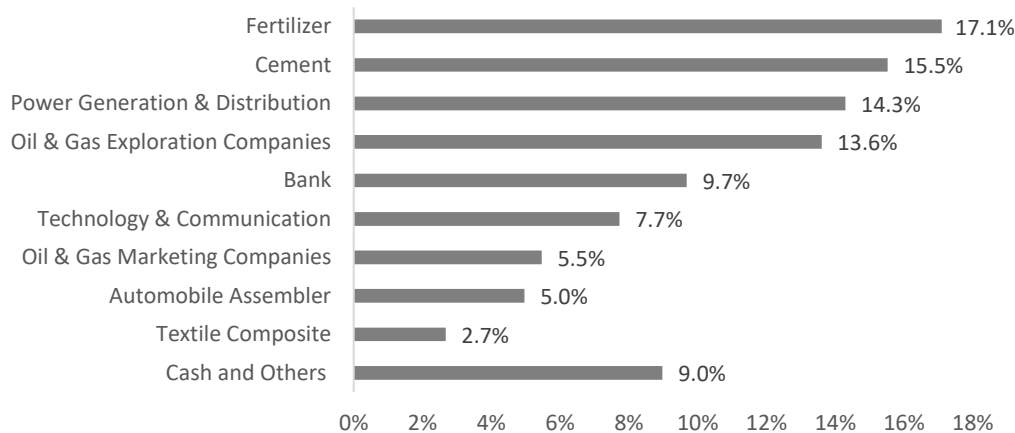
Objective

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, Fertilizer (17%), Cement (16%) and Power Generation (14%). Details below:

Asset Allocation for the year ended FY24



Performance Review

During FY24, KSE Meezan Index Fund (KMIF) provided a positive return of 75.02% to its investors while KSE Meezan Index (KMI 30) - Benchmark increased 78.70% to close at 126,424 pts.

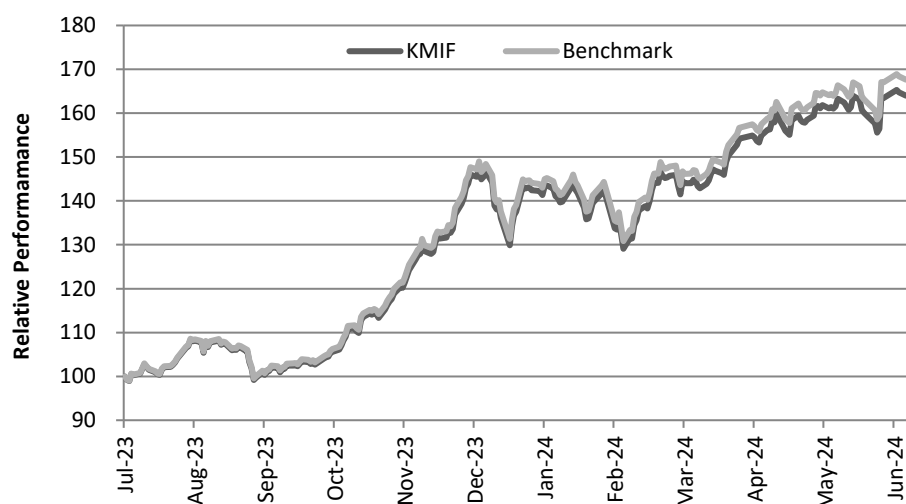
	KMIF	KMI-30 (Benchmark)
Net Asset Value (NAV) as on June 30, 2023	64.93	70,748
Net Asset Value (NAV) as on June 30, 2024	101.54	126,424
Change (Points)	36.61	55,676
Return During the Period	75.02%	78.70%



Pure. Profit.



KMIF posted a total income of Rs. 1,830 million in the fiscal year 2024 as compared to a total income of Rs. 80 million last year. Total income comprised of realized and unrealized gain on investments of Rs. 218 million and Rs. 1,354 million respectively. Dividend income contributed Rs. 250 million to income, while profit on saving accounts with banks amounted to Rs. 1 million. After accounting for expenses of Rs. 64 million, the Fund posted a net income of Rs. 1,766 million. The net assets of the Fund as at June 30, 2024 were Rs. 3,973 million as compared to Rs. 2,585 million at the end of last year depicting an increase of 54%. The net asset value per unit as at June 30, 2024 was Rs. 101.5393 as compared to Rs. 64.9320 per unit as on June 30, 2023.



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, 2024 an amount of Rs. 8 million was accrued as charity payable.

Distributions

An interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2024 was Rs. 12.08 per unit (24.16%). Total distribution made by the Fund was Rs. 187 million.

SWWF Disclosure

Not Applicable

Breakdown of unit holdings by size:

(As on June 30, 2024)

Range (Units)	No. of investors
1 - 9,999	2,027
10,000 - 49,999	66
50,000 - 99,999	5
100,000 - 499,999	10
500,000 and above	5
Total	2,113



Pure. Profit.



Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
Number	7	7	0	0
Percentage	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. 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.

Dr. Muhammad Imran Usmani

Jamia Darul Uloom Karachi

Korangi Industrial Area Karachi, Pakistan

Postal Code 75180

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

July 23, 2024/Muharram 16, 1446 AH

Alhamdulillah, the period from July 1, 2023 to June 30, 2024 was the **Twelfth** 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, Guidelines and policies for Shariah compliant equity investments have been issued to the Fund. Management Company must adhere the guidelines and policies issued by Shariah Advisor. Criteria for Shariah compliance of equity investments includes (i) Nature of business should be *halal*; (ii) Ratio of interest-bearing debt to total assets should be less than 37%; (iii) Ratio of investment in Shariah non-compliant activities to total assets should be less than 33%; (iv) Ratio of Shariah non-compliant income to gross revenue should be less than 5%; (v) Illiquid assets to total assets should be at least 25% and (vi) Market price per share should be at least equal to or greater than net liquid assets per share. In addition to the above criteria, day trading, short sell and trading of right shares (LOR) before subscription are not allowed.

It is also 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 Shariah Advisor’s guidelines.

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, 2024 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.

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

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of KSE Meezan Index Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer note 6 to the financial statements)	
	Investments constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2024 amounted to Rs. 4,111.53 million. The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the existence of the investment portfolio as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.





Other Matter

The financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 26, 2023.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

108



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 16, 2024

Karachi

UDIN: AR202410081uYywGr5HD

KSE MEEZAN INDEX FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2024

	Note	2024	2023
		-----Rupees in '000'-----	
Assets			
Balances with banks	5	12,838	12,575
Investments	6	4,111,529	2,582,852
Receivable against sale of investments		3,297	-
Receivable against conversion of units		3	9,168
Dividend receivable		383	1,997
Deposits and other receivables	7	2,789	2,628
Total assets		4,130,839	2,609,220
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	670	775
Payable to Central Depository Company of Pakistan Limited - Trustee	9	448	322
Payable to the Securities and Exchange Commission of Pakistan	10.1	311	532
Payable to Meezan Bank Limited		65	-
Payable against conversion and redemption of units		18	2
Payable against purchase of investments		-	22
Accrued expenses and other liabilities	11	41,847	21,521
Dividend payable		114,717	1,332
Total liabilities		158,076	24,506
Net assets		3,972,763	2,584,714
Unit holders' fund (as per statement attached)		3,972,763	2,584,714
Contingencies and commitments	12		
Number of units in issue		39,125,373	39,806,440
		(Rupees)	
Net asset value per unit		101.5393	64.9320

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



KSE MEEZAN INDEX FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		-----Rupees in '000'-----	
Income			
Dividend income		249,709	298,699
Profit on saving accounts with banks		1,225	1,124
Net realised gain / (loss) on sale of investments		217,861	(43,121)
Other income		6,979	1,355
		475,774	258,057
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	1,354,044	(178,454)
Total income		<u>1,829,818</u>	<u>79,603</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	32,672	26,602
Sindh Sales Tax on remuneration of the Management Company	8.2	4,247	3,458
Allocated expenses	8.3	1,904	2,926
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,267	3,658
Sindh Sales Tax on remuneration of the Trustee	9.2	555	475
Fees to Securities and Exchange Commission of Pakistan	10.1	3,104	532
Brokerage expense		6,709	3,159
Auditors' remuneration	13	630	420
Fee and subscription		586	529
Printing expense		2	3
Charity expense	11.2	8,276	11,696
Bank and settlement charges		678	691
Total expenses		<u>63,630</u>	<u>54,149</u>
Net income for the year before taxation		<u>1,766,188</u>	<u>25,454</u>
Taxation	15	-	-
Net income for the year after taxation		<u><u>1,766,188</u></u>	<u><u>25,454</u></u>
Earnings per unit			
Allocation of net income for the year			
Net income for the year after taxation		1,766,188	25,454
Income already paid on units redeemed		(1,010,901)	-
		<u>755,287</u>	<u>25,454</u>
Accounting income available for distribution			
- Relating to capital gains		755,287	-
- Excluding capital gains		-	25,454
		<u>755,287</u>	<u>25,454</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
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	-----Rupees in '000'-----	
Net income for the year after taxation	1,766,188	25,454
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,766,188</u>	<u>25,454</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
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2024

	2024			2023		
	Capital value	(Accumulated losses) / Undistributed income	Total	Capital value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	2,754,834	(170,120)	2,584,714	2,781,964	(171,868)	2,610,096
Issuance of 38,641,005 units (2023: 8,650,022 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,509,038	-	2,509,038	562,939	-	562,939
- Element of income / (loss)	1,269,441	-	1,269,441	(1,714)	-	(1,714)
Total proceeds on issuance of units	3,778,479	-	3,778,479	561,225	-	561,225
Redemption of 39,322,072 units (2023: 8,949,860 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(2,553,261)	-	(2,553,261)	(582,452)	-	(582,452)
- Element of income	(155,527)	(1,010,901)	(1,166,428)	(5,903)	-	(5,903)
Total payments on redemption of units	(2,708,788)	(1,010,901)	(3,719,689)	(588,355)	-	(588,355)
Total comprehensive income for the year	-	1,766,188	1,766,188	-	25,454	25,454
Distribution during the year	-	(187,032)	(187,032)	-	(23,706)	(23,706)
Refund of capital during the year	(249,897)	-	(249,897)	-	-	-
Net income for the year less distribution	(249,897)	1,579,156	1,329,259	-	1,748	1,748
Net assets at the end of the year	3,574,628	398,135	3,972,763	2,754,834	(170,120)	2,584,714
Accumulated losses brought forward						
- Realised income		8,334			242,950	
- Unrealised loss		(178,454)			(414,818)	
		(170,120)			(171,868)	
Accounting income available for distribution						
- Relating to capital gains		755,287			-	
- Excluding capital gains		-			25,454	
		755,287			25,454	
Distribution during the year @ Rs. 12.0760 per unit (2023: Nil) declared on June 28, 2024		(187,032)			(23,706)	
Undistributed income / (accumulated losses) carried forward		398,135			(170,120)	
Undistributed income / (accumulated losses) carried forward						
- Realised (loss) / income		(955,909)			8,334	
- Unrealised income / (loss)		1,354,044			(178,454)	
		398,135			(170,120)	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		64.9320			65.0795	
Net asset value per unit at the end of the year		101.5393			64.9320	

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

	Note	2024 -----Rupees in '000'-----	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year after taxation		1,766,188	25,454
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(1,354,044) 412,144	178,454 203,908
Increase in assets			
Investments - net		(174,633)	(151,904)
Receivable against sale of investments		(3,297)	3,048
Dividend receivable		1,614	(1,737)
Deposits and other receivables		(161)	67
		(176,477)	(150,526)
Increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		(105)	206
Payable to Central Depository Company of Pakistan Limited - Trustee		126	(15)
Payable to the Securities and Exchange Commission of Pakistan		(221)	(27)
Payable to Meezan Bank Limited		65	(6)
Payable against purchase of investments		(22)	22
Accrued expenses and other liabilities		20,326	1,972
		20,169	2,152
Net cash generated from operating activities		255,836	55,534
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		3,537,747	552,425
Payment against redemption and conversion of units		(3,719,673)	(589,490)
Dividend paid		(73,647)	(22,375)
Net cash used in financing activities		(255,573)	(59,440)
Net increase / (decrease) in cash and cash equivalents during the year		263	(3,906)
Cash and cash equivalents at the beginning of the year		12,575	16,481
Cash and cash equivalents at the end of the year	5	12,838	12,575

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

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed under Trust Act, 1882 between Al Meezan Investment Management Limited as Management Company ('the Management Company') and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 13, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

In the year 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end fund listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can 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 29, 2023 (2023: 'AM1' dated December 30, 2022) and by PACRA dated June 21, 2024 (2023: 'AM1' dated June 23, 2023). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Accounting Standards) 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 IFRS Accounting Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

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

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

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

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

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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 (other than debt securities)

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

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

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

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2024 -----Rupees in '000'-----	2023
	Balances with banks in:			
	Savings accounts	5.1	9,476	4,362
	Current accounts	5.2	3,362	8,213
			<u>12,838</u>	<u>12,575</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 11.01% (2023: 10%) per annum. Other balances in savings accounts have an expected profit ranging from 8.82% to 19.20% (2023: 7% to 7.14%) per annum.			
5.2	This includes a balance maintained with Meezan Bank Limited (a related party).			
6	INVESTMENTS	Note	2024 -----Rupees in '000'-----	2023
	At fair value through profit or loss			
	Investment in equity securities - listed	6.1	<u>4,111,529</u>	<u>2,582,852</u>

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2023	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation/ (diminution) as at June 30, 2024	Percentage in relation to		
									Net assets of the Fund	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											
Millat Tractors Limited	319,885	164,244	-	161,869	322,260	140,080	204,983	64,903	5.16	0.17	4.99
									5.16	0.17	4.99
COMMERCIAL BANKS											
Meezan Bank Limited (a related party of the fund)	1,657,463	371,460	-	357,811	1,671,112	183,099	400,048	216,949	10.07	0.09	9.73
Faysal Bank Limited	-	1,414,840	-	1,135	1,413,705	60,505	74,135	13,630	1.87	0.09	1.80
									11.94	0.19	11.53
CABLE AND ELECTRICAL GOODS											
Pak Elektron Limited	1,592,093	122,083	-	1,714,176	-	-	-	-	-	-	-
									-	-	-
CEMENT											
D.G. Khan Cement Company Limited	813,867	176,140	-	174,102	815,905	46,016	73,652	27,636	1.85	0.19	1.79
Fauji Cement Company Limited	3,184,500	704,455	-	683,309	3,205,646	43,008	73,441	30,433	1.85	0.13	1.79
Cherat Cement Company Limited	431,066	96,537	-	93,088	434,515	55,601	70,882	15,281	1.78	0.22	1.72
Lucky Cement Limited	419,397	58,780	-	150,115	328,062	183,101	297,464	114,363	7.49	0.11	7.23
Pioneer Cement Limited	420,580	65,346	-	103,562	382,364	35,155	64,486	29,331	1.62	0.17	1.57
Maple Leaf Cement Factory Limited	1,791,571	277,278	-	454,295	1,614,554	47,806	61,353	13,547	1.54	0.15	1.49
									16.14	0.98	15.60
CHEMICAL											
Engro Polymer & Chemicals Limited	1,176,777	212,736	-	545,868	843,645	35,953	37,897	1,944	0.95	0.09	0.92
Ghani Global Holding Limited	591,126	-	-	591,126	-	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	1,502,274	-	1,502,274	-	-	-	-	-	-	-
									0.95	0.09	0.92
FERTILIZER											
Engro Corporation Limited	1,174,311	236,162	-	408,058	1,002,415	272,960	333,513	60,553	8.40	0.19	8.11
Engro Fertilizers Limited	2,224,980	545,234	-	527,220	2,242,994	213,398	372,830	159,432	9.38	0.17	9.07
									17.78	0.36	17.18
INVESTMENT COMPANIES											
Dawood Hercules Corporation Limited	1,247,500	96,200	-	1,343,700	-	-	-	-	-	-	-
									-	-	-
FOOD AND PERSONAL CARE											
Unity Foods Limited	1,775,174	390,818	-	601,005	1,564,987	27,942	47,184	19,242	1.19	52.31	1.15
Treet Corporation Limited	339,066	-	-	339,066	-	-	-	-	-	-	-
Colgate-Palmolive (Pakistan) Limited	-	85,890	-	85,890	-	-	-	-	-	-	-
									1.19	52.31	1.15
OIL AND GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited (note 6.1.3)	98,738	23,571	-	22,765	99,544	168,455	269,997	101,542	6.80	0.08	6.57
Oil & Gas Development Company Limited (note 6.1.2)	2,388,519	404,524	-	2,793,043	-	-	-	-	-	-	-
Pakistan Oilfields Limited	481,160	-	-	481,160	-	-	-	-	-	-	-
Pakistan Petroleum Limited (note 6.1.2)	2,472,822	601,588	-	581,550	2,492,860	175,838	291,939	116,101	7.35	0.09	7.10
									14.14	0.17	13.67
OIL AND GAS MARKETTING COMPANIES											
Hascol Petroleum Limited (note 6.1.3)	471	-	-	-	471	3	3	-	0.00	-	0.00
Pakistan State Oil Company Limited	781,192	172,980	-	164,616	789,556	96,431	131,232	34,801	3.30	0.17	3.19
Sui Northern Gas Pipelines Limited	-	1,233,774	-	167,170	1,066,604	50,480	67,697	17,217	1.70	0.17	1.65
Attock Petroleum Limited	-	127,006	-	127,006	-	-	-	-	-	-	-
Shell Pakistan Limited	-	401,507	-	201,843	199,664	27,336	26,775	(561)	0.67	0.09	0.65
									5.68	0.43	5.49
PHARMACEUTICALS											
The Searle Company Limited (note 6.1.3)	649,049	923,321	-	715,394	856,976	47,873	48,950	1,077	1.23	0.28	1.19
									1.23	0.28	1.19
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited	-	4,273,062	-	653,066	3,619,996	319,623	590,349	270,726	14.86	0.28	14.36
									14.86	0.28	14.36

Name of the investee company	As at July 1, 2023	Purchases during the year	Rights / Bonus issue	Sales during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation/ (diminution) as at June 30, 2024	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
									----- Number of shares -----		
PROPERTY & REAL ESTATE											
Dolmen City REIT	-	2,133,882	-	51,176	2,082,706	28,962	34,261	5,299	0.86	0.09	0.83
TPL Properties Limited	837,921	209,285	-	218,491	828,715	10,148	7,243	(2,905)	0.18	0.15	0.18
									1.04	0.24	1.01
REFINERY											
Attock Refinery Limited	157,755	38,185	-	36,475	159,465	33,223	56,066	22,843	1.41	0.15	1.36
Cnergyco PK Limited	5,901,428	5,906,723	-	11,808,151	-	-	-	-	-	-	-
National Refinery Limited	97,232	20,554	-	20,001	97,785	17,028	25,960	8,932	0.65	0.12	0.63
Pakistan Refinery Limited	-	997,959	-	142,410	855,549	14,888	19,849	4,961	0.50	0.14	0.48
									2.56	0.41	2.48
TECHNOLOGY & COMMUNICATION											
Systems Limited (note 6.1.2)	618,527	198,718	-	165,188	652,057	267,683	272,755	5,072	6.87	0.23	6.63
Avanceon Limited	414,407	109,129	38,014	561,550	-	-	-	-	-	-	-
Telecard Limited	1,195,084	-	-	1,195,084	-	-	-	-	-	-	-
NetSol Technologies Limited	-	204,055	-	102,819	101,236	13,738	13,744	6	0.35	0.11	0.33
Air Link Communication Limited	-	366,523	-	297	366,226	27,837	32,532	4,695	0.82	0.09	0.79
									8.03	0.44	7.76
TEXTILE COMPOSITE											
Interloop Limited	-	1,034,317	-	838	1,033,479	75,812	73,202	(2,610)	1.84	0.07	1.78
Nishat Mills Limited	519,934	524,164	-	520,356	523,742	37,503	37,107	(396)	0.93	0.15	0.90
									2.78	0.22	2.68
Total As at June 30, 2024						2,757,485	4,111,529	1,354,044			
Total as at June 30, 2023						2,761,306	2,582,852	(178,454)			

6.1.1 All shares have a face value of Rs 10 each.

6.1.2 Investments include 682,000 shares (2023: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs. 79.8690 million as at June 30, 2024 (2023: Rs. 40.334 million), nil shares (2023: 80,000 shares) of Oil & Gas Development Company Limited having market value of Rs. nil million as at June 30, 2024 (2023: Rs. 6.240 million) and 100,000 shares (2023: 100,000 shares) of Systems Limited having market value of Rs. 41.830 million as at June 30, 2024 (2023: 40.333 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 the Honorable High Court of Sindh. 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. As at June 30, 2024, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.395 million (June 30, 2023: Rs. 0.814 million).

	Note	2024 -----Rupees in '000'-----	2023
6.2	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		
	6.1	4,111,529	2,582,852
	6.1	2,757,485	2,761,306
		<u>1,354,044</u>	<u>(178,454)</u>
7	DEPOSITS AND OTHER RECEIVABLES		
		186	25
		103	103
		2,500	2,500
		<u>2,789</u>	<u>2,628</u>
8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
	8.1	464	483
	8.2	60	63
	8.3	-	226
		125	2
		21	1
		<u>670</u>	<u>775</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 1% (June 30, 2023: 1%) per annum of the average net assets of the Fund during the period. The remuneration is payable to the Management Company monthly in arrears.		
8.2	Sindh Sales Tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 has been charged at the rate of 13%. (June 30, 2023: 13%).		
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 such expenses at the rate of 0.11% (2023: 0.11%) per annum of the average annual net assets of the Fund for the period from July 1, 2023 to January 31, 2024 whereas not expense has been charged for the period from February 1, 2024 to June 30, 2024, subject to total expense charged being lower than actual expense incurred.		
	Note	2024 -----Rupees in '000'-----	2023
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	9.1	396	285
	9.2	52	37
		<u>448</u>	<u>322</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.
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 Sindh Sales Tax on remuneration of Trustee levied through the Sindh Sales Tax on Services Act, 2011 has been charged at the rate of 13%. (June 30, 2023: 13%).

	Note	2024	2023
		-----Rupees in '000'-----	

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Fee payable	10.1	<u>311</u>	<u>532</u>
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- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.095% (2023: 0.02%) per annum of the daily net assets during the year.

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

	Note	2024	2023
		-----Rupees in '000'-----	

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		430	242
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the management company	11.1	5,741	5,741
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	494	494
Brokerage payable		2,046	6
Shariah advisor fee payable		506	220
Charity payable	11.2	8,273	11,697
Withholding tax and capital gain tax payable		24,277	3,091
Zakat payable		71	30
IBFT Charges Payable - IBFT Redemption		9	-
		<u>41,847</u>	<u>21,521</u>

- 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 6.235 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 (2023: 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, 2024, non-shariah compliant income amounting to Rs 8.276 million (2023: Rs. 11.696 million) was charged as an expense in the books of the Fund, and Rs. 11.7 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Cancer Foundation	2,000
2	Childlife Foundation	1,000
3	Darus Shifa Foundation	2,000
4	Friends of Burns Centre Patients Welfare Society	1,000
5	Health and Nutrition Development Society	2,000
6	Baitus Salam Welfare Trust	2,000
7	Professional Education Foundation	1,000
8	Ihsan Trust	700
		<u>11,700</u>

12 CONTINGENCIES AND COMMITMENTS

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

	2024	2023
	-----Rupees in '000'-----	
13 AUDITORS' REMUNERATION		
Annual audit fee	278	286
Half yearly review of condensed interim financial statements	145	122
Fee for other certifications	50	-
Out of pocket expenses and Sindh Sales Tax	157	12
	<u>630</u>	<u>420</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 1.95% (2023: 2.03%) which includes 0.27% (2023: 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, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1 Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, 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 10% or more of the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

- 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.
- 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** Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 16.6** 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	2024	2023
	-----Rupees in '000'-----	
AI Meezan Investment Management Limited (Management Company)		
Management fee payable	464	483
Sindh Sales Tax on management fee payable	60	63
Allocated expenses payable	-	226
Sales load payable	125	2
Sindh Sales Tax payable on sales load	21	1
Investment of 20,970,953 units (June 30, 2023: 18,273,945 units)	2,129,376	1,186,564
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	396	285
Sindh sales Tax payable on trustee fee	52	37
Security Deposit	103	103
Meezan Bank Limited		
Bank balance	10,651	10,070
Profit receivable on saving accounts	86	23
Sales load payable	57	-
Sindh Sales Tax on sales load payable	7	-
Shariah advisor fee payable	506	220
Outstanding of 2,113,224 units (June 30, 2023: 2,113,224 units)	214,575	137,216
Investment in 1,671,112 shares (June 30, 2023: 1,657,463 shares)	400,048	143,155
Engro Fertilizers Limited *		
Investment in 2,242,994 shares (2023: Nil shares)	372,830	-
National Clearing Company of Pakistan Limited		
Security deposit	2,500	2,500
Directors, their close family members and key management personnel of the management company		
Outstanding 196,759 units (June 30, 2023: 530,947 units)	19,979	34,475
Unitholders holding 10% or more units of the Fund		
Investment of 30,916,118 units (June 30, 2023: 14,043,485 units)	3,139,201	911,872
AI Meezan Investment Management Limited - Gratuity Fund		
Investment of 150,846 units (June 30, 2023: 134,782 units)	15,317	8,752

Balances

2024 2023
-----Rupees in '000'-----

Meezan Strategic Allocation Fund MSAP-II

Investment of 391,484 units (June 30, 2023: 337,157 units)

39,751 -

Meezan Strategic Allocation Fund MSAP-III

Investment of 46,932 units (June 30, 2023: Nil)

4,765 -

Transactions during the year

For the year ended June 30,
2024 2023
-----Rupees in '000'-----

Al Meezan Investment Management Limited (Management Company)

Remuneration of Al Meezan Investment Management Limited

- Management Company

32,672 26,602

Sindh Sales Tax on remuneration of the Management Company

4,247 3,458

Allocated expenses

1,904 2,926

Units issued: 21,252,007 units (June 30, 2023: 3,247,074 units)

2,356,289 210,880

Units redeemed: 18,554,998 units (June 30, 2023: 1,107,412 units)

2,094,873 72,000

Dividend paid

8,669 -

Refund of capital

217,746 -

Central Depository Company of Pakistan Limited (CDC) - Trustee

Remuneration of Central Depository Company of Pakistan Limited - Trustee

4,267 3,658

Sindh Sales Tax on remuneration of the Trustee

555 475

CDS charges

158 107

Meezan Bank Limited

Profit on saving accounts with banks

657 445

Dividend income

35,177 15,051

Shariah advisor fee

556 500

Shares purchased: 371,460 shares (June 30, 2023: 424,541 shares)

71,279 45,394

Shares sold: 342,926 shares (June 30, 2023: 217,671 shares)

45,269 23,112

Dividend paid

25,519 -

Engro Fertilizers Limited *

Shares purchased: 545,234 shares (2023: Nil shares)

35,115 -

Shares sold: 527,220 shares (2023: Nil shares)

51,512 -

Dividend income

49,311 -

Colgate-Palmolive (Pakistan) Limited

Shares purchased: 85,890 shares (2023: Nil shares)

134,845 -

Shares sold: 85,890 shares (2023: Nil shares)

102,716 -

National Clearing Company of Pakistan Limited

NCCPL charges

483 522

Al Meezan Investment Management Limited (Gratuity Fund)

Units issued: 16,064 units (June 30, 2023: nil units)

1,628 -

Dividend paid

1,628 -

Transactions during the year

For the year ended June 30,
2024 2023
-----Rupees in '000'-----

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

Units issued 39,801 units (June 30, 2023: 4,256 units)
Units redeemed: 18,671 units (June 30 2023: 5,495 units)
Dividend paid
Refund of capital

4,170	326
1,336	358
2,003	-
152	-

Unitholders holding 10% or more units of the fund
Issue of nil units (2023: 114,200 units)

-	8,358
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Meezan Strategic Allocation Fund MSAP-II

Units issued: 54,327 units (June 30, 2023: 337,157 units)
Units redeemed: Nil units (June 30, 2023: 382,268 units)
Dividend paid
Refund of capital

5,224	21,700
-	24,972
4,180	-
44	-

Meezan Strategic Allocation Fund MSAP-III

Units issued: 46,932 units (June 30, 2023: Nil units)
Units redeemed: Nil units (June 30, 2023: 106,250 units)
Dividend paid
Refund of capital

3,506	-
-	6,941
439	-
67	-

Meezan Strategic Allocation Fund MSAP-IV

Units redeemed: nil units (June 30, 2023 13,634 units)

-	891
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Meezan Strategic Allocation Fund MSAP-V

Units redeemed: nil units (June 30, 2023: 28,295 units)

-	1,848
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* Prior year figures have been shown as nil as the person was classified as a related party / connected person of the Fund with effect from November 1, 2023.

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

2024		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000'		

Financial assets

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

12,838	-	12,838
-	4,111,529	4,111,529
3,297	-	3,297
3	-	3
383	-	383
2,789	-	2,789
19,310	4,111,529	4,130,839

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

-	670	670
-	448	448
-	65	65
-	18	18
-	41,847	41,847
-	43,048	43,048

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
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
	<u>26,368</u>	<u>2,609,220</u>
Financial liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	-	775
Payable to Central Depository Company of Pakistan Limited - Trustee	-	322
Payable to Meezan Bank Limited	-	-
Payable against conversion and redemption of units	-	2
Payable against purchase of investments	-	22
Dividend payable	-	1,332
Accrued expenses and other liabilities	-	21,989
	<u>-</u>	<u>24,442</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, 2024, 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, 2024 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, 2024 can be determined as follows:

2024						
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	8.82 - 19.20%	9,476	-	-	3,362	12,838
Investments		-	-	-	4,111,529	4,111,529
Receivable against sale of investments		-	-	-	3,297	3,297
Receivable against conversion of units		-	-	-	3	3
Dividend receivable		-	-	-	383	383
Deposits and other receivables		-	-	-	2,789	2,789
		9,476	-	-	4,121,363	4,130,839
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	670	670
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	448	448
Payable to Meezan Bank Limited		-	-	-	65	65
Payable against conversion and redemption of units		-	-	-	18	18
Accrued expenses and other liabilities		-	-	-	-	-
		-	-	-	1,201	1,201
On-balance sheet gap (a)		9,476	-	-	4,120,162	4,129,638
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		9,476	-	-		
Cumulative profit rate sensitivity gap		9,476	9,476	9,476		

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	7.0% - 7.14%	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
		4,362	-	-	2,604,858	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		-	-	-	468	468
		-	-	-	1,567	1,567
On-balance sheet gap (a)		4,362	-	-	2,603,291	2,607,653
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		4,362	-	-		
Cumulative profit rate sensitivity gap		4,362	4,362	4,362		

(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, 2024, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 41.115 million (2023: Rs. 25.828 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, 2024 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:

2024						
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	12,838	-	-	-	-	12,838
Investments	-	-	-	-	4,111,529	4,111,529
Receivable against sale of investments	3,297	-	-	-	-	3,297
Receivable against conversion of units	3	-	-	-	-	3
Dividend receivable	383	-	-	-	-	383
Deposits and other receivables	186	-	-	-	2,603	2,789
	16,707	-	-	-	4,114,132	4,130,839
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	670	-	-	-	-	670
Payable to Central Depository Company of Pakistan Limited - Trustee	448	-	-	-	-	448
Payable to Meezan Bank Limited	65	-	-	-	-	65
Payable against conversion and redemption of units	18	-	-	-	-	18
Accrued expenses and other liabilities	40,911	430	506	-	-	41,847
	42,112	430	506	-	-	43,048
Net assets / (liabilities)	(25,405)	(430)	(506)	-	4,114,132	4,087,791

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

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:

2024		2023	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000			
Balances with banks	12,838	12,838	12,575
Investments	4,111,529	-	2,582,852
Receivable against sale of investments	3,297	3,297	-
Receivable against conversion of units	3	3	9,168
Dividend receivable	383	383	1,997
Deposits and other receivables	2,789	2,789	2,628
	<u>4,130,839</u>	<u>19,310</u>	<u>2,609,220</u>
			<u>26,368</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2024 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 4,111.529 million (2023: 2,582.852 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	
	2024	2023
AAA	83.00	80.00
AA+	17.00	20.00
	<u>100.00</u>	<u>100.00</u>

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

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

		2024		
		Level 1	Level 2	Level 3
		Rupees in '000		
Financial assets				
Investment in equity securities - listed		4,111,529	-	-
		<u>4,111,529</u>	<u>-</u>	<u>-</u>
		2023		
		Level 1	Level 2	Level 3
		Rupees in '000		
Financial assets				
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	2024			2023		
	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	2,101	374,187	9.42	1,661	200,348	7.75
Associated Companies /						
Directors	6	2,264,087	56.99	4	1,250,484	48.38
Retirement Funds	1	1,334,396	33.59	5	296,363	11.47
Others	5	93	-	5	837,520	32.40
	<u>2,113</u>	<u>3,972,763</u>	<u>100.00</u>	<u>1,675</u>	<u>2,584,714</u>	<u>100.00</u>

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2024		2023	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
AKD Securities Limited	5.50%	Alfalah CLSA Securities (Private) Limited	11.00%
Aba Ali Habib Securities (Private) Limited	5.25%	Multiline Securities Limited	6.98%
Darson Securities Limited	4.88%	Top Line Securities (Private) Limited	6.50%
BMA Capital Management Limited	4.43%	Insight Securities (Private) Limited	6.05%
EFG Hermes Pakistan Limited	4.09%	Spectrum Securities (Private) Limited	5.42%
Foundation Securities (Private) Limited	4.01%	Aba Ali Habib Securities Private Limited	5.18%
Insight Securities (Private) Limited	3.99%	Ismail Iqbal Securities (Private) Limited	5.02%
Fawad Yusuf Securities (Private) Limited	3.58%	Arif Habib Limited	4.68%
Alfa Adhi Securities (Private) Limited	2.90%	Fawad Yousuf Securities (Private) Limited	4.40%
Al Habib Capital Markets (Private) Limited	2.47%	Vector Capital (Private) Limited	4.18%

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. Muhammad Asad	Acting Chief Executive Officer/ Chief Investment Officer	CFA level II / MBA	Twenty Eight years
Mr. Ahmed Hassan	Head of Equity	CFA / MBA	Seventeen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Seventeen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Sixteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / MBA, ACCA, FRM, FCMA	Fifteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Fourteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Thirteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Ten years

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

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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on						
		July 4, 2023	August 7, 2023	October 13, 2023	February 2, 2024	February 9, 2024	February 29, 2024	April 15, 2024
Mr. Ariful Islam ¹	Chairman	Yes	Yes	Yes	No	No	No	No
Mr. Irfan Siddiqui ²	Chairman	No	No	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib ³	Ex-Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr. Muhammad Abdullah Ahmed ¹	Director	Yes	No	No	No	No	No	No
Mr. Moin M. Fudda ⁴	Director	No	No	No	Yes	Yes	Yes	No
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool ⁵	Director	Yes	No	No	No	No	No	No
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar ¹	Director	Yes	Yes	Yes	No	No	No	No
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	No	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Saad Ur Rahman Khan ⁶	Director	No	No	Yes	Yes	Yes	Yes	Yes
Ms. Shazia Khurram	Director	No	Yes	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali ⁷	Director	No	No	No	No	No	No	Yes
Mr. Ahmed Iqbal Rajani ²	Director	No	No	No	Yes	Yes	Yes	Yes

¹ Mr. Ariful Islam, Mr. Muhammad Abdullah Ahmed and Mr. Naeem Sattar retired from the Board on December 31, 2023.

² Mr. Irfan Siddiqui and Mr. Ahmed Iqbal Rajani were elected on the Board vide an EOGM dated December 26, 2023.

³ Mr. Mohammad Shoaib resigned from the Board on February 29, 2024.

⁴ Mr. Moin M. Fudda was elected on the Board vide an EOGM dated December 26, 2023 and subsequently resigned from the Board on March 14, 2024.

⁵ Mr. Mubashar Maqbool resigned from the Board on July 18, 2023.

⁶ Mr. Saad Ur Rahman Khan was appointed on the Board with effect from August 7, 2023.

⁷ Syed Amir Ali was appointed on the Board with effect from April 9, 2024.



25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 19, 2024.

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

PERFORMANCE TABLE
KSE Meezan Index Fund

	2024	2023	2022
Net assets (Rs. '000) (ex-distribution)	3,972,763	2,584,714	2,610,096
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	101.5393	64.9320	65.0795
Offer price per unit as at June 30, (Rs.) (ex-distribution)	104.0879	64.9352	66.7130
Highest offer price per unit (Rs.)	117.0801	70.5350	77.0186
Lowest offer price per unit (Rs.)	66.5563	62.0448	64.8802
Highest redemption price per unit (Rs.)	114.2134	68.8080	75.1328
Lowest redemption price per unit (Rs.)	64.9267	60.5257	63.2916
Distribution (%)			
Interim	18.60%	1.20%	N/A
Final	-	-	N/A
Date of distribution			
Interim	28-Jun-24	27-Jun-23	N/A
Final	-	-	N/A
Income distribution (Rupees in '000)	187,032	23,706	-
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	75.02	0.69	(10.69)

	One Year	Two Years	Three Years
Average annual return as at June 30, 2024 (%)	75.02%	0.69%	-5.17%

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