

SEAMLESS INTEGRATION OF DIGITAL SOLUTIONS

At Al Meezan, we are leading the way in digital innovation. Whether it's our intuitive app, user-friendly website, or automated back-end systems, we ensure a seamless experience across all platforms. From customer-facing solutions to behind-the-scenes efficiency, Al Meezan is setting the standard for integrated digital services.

Meezan Balanced Fund

The investment objective of the Fund is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic Income Instruments such as TFCs, COIs, Certificates of Musharika, Islamic Sukuk, and other Shariah Compliant instruments.



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

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Al Baraka Bank Pakistan Limited	MCB- Islamic Bank Limited
Askari Bank Limited - Islamic Banking	Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking	National Bank of Pakistan - Islamic Banking
Bank Alfalah Limited	Samba Bank Limited
Bank Islami Pakistan Limited	Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited	The Bank Of Khyber - Islamic Banking
Faysal Bank Limited - Islamic Banking	UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Balanced Fund (MBF)

Type of Fund

Balanced category fund that invests in Shariah compliant listed equity securities and listed or unlisted Islamic fixed income products.

Objective

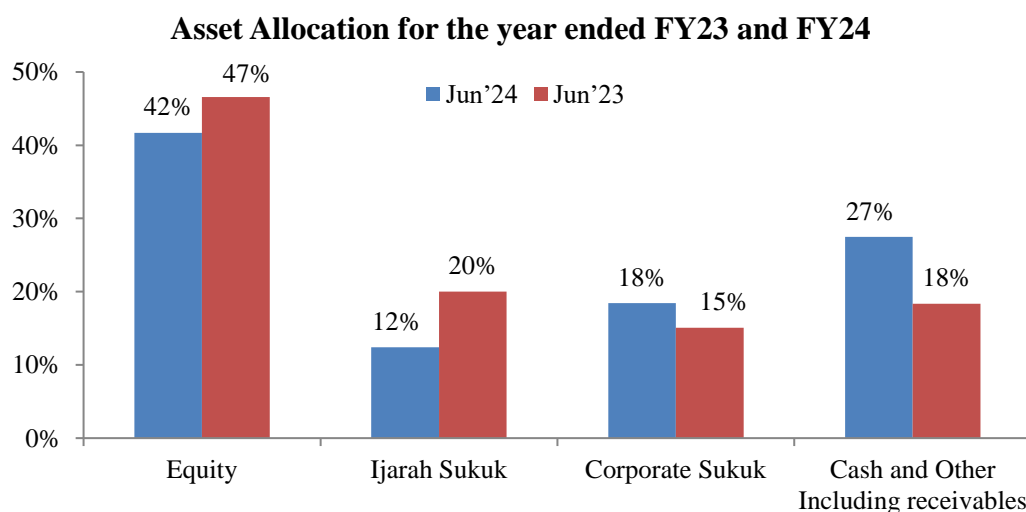
The objective of MBF is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic fixed income avenues such as Sukuk (Islamic Bonds), Musharaka and Murabaha instruments, Shariah compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic income products.

The fund invests only in Shariah Compliant instruments with the objective of maximizing total return to its unit holders and maintaining risks within acceptable levels. The fund also has a focus of long term preservation of capital and aims to maximize total returns by varying fund's allocations to fixed income and equity exposures in accordance with the economic conditions and market scenario.

Strategy and Investment Policy

Being a balanced fund, performance of MBF is linked proportionately to the performance of stock market and Islamic fixed income instruments. The fund manager, Al Meezan Investments, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. The fund primarily aims at controlling risk by balancing growth and income earning objectives of certificate holders. To achieve this purpose, the fund manager strives to reduce equity exposure in times when the market is trading above valuations and increase exposure to high quality liquid Islamic fixed income instruments. As per revised policy, the fund can invest up to 50% in listed equities.

During the year, the focus was on proactive and continuous re-allocation between high yield instruments so as to optimize fund return while simultaneously minimizing risk. To keep interest rate risk at a minimum, the fund manager over the period kept the duration of the fixed income portfolio below six months.



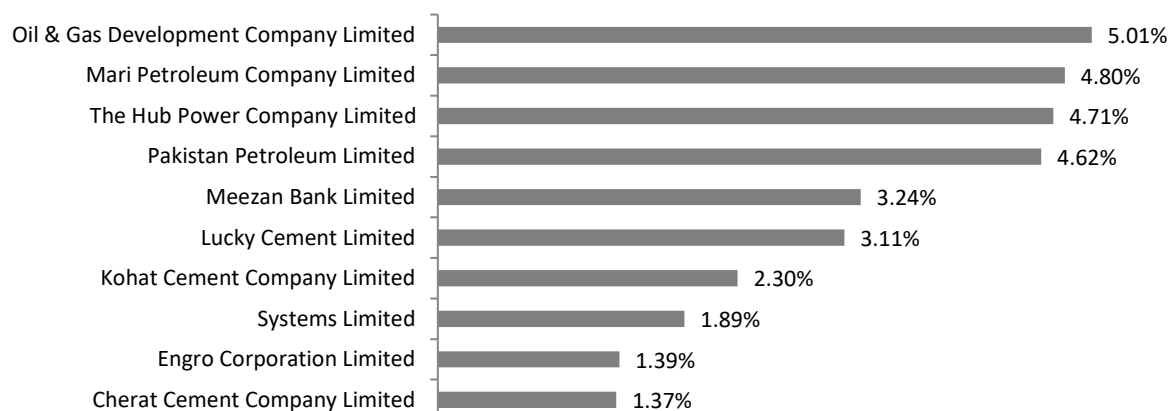


Pure. Profit.



The fund maintained significant exposure to the Oil and Gas Exploration sector which was raised in FY22 in wake of rising commodity prices and sharp PKR devaluation. Exposure to cement sector was simultaneously reduced in light rapid tightening undertaken by the central bank. The average equity exposure in the fund during the year was 47.89% while the remaining was deployed in quality fixed income instruments.

Top Holdings

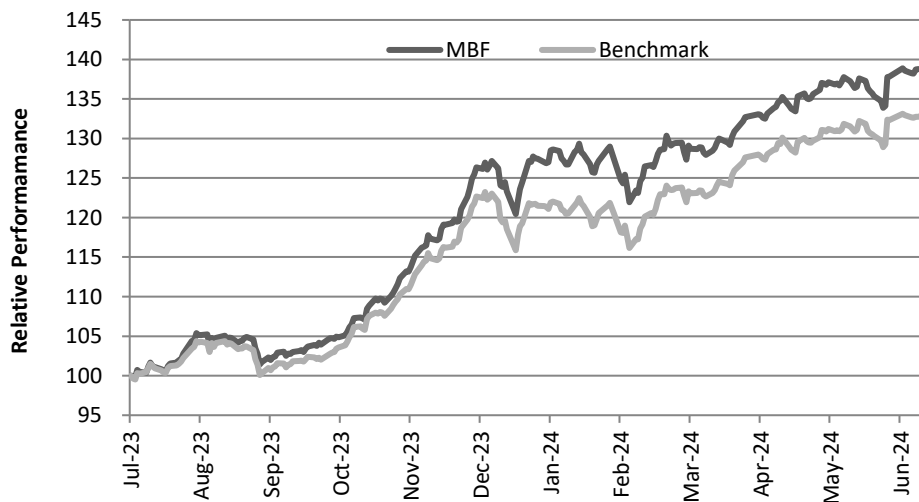


Performance Review

During FY24, Meezan Balanced Fund (MBF) provided a positive return of 43.38% to its investors compared to benchmark return of 38.19%. The fund has six non-performing Sukuk (Sukuk of Eden Housing Limited, Security Leasing Company Limited, Arzoo Textile Mills Limited, Hascol Petroleum Limited, Shakarganj Food Products Limited and Agha Steel Industries) but it is pertinent to note that Eden Housing Limited Sukuk, Arzoo Textile Mills Sukuk, Security Leasing Company Limited and Hascol Petroleum Limited Sukuk stand fully provided while provisioning for Agha Steel Sukuk is being carried out as per the regulatory requirements. A case for Arzoo Textile Mills Limited Sukuk is already under contestation in the courts, whereas for Eden Housing Limited, Security Leasing Limited and Hascol Petroleum Limited negotiations have not been very fruitful so it appears that the most likely way forward will be procession of legal proceedings against the respective companies but the Sukuk holders are yet to reach a conclusion on the matter. For Agha Steel sukuk, the company is in the process of negotiating restructuring terms with the sukuk holders. We are receiving payments due on Shakarganj sukuk on regular basis however, the sukuk is still being classified as non-performing.

	30-Jun-24	30-Jun-23	Change
NAV			
Meezan Balanced Fund	18.36	15.60	43.38%
Benchmark Returns (Inputs)			
KMI 30	126,424	70,748	78.70%
Average Yield on Islamic Bank Deposits (annualised)			18.95%
KMI 30 Return	78.70%	2.88%	75.81%
Islamic Bank Deposit Return	18.95%	6.06%	12.90%
Benchmark Return			38.19%
Underperformance			5.18%

MBF posted a total income of Rs. 746 million in the fiscal year 2024 as compared to a total income of Rs. 207 million last year. Total income comprised of realized and unrealized gain on investments of Rs. 202 million and Rs. 279 million respectively. Dividend income contributed Rs. 59 million to income, while profit on saving accounts with banks amounted to Rs. 61 million. Profit on Sukuk certificates was Rs. 144 million. After accounting for expenses of Rs. 92 million, the Fund posted a net income of Rs. 653 million. The net assets of the Fund as at June 30, 2024 were Rs. 1,913 million as compared to Rs. 1,689 million at the end of last year depicting an increase of 13%. The net asset value per unit as at June 30, 2024 was Rs. 18.3552 as compared to Rs. 15.5966 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. 2 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. 4.00 per unit (40.00%). Total distribution made by the Fund was Rs. 322 million.

SWWF Disclosure

Not Applicable

Breakdown of unit holdings by size

(As on June 30, 2024)

Range (Units)	No. of investors
1-9,999	4,504
10,000-49,999	325
50,000-99,999	80
100,000-499,999	72
500,000 and above	24
Total	5,005

Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
Number	9	9	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

Tel: +92 21 35123225

Fax: +92 21 5040234

Email: miu786@gmail.com

Report of the Shariah Advisor –Meezan Balanced Fund (MBF)

July 23, 2024/Muharram 16, 1446 AH

Alhamdulillah, the period from July 1, 2023 to June 30, 2024 was the **Twentieth** year of operations of **Meezan Balanced Fund** (the “**MBF**” 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 Meezan Balanced Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Balanced 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 notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2024 amounted to Rs. 1,779.50 million and balances with banks aggregated to Rs. 404.15 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.



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



Other 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.

ATF



- 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: AR202410081f9zHRSJQi



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

	Note	2024	2023
		----- (Rupees in '000') -----	
Assets			
Balances with banks	5	404,151	275,724
Investments	6	1,779,501	1,460,582
Receivable against conversion of units		-	152
Dividend receivable		677	861
Receivable against sale of investments		184,561	19,077
Advances, deposits and profit receivable	7	52,237	38,308
Total assets		2,421,127	1,794,704
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	4,343	6,046
Payable to Central Depository Company of Pakistan Limited - Trustee	9	307	252
Payable to the Securities and Exchange Commission of Pakistan	10.1	165	471
Payable to Meezan Bank Limited		57	14
Payable against purchase of investments		-	5,319
Payable against redemption and conversion of units		411,708	10,382
Dividend payable		7,697	28,731
Accrued expenses and other liabilities	11	83,422	54,959
Total liabilities		507,699	106,174
Net assets		1,913,428	1,688,530
Unit holders' fund (as per statement attached)		1,913,428	1,688,530
Contingencies and commitments	12		
Number of units in issue		104,244,636	108,262,700
		----- (Rupees) -----	
Net asset value per unit		18.3552	15.5966

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



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

	Note	2024	2023
		----- (Rupees in '000') -----	
Income			
Profit on savings accounts with banks		61,322	65,396
Dividend income		59,052	103,556
Profit on sukuk certificates		144,303	130,038
Profit on commercial papers		-	2,369
Other income		255	500
Net realised gain / (loss) on sale of investments		201,779	(76,627)
		466,711	225,232
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.3	278,938	(17,789)
Total income		745,649	207,443
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	37,441	47,063
Sindh Sales Tax on remuneration of the Management Company	8.2	4,867	6,118
Allocated expenses	8.3	1,068	2,588
Selling and marketing expenses	8.4	15,817	23,531
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,872	3,353
Sindh Sales Tax on remuneration of the Trustee	9.2	373	436
Fee to the Securities and Exchange Commission of Pakistan	10	1,591	471
Brokerage expense		3,010	2,343
Auditors' remuneration	13	1,060	574
Fees and subscription		561	528
Charity expense	11.2	2,047	3,603
Bank and settlement charges		425	363
Provision against sukuk certificates - net	6.2.2.5	21,328	8,746
Other expense	6.1.4	7	-
Total expenses		92,467	99,717
Net income for the year before taxation		653,182	107,726
Taxation	15	-	-
Net income for the year after taxation		653,182	107,726
Allocation of net income for the year			
Net income for the year after taxation		653,182	107,726
Income already paid on units redeemed		(111,167)	(24,688)
		542,015	83,038
Accounting income available for distribution			
- Relating to capital gains		480,717	-
- Excluding capital gains		61,298	83,038
		542,015	83,038

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN BALANCED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	----- (Rupees in '000') -----	
Net income for the year after taxation	653,182	107,726
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>653,182</u>	<u>107,726</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



MEEZAN BALANCED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2024

	For the year ended June 30, 2024			For the year ended June 30, 2023		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000')			(Rupees in '000')		
Net assets at the beginning of the year	1,151,404	537,126	1,688,530	2,104,770	536,051	2,640,821
Issuance of 66,087,678 units (2023: 11,612,060 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,030,743	-	1,030,743	181,326	-	181,326
- Element of income	288,641	-	288,641	4,284	-	4,284
Total proceeds on issuance of units	1,319,384	-	1,319,384	185,610	-	185,610
Redemption of 70,105,742 units (2023: 72,467,110 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(1,093,411)	-	(1,093,411)	(1,131,596)	-	(1,131,596)
- Element of income	(174,572)	(111,167)	(285,739)	(7,380)	(24,688)	(32,068)
Total payments on redemption of units	(1,267,983)	(111,167)	(1,379,150)	(1,138,976)	(24,688)	(1,163,664)
Total comprehensive income for the year	-	653,182	653,182	-	107,726	107,726
Distribution during the year	-	(321,582)	(321,582)	-	(81,963)	(81,963)
Refund of capital during the year	(46,936)	-	(46,936)	-	-	-
Net income / (loss) for the year less distribution	(46,936)	331,600	284,664	-	25,763	25,763
Net assets at the end of the year	1,155,869	757,559	1,913,428	1,151,404	537,126	1,688,530
Undistributed income brought forward						
- Realised income		554,915			720,037	
- Unrealised loss		(17,789)			(183,986)	
		537,126			536,051	
Accounting income available for distribution						
- Relating to capital gains	480,717			-		
- Excluding capital gains	61,298			83,038		
	542,015			83,038		
Distribution during the year @ Rs. 0.7800 per unit declared on June 27, 2023		-		(81,963)		
Distribution during the year @ Rs. 4.0049 per unit declared on June 28, 2024		(321,582)		-		
Undistributed income carried forward		757,559			537,126	
Undistributed income carried forward						
- Realised income		478,621			554,915	
- Unrealised income / (loss)		278,938			(17,789)	
		757,559			537,126	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		15.5966			15.6153	
Net asset value per unit at the end of the year		18.3552			15.5966	

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



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

	Note	2024	2023
		----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		653,182	107,726
Adjustments for:			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.3	(278,938)	17,789
Provision against sukuk certificates	6.2.2.5	21,328	8,746
		<u>395,572</u>	<u>134,261</u>
(Increase) / decrease in assets			
Investments - net		(61,309)	869,784
Dividend receivable		184	(167)
Receivable against sale of investments		(165,484)	(17,086)
Advances, deposits and profit receivable		(13,929)	(13,214)
		<u>(240,538)</u>	<u>839,317</u>
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(1,703)	2,614
Payable to Central Depository Company of Pakistan Limited - Trustee		55	(87)
Payable to the Securities and Exchange Commission of Pakistan		(306)	(327)
Payable to Meezan Bank Limited		43	(36)
Payable against purchase of investments		(5,319)	2,740
Accrued expenses and other liabilities		28,463	11,501
		<u>21,233</u>	<u>16,405</u>
Net cash generated from operating activities		<u>176,267</u>	<u>989,983</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		1,272,600	185,549
Payments against redemption and conversion of units		(977,824)	(1,154,052)
Dividend paid		(342,616)	(60,729)
Net cash used in financing activities		<u>(47,840)</u>	<u>(1,029,232)</u>
Net increase / (decrease) in cash and cash equivalents		<u>128,427</u>	<u>(39,249)</u>
Cash and cash equivalents at the beginning of the year		275,724	314,973
Cash and cash equivalents at the end of the year	5	<u>404,151</u>	<u>275,724</u>

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

Apfel

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN BALANCED 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** Meezan Balanced Fund was initially established as a closed-end scheme under a Trust Deed executed under the Trust Act, 1882 between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

Subsequently, on May 3, 2013, SECP vide its letter No. SCD/AMCW/MBF /512/2013 had approved the conversion of the closed end structure into an open end scheme through the establishment of the Unit Trust Scheme under the name of Meezan Balanced Fund (the Fund). On June 27, 2013, SECP vide its letter No SCD/AMCW/MBF/613/2013 registered MBF (the open-end scheme) as a notified entity and had withdrawn the registration of MBF as a closed end scheme with effect from the effective date i.e. July 1, 2013 and therefore from July 1, 2013, the Fund had been converted into an open end scheme and, accordingly, the certificate holders of the closed end scheme at June 30, 2013 were converted to unitholders of the open end scheme.

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 September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2** The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.
- 1.3** The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity securities and Islamic income instruments such as Islamic Sukuks (certificates of Islamic investment), musharaka certificates, Government Securities, cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, Term Deposits Receipts, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the SECP. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.4** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. The Fund is categorised as a Shariah Compliant Balanced Fund in accordance with Circular 7 of 2009 issued by the SECP.
- 1.5** 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.
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan (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 requirements of 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 which have been classified as 'at fair value through profit or loss' and are measured at fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the 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, unless otherwise stated.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

4.3.2.1 Debt instruments

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

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

based on the business model of the entity.

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

4.3.2.2 Equity instruments

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

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

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

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

4.3.3 Impairment (other than debt securities)

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

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

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

4.3.4 Impairment loss on debt securities

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

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

4.3.5 Regular way contracts

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

4.3.6 Derecognition

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

4.4 Financial liabilities

4.4.1 Classification and subsequent measurement

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

4.4.2 Derecognition

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 Issuance and redemption of units

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of securities 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 date of commencement of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on saving accounts with banks is recognised on an accrual basis.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

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

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

	Note	2024	2023
		----- (Rupees in '000')-----	
5 BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	396,839	262,047
Current accounts	5.2	7,312	13,677
		<u>404,151</u>	<u>275,724</u>

5.1 This includes balances 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 expected profit rates ranging from 6.75% to 19.6% per annum (2023: 6.74% to 20.25% per annum).

5.2 This includes balances maintained with Meezan Bank Limited (a related party).

	Note	2024	2023
		----- (Rupees in '000')-----	
6 INVESTMENTS			
At fair value through profit or loss			
Shares of listed companies - 'ordinary shares'	6.1	1,019,992	835,585
Sukuk certificates	6.2.1 & 6.2.2	759,509	624,997
		<u>1,779,501</u>	<u>1,460,582</u>

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up-capital of the investee company (with face value of investments)
Number of shares						(Rupees in '000')		%			
Automobile Assembler											
Pak Suzuki Motor Company Limited	-	40,000	-	40,000	-	-	-	-	-	-	-
Sazgar Engineering Works Limited	-	10,000	-	2,000	8,000	5,849	6,660	811	0.35	0.37	0.01
									0.35	0.37	0.01
Automobile Parts and Accessories											
Thal Limited (note 6.1.1)	-	40,000	-	40,000	-	-	-	-	-	-	-
									-	-	-
Cement											
Cherat Cement Company Limited	202,359	103,675	-	101,000	205,034	28,645	33,447	4,802	1.75	1.88	0.11
D.G. Khan Cement Company Limited	-	355,000	-	193,000	162,000	13,478	14,624	1,146	0.76	0.82	0.04
Fauji Cement Company Limited	206,250	830,000	-	619,250	417,000	7,846	9,553	1,707	0.50	0.54	0.02
Kohat Cement Company Limited	289,320	6,000	-	71,000	224,320	39,158	56,176	17,018	2.94	3.16	0.11
Lucky Cement Limited	112,271	32,000	-	60,293	83,978	51,358	76,145	24,787	3.98	4.28	0.03
Maple Leaf Cement Factory Limited	610,987	300,000	-	670,000	240,987	8,126	9,158	1,032	0.48	0.51	0.02
Pioneer Leaf Cement Limited	50,000	-	-	50,000	-	-	-	-	-	-	-
									10.41	11.19	0.33
Chemicals											
Lucky Core Industries Limited	36,916	8,500	-	24,501	20,915	13,565	19,440	5,875	1.02	1.09	0.02
									1.02	1.09	0.02

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up-capital of the investee company (with face value of investments)
Number of shares						(Rupees in '000')			%		
Commercial Banks											
BankIslami Pakistan Limited	1,172,962	972,962	-	2,145,924	-	-	-	-	-	-	-
Meezan Bank Limited (a related party of the Fund)	632,023	129,932	-	431,000	330,955	39,109	79,227	40,118	4.14	4.45	0.02
									4.14	4.45	0.02
Engineering											
International Steels Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	159,851	-	-	159,851	-	-	-	-	-	-	-
									-	-	-
Fertilizers											
Engro Corporation Limited (note 6.1.2)	295,599	40,000	-	233,326	102,273	28,315	34,027	5,712	1.78	1.91	0.02
Engro Fertilizers Limited (a related party of the Fund)	80,019	328,000	-	408,019	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	200,000	-	125,000	75,000	2,689	2,660	(29)	0.14	0.15	0.01
									1.92	2.06	0.03
Food and Personal Care Products											
Al Shaheer Corporation Limited * (note 6.1.3)	6,035	-	-	-	6,035	44	49	5	-	-	0.74
At-Tahur Limited	120,668	-	-	120,668	-	-	-	-	-	-	-
National Foods Limited (note 6.1.1)	10,100	35,000	-	45,100	-	-	-	-	-	-	-
The Organic Meat Company Limited	229,875	3,237	3,237	230,199	6,150	55	103	48	0.01	0.01	0.17
									0.01	0.01	0.91
Glass and Ceramics											
Tariq Glass Industries Limited	-	85,000	-	38,000	47,000	5,490	5,478	(12)	0.29	0.31	0.03
									0.29	0.31	0.03
Leather and Tanneries											
Service Global Footwear Limited	22,930	-	-	-	22,930	639	1,700	1,061	0.09	0.10	0.31
									0.09	0.10	0.31
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	115,000	-	25,501	89,499	4,752	6,610	1,858	0.35	0.37	0.02
									0.35	0.37	0.02
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (note 6.1.2 and 6.1.3)	68,991	22,442	-	48,126	43,307	79,103	117,463	38,360	6.14	6.60	0.03
Oil and Gas Development Company Limited	1,067,931	527,000	-	690,000	904,931	90,665	122,501	31,836	6.40	6.88	0.02
Pakistan Oilfields Limited	14,579	-	-	14,579	-	-	-	-	-	-	-
Pakistan Petroleum Limited (note 6.1.2)	1,212,167	690,000	-	937,000	965,167	80,857	113,031	32,174	5.91	6.35	0.04
									18.45	19.84	0.09
Oil and Gas Marketing Companies											
Attock Petroleum Limited	34,391	7,000	-	24,500	16,891	5,579	6,524	945	0.34	0.37	0.01
Hascol Petroleum Limited * (note 6.1.3)	1,901	-	-	-	1,901	11	12	1	-	-	-
Pakistan State Oil Company Limited (note 6.1.3)	128,066	191,362	-	136,000	183,428	26,342	30,488	4,146	1.59	1.71	0.04
Sui Northern Gas Pipelines Limited	360,888	390,000	-	324,000	426,888	22,762	27,095	4,333	1.42	1.52	0.07
									3.35	3.60	0.12
Paper and Board											
Century Paper and Board Mills Limited	588,022	150,000	-	599,000	139,022	4,253	4,164	(89)	0.22	0.23	4.62
Cherat Packaging Limited	46	-	-	46	-	-	-	-	-	-	-
Packages Limited	48,473	14,600	-	31,666	31,407	13,280	16,813	3,533	0.88	0.94	0.06
									1.10	1.18	4.68
Pharmaceuticals											
AGP Limited *	500	-	-	-	500	28	46	18	-	-	-
Highnoon Laboratories Limited (note 6.1.3)	668	10,000	-	-	10,668	5,435	7,612	2,177	0.40	0.43	0.02
The Searle Company Limited (note 6.1.3)	19,211	175,000	-	72,000	122,211	6,582	6,981	399	0.36	0.39	0.02
									0.76	0.82	0.04
Power Generation and Distribution											
K-Electric Limited (note 6.1.1)	-	3,372,038	-	1,500,000	1,872,038	9,220	8,668	(552)	0.45	0.49	0.01
Lalpir Power Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
Nishat Chunian Power Limited	-	207,000	-	207,000	-	-	-	-	-	-	-
The Hub Power Company Limited	545,322	690,000	-	528,236	707,086	68,480	115,312	46,832	6.03	6.48	0.05
									6.48	6.97	0.06
Property											
TPL Properties Limited	165,000	-	-	165,000	-	-	-	-	-	-	-
									-	-	-
Real Estate Investment Trust											
Dolmen City REIT	487,500	-	-	487,500	-	-	-	-	-	-	-
TPL REIT Fund I	-	171,000	-	-	171,000	3,008	2,565	(443)	0.13	0.14	0.01
									0.13	0.14	0.01

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares received during the year	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up-capital of the investee company (with face value of investments)
									%		
Number of shares						(Rupees in '000')					
Refinery											
Attock Refinery Limited	-	50,000	-	25,000	25,000	8,119	8,790	671	0.46	0.49	0.02
Cnergyco Pakistan Limited	-	1,900,000	-	1,350,000	550,000	2,782	2,118	(664)	0.11	0.12	0.01
National Refinery Limited	-	24,000	-	24,000	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	200,000	-	50,000	150,000	4,094	3,480	(614)	0.18	0.20	0.02
									0.75	0.81	0.05
Technology and Communication											
Air Link Communication Limited	-	50,000	-	-	50,000	3,201	4,442	1,241	0.23	0.25	0.01
Supemet Limited	192,600	214,860	-	213,360	194,100	2,907	1,943	(964)	0.10	0.11	0.14
Systems Limited	189,230	28,000	-	106,788	110,442	44,694	46,198	1,504	2.41	2.60	0.04
									2.75	2.95	0.19
Textile Composite											
Interloop Limited	298,863	100,000	-	135,000	263,863	12,448	18,689	6,241	0.98	1.05	0.02
Kohinoor Textile Mills Limited	80,000	-	-	80,000	-	-	-	-	-	-	-
									0.98	1.05	0.02
Transport											
Secure Logistics Group Limited	-	139,362	-	139,362	-	-	-	-	-	-	-
									-	-	-
Total as at June 30, 2024						742,968	1,019,992	277,024			
Total as at June 30, 2023						852,103	835,585	(16,518)			

6.1.1 All shares have a nominal value of Rs 10 each except for the shares of National Foods Limited and Thal Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.

6.1.2 Investments include 33,500 shares of Engro Corporation Limited having market value of Rs 11.146 million (2023: Rs 39.893 million), 8,800 shares of Mari Petroleum Company Limited having market value of Rs 23.869 million (2023: Nil) and 1,000 shares of Pakistan Petroleum Limited having market value of Rs. 0.117 million (2023: Rs. 0.059 million) as at June 30, 2024, which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

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

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. 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. 4.153 million (2023: Rs. 2.638 million).

6.1.4 This represents amount written off against tax deducted on bonus shares equivalent to ten percent of the bonus shares to be issued, determined on the basis of day-end price on the first day of closure of books of the issuing company under Section 236Z of the Income Tax Ordinance, 2001 as introduced by the Finance Act, 2023 effective from July 1, 2023.

6.2 Sukuk certificates

6.2.1 Government Securities - GOP Ijarah Sukuk

Name of the Security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to	
					(Number of certificates)				(Rupees in '000)			Net Assets of the Fund	Total market value of investments
GoP Ijarah Sukuk Certificates - XXI - VRR (Note 6.2.1)	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted Average 6 months T-Bills	2,647	-	-	2,647	263,112	264,594	1,482	13.83	14.87
GoP Ijarah Sukuk Certificates - XXXV - VRR (Note 6.2.1)	Semi-annually / At maturity	July 12, 2023	July 12, 2024	Weighted Average 6 months T-Bills	-	500	500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXVI - VRR (Note 6.2.1)	Semi-annually / At maturity	July 12, 2023	July 12, 2026	Weighted Average 6 months T-Bills	-	500	500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XLII - VRR (Note 6.2.1)	Semi-annually / At maturity	December 04, 2023	December 04, 2028	Weighted Average 6 months T-Bills	-	2,000	-	2,000	199,305	200,320	1,015	10.47	11.26
GOP Ijarah Sukuk Certificates - I - FRR (Note 6.2.1)	At maturity	December 11, 2023	December 09, 2024	19.52%	-	2	2	-	-	-	-	-	-
Total as at June 30, 2024									462,417	464,914	2,497		
Total as at June 30, 2023									263,138	263,112	(26)		

6.2.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for GoP Ijarah sukuk certificates I - FRR having nominal value of Rs. 5,000 each.

6.2.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised (diminution) / appreciation as at June 30, 2024	Percentage in relation to		
													Net assets of the Fund	Total market value of investments
					Number of certificates				(Rupees in '000)				%	
POWER GENERATION & DISTRIBUTION														
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded)	Semi-annually	June 29, 2026	21,000	6 months KIBOR plus base rate of 1.13%	230	-	-	230	4,890	4,880	(10)	0.26	0.27	
Hub Power Holdings Limited (AA+, PACRA, traded)	Quarterly / Semi-annually commencing from May 12, 2024	November 12, 2025	75,000	6 months KIBOR plus base rate of 2.50%	1,500	-	-	1,500	115,459	114,694	(765)	5.99	6.45	
COMMERCIAL BANKS														
Dubai Islamic Bank Pakistan Limited - Sukuk (AA-, VIS, traded)	Semi-annually / At maturity	November 30, 2032	1,000,000	6 months KIBOR plus base rate of 0.70%	100	-	-	100	100,137	100,329	192	5.24	5.64	

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2023	Purchased during the year	Sold / matured during the year	As at June 30, 2024	Carrying value as at June 30, 2024 *	Market value as at June 30, 2024 *	Unrealised (diminution) / appreciation as at June 30, 2024	Percentage in relation to	
					Number of certificates			(Rupees in '000)			Net assets of the Fund	Total market value of investments	
STEEL & ALLIED PRODUCTS													
Agha Steel Industries Limited Sukuk I (A+, VIS)	Quarterly	October 9, 2025	625,000	3 months KIBOR plus base rate of 0.80%	100	-	100	-	-	-	-	-	-
NON-PERFORMING ASSETS													
Security Leasing Corporation Limited II (notes 6.2.2.1 and 6.2.2.2)	Not applicable	January 19, 2022	1,540	Not applicable	5,000	-	-	5,000	-	-	-	-	-
Eden Housing Limited (notes 6.2.2.1 and 6.2.2.2)	Not applicable	September 29, 2014	984	Not applicable	5,000	-	-	5,000	-	-	-	-	-
Arzoo Textile Mills Limited (notes 6.2.2.1 and 6.2.2.2)	Not applicable	April 15, 2014	5,000	Not applicable	5,000	-	-	5,000	-	-	-	-	-
Hascol Petroleum Limited - Sukuk (notes 6.2.2.1 and 6.2.2.2)	Not applicable	January 6, 2022	1,250	Not applicable	50,000	-	-	50,000	-	-	-	-	-
Shakarganj Food Products Limited (notes 6.2.2.1 and 6.2.2.3)	Quarterly	July 10, 2026	450,000	3 months KIBOR plus base rate of 1.75%	82	-	-	82	22,483	22,483	-	1.18	1.26
Agha Steel Industries Limited Sukuk II (notes 6.2.2.1 and 6.2.2.4)	Quarterly	August 17, 2027	10,000	3 months KIBOR plus base rate of 0.80%	-	6,800	-	6,800	52,209	52,209	-	2.73	2.93
Total as at June 30, 2024									295,178	294,595	(583)		
Total as at June 30, 2023									363,130	361,885	(1,245)		

* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

6.2.2.1 Details of non-compliant investments

The Securities and Exchange Commission of Pakistan (SECP), vide Circular no. 7 of 2009 dated March 6, 2009, required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the Circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Balanced Fund (the Fund) as an 'Balanced Scheme' in accordance with the said Circular. As at June 30, 2024, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Following investments of the Funds are in sukuk certificates which are non-compliant securities with the above requirements of the circular. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of Investment	Value of investments before provision	Provision held as at June 30, 2024	Value of investments after provision	Percentage of net assets of the Fund	Percentage of total investments
		(Rupees in '000')			%	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	7,701	7,701	-	-	-
Hascol Petroleum Limited	Non-traded sukuk certificates	62,037	62,037	-	-	-
Shakarganj Food Products Limited	Non-traded sukuk certificates	36,765	14,282	22,483	0.01	0.01
Agha Steel Industries Limited	Non-traded sukuk certificates	68,000	15,791	52,209	0.03	0.03
Total - June 30, 2024		204,425	129,734	74,691	0.04	0.04
Total - June 30, 2023		140,398	108,406	31,991	-	1.78

AH

6.2.2.2 The sukuk certificates of Arzoo Textile Mills Limited, Eden Housing Limited, Security Leasing Corporation Limited II and Hascol Petroleum Limited have been fully provided in accordance with Circular No. 33 of 2012 issued by the SECP.

6.2.2.3 On April 26, 2023, sukuk certificates of Shakarganj Food Products Limited (SFPL) has been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter in accordance with the SECP Circular.

During the current year, SFPL repaid one principal installment amounting to Rs. 4.1 million which was due to be repaid on April 10, 2023, thereby resulting in the reversal of Rs. 4.1 million against the provision created on June 30, 2023. On September 8, 2023, the restructuring of the aforementioned sukuk was approved by all the sukuk investors whereby the four principal installments originally due on July 10, 2023, October 10, 2023, January 10, 2024 and April 10, 2024 has been deferred for one year from their respective due dates and the tenure of the sukuk has been extended by twelve months. However, SFPL will continue to service profit payments on quarterly basis on the outstanding amount of principal as per the earlier agreed terms. Therefore, the Fund has not recorded further provision after the finalisation of the restructuring agreement. However, an amount of Rs. 14.282 million (2023: Rs. 8.746 million) has been held as provision against the outstanding principal as at June 30, 2024. The face value of sukuk certificates is Rs. 36.90 million as at June 30, 2024.

6.2.2.4 On March 7, 2024, sukuk certificates of Agha Steel Industries Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said circular, an amount of Rs. 15.791 million has been held as provision against the outstanding principal as at June 30, 2024. The face value of sukuk certificates is Rs. 68 million as at June 30, 2024.

6.2.2.5	Note	2024	2023
Movement of provision		----	----
		(Rupees in '000')----	
Balance as at July 1		108,406	99,660
Charge for the year	6.2.2.3 & 6.2.2.4	25,428	8,746
Reversals for the year	6.2.2.3	(4,100)	-
		21,328	8,746
Balance as at June 30		<u>129,734</u>	<u>108,406</u>

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

Market value of investments	6.1, 6.2 & 6.3	1,779,501	1,460,582
Less; carrying value of investments	6.1, 6.2 & 6.3	1,500,563	1,478,371
		<u>278,938</u>	<u>(17,789)</u>

7 **ADVANCES, DEPOSITS AND PROFIT RECEIVABLES**

Security deposits		2,800	2,800
Profit receivable on balances with banks		15,573	3,985
Profit receivable on sukuk certificates		32,291	29,950
Advance tax	7.1	1,573	1,573
		<u>52,237</u>	<u>38,308</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on profit on debt securities and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on debt securities and bank deposits amounts to Rs 1.573 million (2023: 1.573 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on debt securities and profit on bank deposits has been shown as advance tax as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2024 ------(Rupees in '000')-----	2023
	Remuneration payable	8.1	743	725
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	97	94
	Sales load payable		177	96
	Sindh Sales Tax on sales load payable		13	13
	Allocated expenses payable	8.3	-	155
	Selling and marketing expenses payable	8.4	3,313	4,963
			<u>4,343</u>	<u>6,046</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2023: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2024. 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% (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 no 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.

8.4 In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 1% per annum of the average annual net assets of the Fund for the period from July 1, 2023 to March 31, 2024 and at the rate of 0.5% per annum of the average annual net assets of the Fund for the period from April 1, 2024 to June 30, 2024 (2023: 1% per annum of the average annual net assets of the Fund), subject to total expense charged being lower than actual expense incurred.

8.5 During the year, SECP carried out routine offsite review and onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling and marketing expenses to the funds under its management. As a result of this inspection, SECP recommended changes in the mechanism of chargeability of selling and marketing expenses to the fund. As agreed with SECP, the Management Company has refunded an aggregate amount of Rs. 9.05 million to the identified unit holders through the issuance of additional units of the Fund subsequent to the year end. There is no impact of this refund on Net Assets Value of the Fund as at June 30, 2024.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024 ------(Rupees in '000')-----	2023
	Remuneration payable	9.1	272	223
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	35	29
			<u>307</u>	<u>252</u>

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

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

- 9.2 Sindh Sales Tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 has been charged at the rate of 13% (2023: 13%).

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024 ------(Rupees in '000')-----	2023
	Fee payable	10.1	<u>165</u>	<u>471</u>

- 10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of fee to 0.085% (2023: 0.02%) per annum of the daily net assets of the Fund, applicable to a "Balanced Scheme". Accordingly, the Fund has charged the SECP fee at the rate of 0.085% 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.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2024 ------(Rupees in '000')-----	2023
	Auditors' remuneration payable		740	346
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.1	31,961	31,961
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	6,838	6,838
	Brokerage expense payable		1,067	103
	Shariah advisory fee payable		461	197
	Withholding tax payable		38,472	11,521
	Capital gain tax payable		1,201	-
	Zakat payable		170	75
	Charity payable	11.2	2,494	3,918
	IBFT charges payable		<u>18</u>	<u>-</u>
			<u>83,422</u>	<u>54,959</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% 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 and related sales tax has been made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 38.799 million (2023: Rs. 38.799 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED and related Sindh Sales Tax not been made, the Net Assets Value per unit of the Fund as at June 30, 2024 would have been higher by Re 0.37 (2023: Re 0.36) 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 2.047 million (2023: Rs 3.603 million) was charged as an expense in the books of the Fund, and Rs. 4 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount (Rupees in '000)
1	Saylani Welfare Trust	3,000
2	Shaukut Khanum Memorial Cancer Hospital	1,000
	Total	4,000

12 CONTINGENCIES AND COMMITMENTS

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

	2024 ------(Rupees in '000')-----	2023
13 AUDITORS' REMUNERATION		
Annual audit fee	483	430
Half yearly review of condensed interim financial statements	145	120
Fee for other certifications	154	-
Out of pocket expenses and Sindh Sales Tax	278	24
	1,060	574

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 3.80% (2023: 4.24%) which includes 0.38% (2023: 0.31%) representing government levies on the Fund such as sales taxes, Federal excise duties and fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a 'Balanced 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

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.

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.

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

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

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

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

Balances

Al Meezan Investment Management Limited - Management Company

	2024	2023
	------(Rupees in '000')-----	
Remuneration payable	743	725
Sindh Sales Tax payable on remuneration of the Management Company	97	94
Sales load payable	177	96
Sindh Sales Tax on sales load payable	13	13
Allocated expenses payable	-	155
Selling and marketing expenses payable	3,313	4,963
Outstanding units: Nil (2023: 988,045) units - at net asset value	-	15,410

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	272	223
Sindh Sales Tax payable on remuneration of the Trustee	35	29
Security deposits	300	300

National Clearing Company of Pakistan

Security deposits	2,500	2,500
-------------------	-------	-------

Meezan Bank Limited

Balances with banks	29,651	17,277
Sales load payable	50	12
Sindh Sales Tax on sales load payable	7	2
Shariah advisory fee payable	461	197
Units outstanding: 18,886,746 units (2023: 18,886,746 units)	346,670	294,569
Investment in 330,955 shares (2023: 632,023 shares)	79,227	54,588
Profit receivable on balances with banks	216	88
Dividend receivable	5,188	-

Al Meezan Investment Management Limited - Employees Gratuity Fund

Outstanding units: 585,468 units (2023: 493,285 units)	10,746	7,694
--	--------	-------

Directors and Executives of the Management Company

Outstanding units: 903,714 units (2023: 64 units)	16,588	1
---	--------	---

Transactions during the year

Al Meezan Investment Management Limited - Management Company

	2024	2023
	------(Rupees in '000')-----	
Remuneration of Al Meezan Investment Management Limited		
- Management Company	37,441	47,063
Sindh Sales Tax on remuneration of the Management Company	4,867	6,118
Allocated expenses	1,068	2,588
Selling and marketing expenses	15,817	23,531
Units issued: Nil units (2023: 940,259 units)	-	15,489
Units redeemed: 988,045 units (2023: 900,000 units)	22,085	14,750

Transactions during the year

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee
Sindh Sales Tax on remuneration of the Trustee
CDS charges

2024	2023
----- (Rupees in '000') -----	
2,872	3,353
373	436
86	42

Meezan Bank Limited

Profit on savings accounts with banks
Dividend income
Shariah advisor fee
Purchase of 129,932 shares (2023: 109,933 shares)
Bonus shares: Nil (2023: 74,274 shares)
Sale of 431,000 shares (2023: 375,000 shares)
Dividend paid

2,215	1,134
10,478	8,136
533	500
51,239	11,742
-	-
165,792	40,205
75,640	-

Engro Fertilizers Limited *

Shares purchased: 32,8000 shares (2023: Nil shares)
Shares sold: 408,019 shares (2023: Nil shares)
Dividend income

34,095	-
49,514	-
2,654	-

National Clearing Company of Pakistan

NCCPL charges

283	253
-----	-----

AI Meezan Investment Management Limited - Employees Gratuity Fund

Units issued: 92,183 units (2023: 20,099 units)
Dividend paid

1,990	369
1,990	-

Directors and Executives of the Management Company

Units issued: 167,485 units (2023: 8,224 units)
Units redeemed: 25,212 units (2023: 6,530,777 units)
Dividend paid
Refund of Capital

3,568	131
520	101,542
3,050	-
3	-

* 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.

17 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks
Investments
Dividend receivable
Receivable against sale of investments
Advances, deposits and profit receivable

----- As at June 30, 2024 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000') -----		

404,151	-	404,151
-	1,779,501	1,779,501
677	-	677
184,561	-	184,561
50,664	-	50,664
640,053	1,779,501	2,419,554

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company
Payable to the Securities and Exchange Commission of Pakistan
Payable to Meezan Bank Limited
Payable against redemption and conversion of units
Dividend payable
Accrued expenses and other liabilities

4,343	-	4,343
307	-	307
57	-	57
411,708	-	411,708
7,697	-	7,697
4,780	-	4,780
428,892	-	428,892

As at June 30, 2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000')		
275,724	-	275,724
-	1,460,582	1,460,582
152	-	152
861	-	861
19,077	-	19,077
36,735	-	36,735
<u>332,549</u>	<u>1,460,582</u>	<u>1,793,131</u>
6,046	-	6,046
252	-	252
14	-	14
5,319	-	5,319
10,382	-	10,382
28,731	-	28,731
4,564	-	4,564
<u>55,308</u>	<u>-</u>	<u>55,308</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 and regulations laid down by the SECP.

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

(i) Yield / profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks, corporate sukuk certificates and GOP Ijarah sukuk certificates which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 11.563 million (2023: Rs. 8.917 million).

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

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

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

As at June 30, 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	6.75% to 19.6%	396,839	-	-	7,312	404,151
Investments	20.20% to 24.08%	339,286	420,223	-	1,019,992	1,779,501
Dividend receivable		-	-	-	677	677
Receivable against sale of investments		-	-	-	184,561	184,561
Advances, deposits and other receivables		-	-	-	50,664	50,664
		736,125	420,223	-	1,263,206	2,419,554
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	4,343	4,343
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	307	307
Payable to Meezan Bank Limited		-	-	-	57	57
Payable against redemption and conversion of units		-	-	-	411,708	411,708
Dividend payable		-	-	-	7,697	7,697
Accrued expenses and other liabilities		-	-	-	4,780	4,780
		-	-	-	428,892	428,892
On-balance sheet gap (a)		736,125	420,223	-	834,314	1,990,662
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		736,125	420,223	-		
Cumulative profit rate sensitivity gap		736,125	1,156,348	1,156,348		

As at June 30, 2023						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
(Rupees in '000')						
Financial assets						
Balances with banks	6.74% - 20.25%	262,047	-	-	13,677	275,724
Investments	17.65% - 24.85%	331,588	293,409	-	835,585	1,460,582
Receivable against conversion of units		-	-	-	152	152
Receivable against sale of investments		-	-	-	861	861
Dividend receivable		-	-	-	19,077	19,077
Advances, deposits and other receivables		-	-	-	36,735	36,735
		593,635	293,409	-	906,087	1,793,131
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	6,046	6,046
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	252	252
Payable to Meezan Bank Limited		-	-	-	14	14
Payable against purchase of investments		-	-	-	5,319	5,319
Payable against redemption and conversion of units		-	-	-	10,382	10,382
Dividend payable		-	-	-	28,731	28,731
Accrued expenses and other liabilities		-	-	-	4,564	4,564
		-	-	-	55,308	55,308
On-balance sheet gap (a)		593,635	293,409	-	850,779	1,737,823
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		593,635	293,409	-		
Cumulative profit rate sensitivity gap		593,635	887,044	887,044		

(ii) Currency risk

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

(iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks and limits prescribed in the Trust Deed, the NBFC Regulations and circulars issued by SECP from time to time. The Fund's investment in equity securities exposed to price risk as at the year end is concentrated in the sectors as disclosed in note 6.1.

In case of 1% increase / decrease in KMI All Share 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. 10.200 million (2023: Rs. 8.356 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 the 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 All Share 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 All Share 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 All Share 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 ended June 30, 2024.

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:

----- As at June 30, 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	404,151	-	-	-	-	404,151
Investments	-	-	-	659,180	100,329	1,779,501
Dividend receivable	677	-	-	-	-	677
Receivable against sale of investments	184,561	-	-	-	-	184,561
Advances, deposits and profit receivable	15,573	32,291	-	-	2,800	50,664
	604,962	32,291	-	659,180	100,329	2,419,554

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	4,343	-	-	-	-	4,343
Payable to Central Depository Company of Pakistan Limited - Trustee	307	-	-	-	-	307
Payable to Meezan Bank Limited	57	-	-	-	-	57
Payable against redemption and conversion of units	411,708	-	-	-	-	411,708
Dividend payable	7,697	-	-	-	-	7,697
Accrued expenses and other liabilities	3,579	740	461	-	-	4,780
	427,691	740	461	-	-	428,892

Net financial assets / (liabilities)

	177,271	31,551	(461)	659,180	100,329	1,990,662
--	---------	--------	-------	---------	---------	-----------

----- As at June 30, 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	275,724	-	-	-	-	275,724
Investments	-	-	-	524,860	100,137	1,460,582
Receivable against conversion of units	152	-	-	-	-	152
Dividend receivable	861	-	-	-	-	861
Receivable against sale of investments	19,077	-	-	-	-	19,077
Advances, deposits and profit receivable	3,985	29,950	-	-	2,800	36,735
	299,799	29,950	-	524,860	100,137	1,793,131

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	6,046	-	-	-	-	6,046
Payable to Central Depository Company of Pakistan Limited - Trustee	252	-	-	-	-	252
Payable to Meezan Bank Limited	14	-	-	-	-	14
Payable against redemption and conversion of units	5,319	-	-	-	-	5,319
Payable against purchase of investments	10,382	-	-	-	-	10,382
Dividend payable	28,731	-	-	-	-	28,731
Accrued expenses and other liabilities	4,021	346	197	-	-	4,564
	54,765	346	197	-	-	55,308

Net financial assets / (liabilities)

	245,034	29,604	(197)	524,860	100,137	1,737,823
--	---------	--------	-------	---------	---------	-----------

18.3 Credit risk

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

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	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	404,151	404,151	275,724	275,724
Investments	1,779,501	294,595	1,460,582	361,885
Receivable against conversion of units	-	-	152	152
Dividend receivable	677	677	861	861
Receivable against sale of investments	184,561	184,561	19,077	19,077
Advances, deposits and profit receivable	50,664	26,781	36,735	36,735
	<u>2,419,554</u>	<u>910,765</u>	<u>1,793,131</u>	<u>694,434</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 investment in GOP Ijarah sukuk certificates of Rs. 464.914 million (2023: Rs. 263.112 million) and profit receivables on GOP Ijarah sukuk certificates of Rs. 23.969 million are not exposed to credit risk as these are guaranteed by Government of Pakistan and investment in equity securities of Rs. 1,019.992 million (2023: Rs. 835.585 million) are also 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 arises mainly on account of its placements in banks, investment in sukuk certificates and related profit receivable thereon, and receivable against sale of investments and conversion of units. The credit rating profile of balances with banks is as follows:.

	% of financial assets exposed to credit risk	
	2024	2023
AAA	39.64	73.98
AA+	0.38	8.23
AA	0.39	3.79
AA-	0.07	-
A+	30.23	14.00
A	29.29	-
	<u>100.00</u>	<u>100.00</u>

Ratings of sukuks (other than GOP Ijarah sukuk certificates) have been disclosed in related notes to the financial statements. GoP Ijarah Sukuks and sukuks issued by government owned entities are government guaranteed. Since, the asset of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

18.3.3 Concentration of credit risk

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

All the financial assets of the Fund as at June 30, 2024 and June 30, 2023 are unsecured and are not impaired except for corporate sukuks disclosed in note 6.2.2.1 to these financial statements.

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 and June 30, 2023, the Fund held the following financial instruments measured at fair value:

	2024			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	(Rupees in '000')			
Shares of listed companies - 'ordinary shares'	1,019,992	-	-	1,019,992
Sukuk certificates	-	759,509	-	759,509
	<u>1,019,992</u>	<u>759,509</u>	<u>-</u>	<u>1,779,501</u>

	2023			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	(Rupees in '000')			
Shares of listed companies - 'ordinary shares'	835,585	-	-	835,585
Sukuk certificates	-	624,997	-	624,997
	<u>835,585</u>	<u>624,997</u>	<u>-</u>	<u>1,460,582</u>

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	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	4,953	835,668	43.67	4,394	722,691	42.80
Associated Companies / Directors	1	16,568	0.87	1	15,410	0.91
Insurance Companies	1	1,929	0.10	1	1,639	0.10
Retirement Funds	16	351,286	18.36	23	373,963	22.15
Others	34	707,977	37.00	34	574,827	34.04
	<u>5,005</u>	<u>1,913,428</u>	<u>100.00%</u>	<u>4,453</u>	<u>1,688,530</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
Taurus Securities Limited	10.56%	Ismail Iqbal Securities (Private) Limited	8%
Optimus Securities Limited	9.40%	Topline Securities (Private) Limited	8%
Intermarket Securities Limited	9.34%	Aba Ali Habib Securities (Private) Limited	7%
Standard Capital Securities (Private) Limited	7.00%	Arif Habib limited	6%
Aba Ali Habib Securities (Private) Limited	6.17%	JS Global Capital Limited	5%
Spectrum Securities (Private) Limited	5.80%	Taurus Securities Limited	5%
Alfalah Securities (Private) Limited	3.92%	Shajar Capital Pakistan (Private) Limited	5%
Arif Habib limited	3.50%	BMA Capital management Limited	5%
Ismail Iqbal Securities (Private) Limited	3.43%	Spectrum Securities (Private) Limited	4%
Darson Securities Limited	3.19%	EFG Hermes Pakistan Limited	3%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. 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 :

- KSE Meezan Index 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 GENERAL

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

26 DATE OF AUTHORISATION FOR ISSUE

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

PERFORMANCE TABLE
Meezan Balanced Fund

	2024	2023	2022
Net assets (Rs. '000) (ex-distribution)	1,913,428	1,688,530	2,640,821
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	18.3552	15.5966	15.6153
Offer price per unit as at June 30, (Rs.) (ex-distribution)	18.7700	15.9490	50.6141
Highest offer price per unit (Rs.)	22.8720	16.9640	17.0316
Lowest offer price per unit (Rs.)	15.9510	15.7470	15.7398
Highest redemption price per unit (Rs.)	22.3666	16.5891	16.6552
Lowest redemption price per unit (Rs.)	15.5985	15.3990	15.3920
Distribution (%)			
Interim	40.00	7.80	-
Final	-	-	-
Date of distribution			
Interim	28-Jun-24	45,104.00	-
Final	-	-	-
Income distribution (Rupees in '000)	321,582	81,963	-
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	43.38	4.87	(3.61)

	One Year	Two Years	Three Years
Average annual return as at June 30, 2024 (%)	43.38%	22.62%	13.17%

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