



Al Meezan
Investment Management Ltd.

AM1
Rating by VIX & FICRA

MEEZAN ISLAMIC INCOME FUND

INCOME IN FOCUS | EVERY CHOICE CONSIDERED

INVESTMENT OBJECTIVE

To provide investors with a high and stable rate of current income consistent with long-term preservation of capital in a Shariah-compliant manner. A secondary objective is to take advantage of opportunities to realise capital appreciation.

FUND INFORMATION



Meezan

Islamic Income
Fund

MANAGEMENT COMPANY

Al Meezan Investment Management Limited

Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal
Karachi 74400, Pakistan.

Phone: (+9221) 3 5630722-6, 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
Ms. Ayesha Umer	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
Dr. Syed Amir Ali	Non-Executive Nominee Director- MBL
Mr. Rizwan Qamar Lari*	Non-Executive Nominee Director- MBL

* Mr. Rizwan Qamar Lari was appointed as a Director on June 5, 2026 in place of Syed Imran Ali Shah who resigned on May 21, 2026.

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

COMPANY SECRETARY

Syed Haseeb Ahmed Shah

BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Ms. Ayesha Umer	Member
Mr. Rizwan Qamar Lari*	Member

* Mr. Rizwan Qamar Lari was appointed as a member on June 5, 2026 in place of Syed Imran Ali Shah who resigned on May 21, 2026.

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,
SM.C.H.S., Main Sharah-e-Faisal
Karachi.

AUDITORS

A. F. Ferguson & Co. Chartered
Accountants StateLife
Building# 1-C, II. Chundrigar
Road,
Karachi- 74000

SHARIAH AUDITORS

M/s. BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C, Lakson Square
Building No. 1, Sarwar Shaheed
Road Karachi -742000

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13,
Bokhari Commercial Area, Phase
VI, DHA, Karachi.

SHARIAH ADVISER

Dr. Muhammad Imran Usmani
Jamia DarulUloom Karachi
Korangi Industrial Area
Karachi - 75180

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

TRANSFER AGENT

Al Meezan Investment Management Limited

BANKERS TO THE FUND

1. Allied Bank Limited	s	g	9. Habib Bank Limited -Islamic Banking	16	A	s	g
2. Al Baraka Bank Pakistan Limited			10. Habib Metropolitan Bank - Islamic Banking				
3. Askari Bank Limited - Islamic Banking			11. MCB Bank Limited -Islamic Banking				
4. Bank Al Habib Limited - Islamic Banking							
5. Bank Alfalah Limited	s	g					
6. Bank Islami Pakistan Limited		1	t	st	s	g	
7. Dubai Islamic Bank Pakistan Limited		1	t	s	g		
8. Faysal Bank Limited		15	u	s	g		



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REPORT OF THE FUND MANAGER MEEZAN ISLAMIC INCOME FUND (MIIF)

Type of Fund

Open end mutual fund which falls under the Income Fund category.

Objective

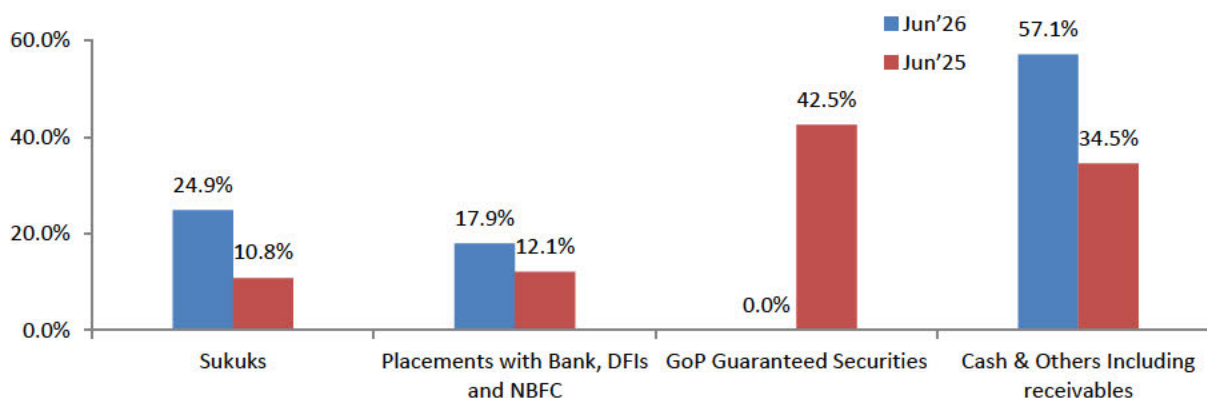
The Fund's primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide investors with a rate of total return consistent with a broadly diversified portfolio of long, medium- and short-term high quality Islamic Income instruments.

Strategy, Investment policy and asset allocation

MIIF invests in Corporate and Sovereign Sukuk (Islamic Bonds), Musharaka and Murabaha instruments, Shariah Compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic Income products.

During the year, the focus was on proactive and continuous reallocation between high yield instruments, so as to maximize fund yield, while maintaining a balance within the risk management constraints. Due to the increasing interest rate environment, Term Deposits and Bai Muajjal placements were kept at a very conservative level.

Asset Allocation for the year ended FY25 and FY26



Performance Review

During FY26, Meezan Islamic Income Fund (MIIF) provided a full year return of 9.03% as compared to its benchmark return of 9.43%. The fund manager continued to deploy the funds in high quality government instruments, corporate instruments and other investment avenues. In line with monetary expansionary expectations, minimal liquidity was maintained in the form of cash to take advantage of higher yielding instruments. The Fund has five non-performing Sukuk issued by Eden Housing Limited, Security Leasing Corporation Limited, Arzoo Textile Mills Limited, Hascol Petroleum Limited, and Agha Steel Industries. All five exposures have been fully provided for by the Fund. The Arzoo Textile Mills Limited Sukuk has been restructured, and the Fund is currently receiving principal repayments in accordance with the revised terms. Based on the agreed repayment schedule, the outstanding principal is expected to be fully repaid by 30 December 2026. Agha Steel Industries is at an advanced stage of discussions with its banking creditors regarding the restructuring of its financial obligations, while restructuring of the Sukuk is also under



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consideration. Discussions with Security Leasing Corporation Limited are ongoing, with the company negotiating revised terms with Sukuk holders to facilitate further progress towards a potential restructuring arrangement. There have been no material developments in the recovery status of the Eden Housing Limited and Hascol Petroleum Limited exposures. The Fund continues to monitor all five exposures, with recovery efforts focused on maximizing the potential recovery of outstanding principal while maintaining appropriate oversight of the restructuring and legal processes. As at year end, the fund was invested 25% in Islamic Sukuk/Ijarah, 18% in Certificate of Musharika and 57% in Islamic Bank Deposits including other receivables.

The Fund earned a gross income of Rs. 1,943 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,981 million, while net realized loss on sale of Sukuks certificates was Rs. 38 million. On the other side, the fund earned unrealized appreciation worth Rs. 0.17 million. The fund also incurred expenses totalling to Rs. 380 million which also includes net provision against sukuk certificate Rs. 29 million., which brought the net income figure to Rs. 1,564 million. The net assets of the Fund as at June 30, 2026 were Rs. 13,592 million as compared to Rs. 21,553 million at the end of last year depicting a decrease of 37%. The net asset value per unit as at June 30, 2026 was Rs. 51.9476 as compared to Rs. 51.7785 per unit as on June 30, 2025.

	MIIF	Islamic Bank Deposits (Benchmark)
Net Asset Value as on June 30, 2025	51.78	
Net Asset Value as on June 30, 2026	51.95	
Return for the year	9.03%	9.43%
Under performance	0.40%	

Fund Rating

VIS Credit Rating Company has assigned Stability Rating of A+(f) to Meezan Islamic Income Fund.

Distributions

An interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2026 was Rs. 4.49 per unit (8.98%). Total distribution made by the fund was Rs. 603 million.

SWWF Disclosure

Not Applicable

Breakdown of unit holdings by size:

(As on June 30, 2026)

Range (Units)	No. of investors
1 - 9,999	36,381
10,000 - 49,999	1,707
50,000 - 99,999	361
100,000 - 499,999	263
500,000 and above	43
Total	38,755

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC INCOME FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2026 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 15, 2026

Dr. Muhammad Imran Usmani

Jamia Darul Uloom Karachi

Korangi Industrial Area Karachi, Pakistan

Postal Code 75180

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Email: miu786@gmail.com

Ref no: IBSA/ESA/26/75

Report of the Shariah Advisor – Meezan Islamic Income Fund (MIIF)

August 10, 2026/Safar 26, 1448 AH

Alhamdulillah, the period from July 1, 2025 to June 30, 2026 was the **Nineteenth** year of operations of **Meezan Islamic Income Fund** (the “**MIIF**” 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.

It is the responsibility of the Management Company of the Fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the Management Company’s personnel and review of various documents prepared by the Management Company to comply with the prescribed criteria.

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2026 have been in compliance with the Shariah principles.

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

We further confirm that earnings realized through prohibited sources were transferred to the charity account (where applicable).

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 ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023

TO THE BOARD OF DIRECTORS OF AL MEEZAN INVESTMENT MANAGEMENT LIMITED

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of Meezan Islamic Income Fund (the Fund) managed by Al Meezan Investment Management Limited (the Management Company) for assessing compliance of the Fund financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2026. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2026) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under;

- 1) Essentials, Regulations, Instructions and Guidelines issued by the SECP;
- 2) The rulings of Central Shariah Board as notified by the SECP;
- 3) Requirements of the applicable Islamic Financial Accounting Standards as notified by the SECP;
- 4) Approvals and rulings given by the Shariah Board (SB) directives, regulations, instructions and guidelines issued in accordance with the rulings of SECP's Shariah Board.

The above criteria were evaluated, for their implications on the financial statements of the Fund for the year ended June 30, 2026.

3. Management's Responsibility for Shariah Compliance

Management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Fund with its unitholders, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

4. Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management (ISQM) 1 "Quality Management for forms that perform Audit or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Fund financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2026 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Fund financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Fund compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund internal control. We have designed and performed necessary verification procedures on various financial arrangements, transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.



6. Conclusion

Based on our reasonable assurance engagement we report that in our opinion, the Fund overall financial arrangements, contracts, transactions for the year ended June 30, 2026, are in compliance with the Shariah rules and principles, in all material respects.

Engagement Partner
Tariq Feroz Khan

BDO EBRAHIM & CO.

CHARTERED ACCOUNTANTS

Date: 10 SEP 2026

Place: Karachi

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of , which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, statement of movements 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, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 5 & 6 to the financial statements) Balances with banks and investments constitute the most significant components of the net asset value. Balances with banks aggregated to Rs. 7,634.98 million and investments of the Fund amounted to Rs. 5,846.99 million as at June 30, 2026. The existence of balances with banks and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2026 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: - Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2026 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.

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007



Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company (Al Meezan Investment Management Limited) 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 the Management Company and Board of Directors of Management Company for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



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

We communicate with the Board of Directors 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:

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: September 18, 2026
UDIN: AR2026100818eUVSCEJD

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026	2025
		(Rupees in '000)	
Assets			
Balances with banks	5	7,634,984	6,711,662
Investments	6	5,846,987	14,933,882
Receivable against conversion of units		87,882	566,439
Advances, deposits, prepayments and profit receivable	7	234,094	453,962
Total assets		13,803,947	22,665,945
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	15,123	13,064
Payable to Central Depository Company of Pakistan Limited - Trustee	9	1,053	1,839
Payable to the Securities and Exchange Commission of Pakistan	10	904	1,588
Payable to Meezan Bank Limited		642	3,597
Payable against redemption and conversion of units		26,118	640,839
Accrued expenses and other liabilities	11	168,550	452,489
Total liabilities		212,390	1,113,416
Net assets		13,591,557	21,552,529
Unit holders' fund (as per statement attached)		13,591,557	21,552,529
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue		261,639,899	416,244,386
		(Rupees)	
Net asset value per unit		51.9476	51.7785

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 ISLAMIC INCOME FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
Income			
Profit on sukuk certificates		913,331	3,096,882
Profit on term deposits and certificates of Musharakah		206,308	436,824
Profit on Bai Muajjal		207,743	35,479
Profit on savings accounts with banks		652,196	1,576,130
Net realised loss on sale of investments		(37,579)	(244,088)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	167	20,495
Other income		1,283	3,399
Total income		<u>1,943,449</u>	<u>4,925,121</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	271,951	356,610
Sindh sales tax on remuneration of the Management Company	8.2	40,793	53,491
Allocated expenses	8.3	-	10,822
Sindh sales tax on allocated expense	8.2	-	1,623
Selling and marketing expenses	8.3	-	91,134
Sindh sales tax on selling and marketing expenses	8.2	-	13,670
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	13,598	27,014
Sindh sales tax on remuneration of the Trustee	9.2	2,040	4,052
Fee to the Securities and Exchange Commission of Pakistan	10.1	13,598	27,013
Auditor's remuneration	13	1,321	1,253
Shariah audit fee		350	-
Fees and subscription		1,762	1,463
Brokerage expenses		488	803
Bank and settlement charges		2,261	463
Provision against sukuk certificates - net	6.1.3	29,183	37,849
Printing expense		-	49
Other expense		2,484	-
Total expenses		<u>379,829</u>	<u>627,309</u>
Net income for the year before taxation		<u>1,563,620</u>	<u>4,297,812</u>
Taxation	15	-	-
Net income for the year after taxation		<u><u>1,563,620</u></u>	<u><u>4,297,812</u></u>
Allocation of net income for the year			
Net income for the year after taxation		1,563,620	4,297,812
Income already paid on units redeemed		(1,091,253)	(3,631,638)
		<u>472,367</u>	<u>666,174</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		472,367	666,174
		<u>472,367</u>	<u>666,174</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 ISLAMIC INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026**

	2026	2025
	----- (Rupees in '000) -----	
Net income for the year after taxation	1,563,620	4,297,812
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>1,563,620</u></u>	<u><u>4,297,812</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2026

	2026			2025		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	21,266,664	285,865	21,552,529	15,630,879	349,275	15,980,154
Issuance of 603,576,556 units (2025: 1,729,971,020 units)						
- Capital value (at net asset value per unit at the beginning of the year)	31,252,289	-	31,252,289	89,821,652	-	89,821,652
- Element of income	949,553	-	949,553	4,945,702	-	4,945,702
Total proceeds on issuance of units	32,201,842	-	32,201,842	94,767,354	-	94,767,354
Redemption of 758,181,043 units (2025: 1,621,505,358 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(39,257,477)	-	(39,257,477)	(84,190,018)	-	(84,190,018)
- Element of income	(775,124)	(1,091,253)	(1,866,377)	(3,639,439)	(3,631,638)	(7,271,077)
Total payments on redemption of units	(40,032,601)	(1,091,253)	(41,123,854)	(87,829,457)	(3,631,638)	(91,461,095)
Total comprehensive income for the year	-	1,563,620	1,563,620	-	4,297,812	4,297,812
Distribution during the year	-	(438,468)	(438,468)	-	(729,584)	(729,584)
Refund of capital during the year	(164,112)	-	(164,112)	(1,302,112)	-	(1,302,112)
Net income for the year less distribution	(164,112)	1,125,152	961,040	(1,302,112)	3,568,228	2,266,116
Net assets at the end of the year	13,271,793	319,764	13,591,557	21,266,664	285,865	21,552,529
Undistributed income brought forward						
- Realised income		265,370			339,258	
- Unrealised income		20,495			10,017	
		285,865			349,275	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		472,367			666,174	
		472,367			666,174	
Distribution during the year at Rs. 4.49 per unit declared on June 19, 2026 (2025: Rs. Rs. 6.6721 per unit declared on June 20, 2025)		(438,468)			(729,584)	
Undistributed income carried forward		319,764			285,865	
Undistributed income carried forward						
- Realised income		319,597			265,370	
- Unrealised income		167			20,495	
		319,764			285,865	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		51.7785			51.9209	
Net asset value per unit at the end of the year		51.9476			51.7785	

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 ISLAMIC INCOME FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,563,620	4,297,812
Adjustments for:			
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(167)	(20,495)
Provision against sukuk certificates - net	6.1.3	29,183	37,849
Profit on sukuk certificates		(913,331)	(3,096,882)
Profit on term deposits and certificates of Musharakah		(206,308)	(436,824)
Profit on Bai Muajjal		(207,743)	(35,479)
Profit on savings accounts with banks		(652,196)	(1,576,130)
		(386,942)	(830,149)
Decrease / (increase) in assets			
Investments - net		7,807,879	(1,310,763)
Receivable against sale of investments		-	9
Advances, deposits and prepayments		28,980	(61,475)
		7,836,859	(1,372,229)
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		2,059	(13,098)
Payable to Central Depository Company of Pakistan Limited - Trustee		(786)	771
Payable to the Securities and Exchange Commission of Pakistan		(684)	642
Payable to Meezan Bank Limited		(2,955)	2,914
Accrued expenses and other liabilities		(283,939)	88,253
		(286,305)	79,482
Profit received on investments and savings accounts with banks		2,170,466	5,274,439
Net cash generated from operating activities		<u>9,334,078</u>	<u>3,151,543</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		32,516,287	93,568,578
Payments against redemption and conversion of units		(41,738,575)	(91,037,253)
Dividend paid		(438,468)	(729,584)
Net cash (used in) / generated from financing activities		<u>(9,660,756)</u>	<u>1,801,741</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(326,678)</u>	<u>4,953,284</u>
Cash and cash equivalents at the beginning of the year		9,461,662	4,508,378
Cash and cash equivalents at the end of the year	5.2	<u><u>9,134,984</u></u>	<u><u>9,461,662</u></u>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Islamic Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 21, 2008 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) notified through S.R.O. 1203 (I) / 2008. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

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

- 1.2** The Fund has been formed to provide the unit holders competitive and stable rate of income on their investments in a Shariah compliant way with a broadly diversified portfolio of long, medium and short term and high quality Islamic income instruments. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is listed on the Pakistan Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open End Shariah Compliant Islamic Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4** The Management Company has been assigned an 'AM1' quality rating by VIS Credit Rating Company Limited dated January 22, 2026 (2025: 'AM1' dated December 31, 2024) and by PACRA dated May 15, 2026 (2025: 'AM1' dated May 15, 2025). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated December 16, 2025 (2025: A+(f) dated January 06, 2025).
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Where provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations 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 year beginning on July 1, 2025. However, these are not considered to be relevant or do not have any material impact on the Fund's financial statements and, therefore, have not been disclosed in these financial statements.

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

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, 2026. However, these are not considered to be relevant or do 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) effective for annual periods beginning on or after January 1, 2027. IFRS 18 when 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 effective for annual periods beginning on or after January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statements of the Fund.

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 4.1 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 19.

3.6 Functional and presentation currency

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Financial assets

4.1.1 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.

4.1.2 Classification and subsequent measurement

4.1.2.1 Debt instruments (includes investments in sukuks certificates, certificates of Musharakah and Bai Muajjal)

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

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

based on the business model of the entity.

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

4.1.2.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at amortised cost.

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.

4.1.3 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. 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.

4.1.4 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 been placed on the Management Company's website as required under the SECP's circular.

4.1.5 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 the time frame established by regulation or market convention.

4.1.6 Derecognition

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

4.2 Financial liabilities

4.2.1 Classification and subsequent measurement

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

4.2.2 Derecognition

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

4.3 Offsetting of financial assets and financial liabilities

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

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

4.4 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.

4.5 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.

4.6 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 when the application is received. 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 duties and charges and provision for transaction cost, 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.

4.7 Distribution 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 for the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.8 Element of income / (loss) on issuance / (redemption) of units

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

4.9 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place;
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method;
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise; and
- Profit on Bai Muajjal is recognised on a time proportion basis using the effective yield method;
- Income on sukuk certificates, certificates of musharakah 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 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

4.10 Expenses

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

4.11 Taxation

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.

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 (i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	2026 ----- (Rupees in '000) -----	2025
5 BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	7,634,957	6,711,623
Current accounts		27	39
		<u>7,634,984</u>	<u>6,711,662</u>

- 5.1 This includes balances maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 6.75% (2025: 3.25%) per annum. Other savings accounts of the Fund have expected profit rates ranging from 6.00% to 12.55% (2025: 3.00% to 11.00%) per annum.

	Note	2026 ----- (Rupees in '000) -----	2025
5.2 CASH AND CASH EQUIVALENTS			
Balances with banks	5	7,634,984	6,711,662
Certificate of Musharakah	6.4	1,500,000	2,750,000
		<u>9,134,984</u>	<u>9,461,662</u>

6 INVESTMENTS

Investments - 'at fair value through profit or loss'

Sukuk certificates	6.1	3,346,987	12,183,882
Bai Muajjal receivable	6.3	-	-
Certificates of Musharakah	6.4	2,500,000	2,750,000
		<u>5,846,987</u>	<u>14,933,882</u>

6.1 Sukuk certificates

Government securities	6.1.1	5,333	9,677,719
Corporate sukuk certificates	6.1.2	3,341,654	2,506,163
		<u>3,346,987</u>	<u>12,183,882</u>

6.1.1 Government securities

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to	
				(Number of certificates)				(Rupees in '000)			Net assets of the Fund *	Total market value of investments *
GoP Ijarah Sukuk Certificates - FRR PSX Listed	At maturity	January 08, 2026	10.28%	8	1	9	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - FRR PSX Listed	At maturity	August 15, 2025	10.24%	8	-	8	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - FRR	Semi-annually / At maturity	December 15, 2026	11.40%	-	173,000	173,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - FRR PSX Listed	At maturity	November 06, 2025	9.57%	10	200,000	200,010	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - FRR PSX Listed	At maturity	April 16, 2036	11.72%	-	400,000	400,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2026	Weighted average 6 months T-Bills	13,974	-	13,974	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXV - VRR	Semi-annually / At maturity	April 27, 2027	Weighted average 6 months T-Bills	300	-	300	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIII - VRR	Semi-annually / At maturity	October 6, 2026	Weighted average 6 months T-Bills	8,000	-	8,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	December 09, 2025	Weighted average 6 months T-Bills	1,340	84,000	85,340	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - III - VRR	Semi-annually / At maturity	January 24, 2027	Weighted average 6 months T-Bills	59,064	-	58,000	1,064	5,394	5,328	(66)	0.04%	0.09%
GoP Ijarah Sukuk Certificates - V - VRR	Semi-annually / At maturity	January 24, 2029	Weighted average 6 months T-Bills	118,801	200,000	318,800	1	5	5	-	-	-
GoP Ijarah Sukuk Certificates - V - VRR	Semi-annually / At maturity	September 18, 2029	Weighted average 6 months T-Bills	64,000	-	64,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXXVII - VRR	Semi-annually / At maturity	December 04, 2026	Weighted average 6 months T-Bills	-	3,816	3,816	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - I - FRR	At maturity	October 20, 2025	10.84%	8,981	-	8,981	-	-	-	-	-	-

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2025	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to		
												Net assets of the Fund *	Total market value of investments *
				(Number of certificates)						(Rupees in '000)			
GoP Ijarah Sukuk Certificates - XXXXJ - FRR	Semi-annually / At maturity	June 26, 2026	Weighted average 6 months T-Bills	-	30,000	30,000	-	-	-	-	-	-	
Pakistan Energy Sukuk II	Semi-annually / At maturity	May 21, 2030	6 months KIBOR minus base rate of 0.10%	1,202,650	-	1,202,650	-	-	-	-	-	-	
Total as at June 30, 2026								5,399	5,333	(66)	0.04%	0.09%	
Total as at June 30, 2025								9,655,544	9,677,719	22,175	44.90%	84.80%	

* Nil figures due to rounding off

6.1.1.1 The nominal value of these sukuk certificates outstanding as at June 30, 2026 is Rs. 5,000 each.

6.1.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to	
											Net assets of the Fund	Total market value of investments	
					(Number of certificates)				(Rupees in '000)		%		
Power generation & distribution													
K-Electric Limited Sukuk V (AA+, VIS, traded)	Quarterly	August 3, 2027	1,250	3 months KIBOR plus base rate of 1.70%	171,200	-	-	171,200	217,113	215,393	(1,720)	1.58%	3.68%
K-Electric Limited STS XXXI (A1+, VIS)	Semi-annually	October 16, 2025	1,000,000	3 months KIBOR	773	-	773	-	-	-	-	-	-
K Electric Limited STS XXXIII (A1+, VIS)	At maturity	January 23, 2026	1,000,000	3 months KIBOR plus base rate of -0.10%	-	134	134	-	-	-	-	-	-
K Electric Retail Sukuk VII (A+, VIS)	Monthly	September 03, 2026	10,000	3 months KIBOR plus base rate of 0.20%	-	13,729	-	13,729	137,290	137,290	-	1.01%	2.35%
Pharmaceuticals													
OBS AGP (Private) Limited (A+, VIS, non-traded)	Quarterly	July 15, 2026	6,250	3 months KIBOR plus base rate of 1.55%	2,650	-	-	2,650	16,634	16,565	(69)	0.12%	0.28%
Aspin Pharma (Private) Limited STS 2 (A1, VIS)	At maturity	January 02, 2026	1,000,000	6 months KIBOR plus base rate of 1.00%	-	254	254	-	-	-	-	-	-
Property													
Javedan Corporation Limited (AA-, VIS, non-traded)	Semi-annually	October 4, 2026	8,333	6 months KIBOR plus base rate of 1.75%	800	-	-	800	6,533	6,592	59	0.05%	0.11%
Textile composite													
Beacon Impex (Private) Limited STS (A1, VIS)	Quarterly	March 25, 2026	1,000,000	6 months KIBOR plus base rate of 1.50%	-	100	100	-	-	-	-	-	-
Mahmood Textile Mills Limited STS (A1, VIS)	At maturity	April 13, 2026	1,000,000	3 months KIBOR plus base rate of 0.45%	-	500	500	-	-	-	-	-	-
Food & Personal care products													
Ismail Industries Limited STS (A1, PACRA)	At maturity	February 12, 2026	1,000,000	3 months KIBOR minus base rate of -0.05%	-	700	700	-	-	-	-	-	-
Ismail Industries Limited STS 6 (A1, PACRA)	At maturity	August 06, 2026	1,000,000	3 months KIBOR minus base rate of -	-	500	-	500	500,000	500,000	-	3.68%	8.55%

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to	
												Net assets of the Fund	Total market value of investments
Sugar and Allied Industries													
Shakarganj Food Products Limited (BBB-, VIS, non-traded)	Quarterly	July 10, 2026	50,000	3 months KIBOR plus base rate of 2.50%	100	-	-	100	4,851	4,995	144	0.04%	0.09%
Technology and Communication													
Pakistan Telecommunication Company Limited Sukuk-ST5-A1+, VIS)	At maturity	July 03, 2025	1,000,000	3 months KIBOR	375	-	375	-	-	-	-	-	-
Select Technologies (Private) Limited- PPST5-A1, PACRA)	At maturity	December 16, 2025	1,000,000	6 months KIBOR plus base rate of 1.75%	500	-	500	-	-	-	-	-	-
Select Technologies (Private) Limited- PPST5-IV(A1, PACRA)	At maturity	June 18, 2026	1,000,000	6 months KIBOR plus base rate of 1.20%	-	500	500	-	-	-	-	-	-
Air Link Communication Limited (Airlink ST5 VI (A1, PACRA)	At maturity	January 21, 2026	1,000,000	6 months KIBOR plus base rate of 1.60%	-	450	450	-	-	-	-	-	-
Air Link Communication Limited (Airlink ST5 VII, (A1, PACRA)	At maturity	March 23, 2026	1,000,000	6 months KIBOR plus base rate of 1.20%	-	400	400	-	-	-	-	-	-
Air Link Communication Limited (Airlink ST5 VIII, (A1, PACRA)	At maturity	July 16, 2026	1,000,000	6 months KIBOR plus base rate of 1.20%	-	410	-	410	410,000	410,000	-	3.02%	7.01%
Air Link Communication Limited (Airlink ST5 IX, (A1, PACRA)	At maturity	August 24, 2026	1,000,000	6 months KIBOR plus base rate of 1.20%	-	450	-	450	450,000	450,000	-	3.31%	7.70%
Trans World Associates (Pvt.) Limited (PPST5, (A1, PACRA)	At maturity	October 16, 2026	1,000,000	6 months KIBOR plus base rate of 0.65%	-	225	-	225	225,000	225,000	-	1.66%	3.85%
Chemicals													
Sitara Chemicals Industries Limited (AA-, VIS, non-traded)	Quarterly	February 13, 2032	1,000,000	3 months KIBOR plus base rate of 1.75%	299	-	-	299	299,000	300,674	1,674	2.21%	5.14%
Oil & Gas													
Gas & Oil Pakistan Limited (AA-, PACRA, non-traded)	Quarterly	December 16, 2030	1,000,000	3 months KIBOR plus base rate of 1.00%	-	375	-	375	375,000	375,145	145	2.76%	6.42%
Automobile Parts & Accessories													
Panther Tyres Limited (AA-, PACRA, non-traded)	At maturity	July 02, 2026	1,000,000	6 months KIBOR plus base rate of 0.5%	-	300	300	-	-	-	-	-	-
Bank													
FBI Tier II Sukuk (AA, PACRA & AA+, VIS)	Semi-annually	May 25, 2036	1,000,000	6 months KIBOR plus base rate of 0.45%	-	700	-	700	700,000	700,000	-	5.15%	11.97%
Non-performing assets													
Arzoo Textile Mills Limited (notes 6.1.2.1 & 6.1.2.4) *	Not applicable	April 15, 2014	4,132	Not applicable	14,000	-	-	14,000	-	-	-	-	-
Eden Housing Limited (notes 6.1.2.1) *	Not applicable	September 29, 2014	984	Not applicable	59,400	-	-	59,400	-	-	-	-	-
Security Leasing Corporation Limited II (notes 6.1.2.1) *	Not applicable	January 19, 2022	1,540	Not applicable	10,000	-	-	10,000	-	-	-	-	-
Hascol Petroleum Limited (notes 6.1.2.1) *	Not applicable	January 06, 2022	1,250	Not applicable	80,000	-	-	80,000	-	-	-	-	-
Agha Steel Industries Limited Sukuk 2 (notes 6.1.2.1 & 6.1.2.3) *	Quarterly	August 17, 2027	10,000	3 months KIBOR plus base rate of 0.80%	12,376	-	-	12,376	-	-	-	-	-
Total as at June 30, 2026					352,473	19,727	4,986	367,214	3,341,421	3,341,654	233	24.59%	57.15%
Total as at June 30, 2025									2,507,844	2,506,163	(1,681)	11.63%	16.78%

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

6.1.2.1 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 Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said Circular. As at June 30, 2026, 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 Fund are in sukuk certificates which are non-compliant securities. 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 investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
		(Rupees in '000)			Net assets of the Fund	Total assets of the Fund
					%	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	57,847	57,847	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	15,403	15,403	-	-	-
Hascol Petroleum Limited	Non-traded sukuk certificates	99,259	99,259	-	-	-
Agha Steel Industries Limited	Non-traded sukuk certificates	123,760	123,760	-	-	-
Total as at June 30, 2026		354,741	354,741	-	-	-
Total as at June 30, 2025		366,894	325,558	41,336	0.19%	0.18%

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

6.1.2.3 On March 7, 2024, sukuk certificates of Agha Steel Industries Limited were 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, the sukuk certificates have been fully provided for during the year against the outstanding principal as at June 30, 2026. Accordingly, an amount of Rs. 41.336 million (2025: Rs. 54.395 million) has been charged as an expense in the financial statements.

6.1.2.4 During the year, the Fund received an amount of Rs. 12.153 million (2025: Rs. Nil) from Arzoo Textile Mills Limited on account of principal. After receipt of this amount, the remaining principal outstanding stood at Rs. 57.847 million (2025: Rs. 70 million) as at June 30, 2026.

6.1.3 Movement of provision	Note	2026	2025
		(Rupees in '000)	
Balance as at July 1		325,558	287,709
Charge for the year	6.1.2.3	41,336	54,395
Reversal for the year	6.1.2.4	(12,153)	(16,546)
		29,183	37,849
Balance as at June 30		<u>354,741</u>	<u>325,558</u>
6.2 Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1.1 & 6.1.2	3,346,987	12,183,883
Less: carrying value of investments	6.1.1 & 6.1.2	(3,346,820)	(12,163,388)
		<u>167</u>	<u>20,495</u>

6.3 Bai Muajjal receivable

Name of the counterparty	Maturity date	Profit rate	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2026	Percentage in relation to	
			(Rupees in '000)				Net assets of the Fund	Total market value of investment
Soneri Bank Limited	January 20, 2026	10.85%	1,041,462	27,863	27,863	-	-	-
Zarai Taraqati Bank Limited	February 4, 2026	10.82%	1,045,258	27,886	27,886	-	-	-
Soneri Bank Limited	May 7, 2026	10.85%	1,045,560	56,255	56,255	-	-	-
Soneri Bank Limited	May 12, 2026	10.85%	418,586	22,771	22,771	-	-	-
Askari Bank Limited	April 8, 2026	10.20%	2,087,521	52,503	52,503	-	-	-
United Bank Limited	April 20, 2026	10.10%	293,568	7,392	7,392	-	-	-
United Bank Limited	April 22, 2026	10.10%	524,939	13,073	13,073	-	-	-
Total as at June 30, 2026			6,456,914	207,743	207,743	-	-	-
Total as at June 30, 2025			1,535,800	35,480	35,480	-	-	-

6.4 Certificates of Musharakah

Name of financial Institution	Maturity date	Profit rate	As at July 1, 2025	Placed during the year	Matured during the year	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation / (diminution) as at June 30, 2026	Percentage in relation to	
			(Rupees in '000)						Net assets of the Fund	Total market value of investment
First Habib Modaraba	July 22, 2025	12.10%	750,000	-	750,000	-	-	-	-	-
Askari Bank Limited	July 28, 2025	10.60%	2,000,000	-	2,000,000	-	-	-	-	-
Soneri Bank Limited	October 6, 2025	10.70%	-	1,600,000	1,600,000	-	-	-	-	-
Askari Bank Limited	September 4, 2025	10.70%	-	2,000,000	2,000,000	-	-	-	-	-
Askari Bank Limited	May 11, 2026	11.40%	-	2,500,000	2,500,000	-	-	-	-	-
Askari Bank Limited	April 28, 2026	10.50%	-	2,000,000	2,000,000	-	-	-	-	-
The Bank of Khyber	June 12, 2026	11.46%	-	1,900,000	1,900,000	-	-	-	-	-
OLP Modarba	December 10, 2027	12.52%	-	500,000	-	500,000	500,000	-	3.68%	8.55%
MCB Bank Limited	December 18, 2025	10.85%	-	2,200,000	2,200,000	-	-	-	-	-
Meezan Bank Limited	April 30, 2026	10.20%	-	1,000,000	1,000,000	-	-	-	-	-
Meezan Bank Limited	March 31, 2026	10.20%	-	500,000	500,000	-	-	-	-	-
Meezan Bank Limited	June 8, 2026	11.35%	-	2,500,000	2,500,000	-	-	-	-	-
Faysal Bank Limited	June 22, 2026	10.75%	-	1,200,000	1,200,000	-	-	-	-	-
OLP Modarba	February 28, 2028	12.69%	-	500,000	-	500,000	500,000	-	3.68%	8.55%
MCB Bank Limited	February 27, 2026	10.35%	-	800,000	800,000	-	-	-	-	-
Allied Bank Limited	July 3, 2026	10.00%	-	1,500,000	-	1,500,000	1,500,000	-	11.04%	25.65%
Total as at June 30, 2026						2,500,000	2,500,000	-	18.40%	42.75%
Total as at June 30, 2025						2,750,000	2,750,000	-	18.41%	12.76%

6.4.1 The profit payments and principal redemptions of these certificates of musharakah are receivable at maturity except OLP Modaraba which pays profit quarterly.

7 ADVANCES, DEPOSITS, PREPAYMENTS AND PROFIT RECEIVABLE	Note	2026	2025
		(Rupees in '000)	
Advance tax	7.1	6,575	6,575
Advance against Inter Bank Funds Transfer (IBFT) redemptions		30,000	30,000
ATM deposit with Meezan Bank Limited		2,704	2,704
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security Margin Deposit - National Clearing Company of Pakistan Limited		29,004	58,004
Prepayments		350	330
Profit receivable on balances with banks		64,491	90,267
Profit receivable on sukuk certificates		91,121	246,255
Profit receivable on certificates of Musharakah		9,749	19,727
		234,094	453,962

- 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 profit on debt securities and profit on bank deposits amounts to Rs. 6.575 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, 2026 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration payable	8.1	4,095	4,400
Sindh sales tax payable on remuneration of the Management Company	8.2	614	660
Inter Bank Funds Transfer (IBFT) charges payable		513	-
Sales load payable		8,610	6,960
Sindh sales tax payable on sales load		1,291	1,044
		<u>15,123</u>	<u>13,064</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 and subject to the capping of 1.5% for a collective investment scheme categorised as an 'Income Scheme'. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (2025: 0.7% - 1.5%) per annum of the average daily net assets of the Fund during the year ended June 30, 2026.

The remuneration is payable to the Management Company monthly in arrears.

- 8.2 Sindh sales tax is levied at the rate of 15% under the Sindh Sales Tax on Services Act, 2011 (2025: 15%) on the Management Company's remuneration and any reimbursable expenditure to the Management Company.
- 8.3 The SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, issued amendments in respect of expenses chargeable to CISs as prescribed in Schedule XX of the NBFC Regulations, from which the chargeability of expenses related to selling and marketing and registrar services, accounting, operation and valuation services was excluded.

The Management Company in compliance of the above requirement did not charge the above-mentioned expenses for the year ended June 30, 2026.

During the year ended June 30, 2025, the Management Company charged expenses related to selling and marketing at the rates ranging from 0.18% - 0.40% of the average annual net assets of the Fund and in relation to registrar services, accounting, operation and valuation services at the rates ranging from 0.0245% - 0.0403% of the average annual net assets of the Fund.

	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	916	1,599
Sindh sales tax payable on remuneration of the Trustee	9.2	137	240
		<u>1,053</u>	<u>1,839</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2025: 0.075%) per annum of the average annual net assets of the Fund.

- 9.2 Sindh sales tax is levied at the rate of 15% under the Sindh Sales Tax on Services Act, 2011 (2025: 15%) on the Trustee fee.

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
	Fee payable	10.1	<u>904</u>	<u>1,588</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). Accordingly, the Fund has charged SECP fee at the rate of 0.075% (2025: 0.075%) per annum of the daily net assets during the year.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
	Auditor's remuneration payable		849	903
	Shariah audit fee payable		175	-
	Brokerage payable		307	403
	Shariah advisory fee payable		537	1,042
	Withholding tax payable		110,008	189,393
	Capital gain tax payable		324	204,189
	Zakat payable		247	304
	Other payable		3,044	3,196
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.1	50,417	50,417
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	<u>2,642</u>	<u>2,642</u>
			<u>168,550</u>	<u>452,489</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 made was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013, a constitutional petition was filed with the Honourable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED and the related Sindh sales tax made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 53.059 million (2025: Rs. 53.059 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 Asset Value of the Fund as at June 30, 2026 would have been higher by Re. 0.20 (2025: Re. 0.13) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and June 30, 2025.

	2026	2025
	----- (Rupees in '000) -----	
13 AUDITOR'S REMUNERATION		
Annual audit fee	735	700
Fee for half yearly review of condensed interim financial statements	315	300
Fee for other certifications	100	80
Out of pocket expenses and sindh sales tax	171	173
	<u>1,321</u>	<u>1,253</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2026 is 1.93% (2025: 1.64%) which includes government levies which is 0.33% (2025: 0.28%) such as sales taxes, annual fee to the SECP etc.

The SECP, vide S.R.O. 600(I)/2025 dated April 10, 2025, has removed the Total Expense Ratio (TER) limit with effect from July 1, 2025. The TER limit for a collective investment scheme categorised as an 'Income Scheme', applicable previously, has been replaced with the management fee cap as disclosed in note 8.1 to financial statements for a collective investment scheme categorised as an 'Income 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, 2026 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 (i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

- 16.1** Connected persons and related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee / custodian of the Fund, Meezan Bank Limited being the holding company of the Management Company, Pakistan Kuwait Investment Company (Private) Limited, being an associated company of the Management Company, other collective investment schemes / notified entities managed by the Management Company, any person or trust beneficially owning, directly or indirectly, ten percent or more of the capital of the Management Company or ten percent or more of the net assets of the Fund, any person or trust controlled by the same persons as defined herein, any member of the group of which that person or trust forms part and directors or officers of the Management Company or any of their connected persons as specified herein.
- 16.2** Transactions with connected persons essentially comprise issuance and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 16.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.
- 16.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 16.5** The details of balances of the Fund with connected persons / related parties as at the year end and transactions occurred during the year with them are as follows:

Balances as at year end	2026	2025
	----- (Rupees in '000) -----	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	4,095	4,400
Sindh sales tax payable on remuneration of the Management Company	614	660
Sales load payable	8,610	6,960
Inter Bank Funds Transfer (IBFT) charges payable	513	-
Sindh sales tax payable on sales load	1,291	1,044

	2026	2025
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	100	100
Remuneration payable	916	1,599
Sindh sales tax payable on remuneration of the Trustee	137	240
Meezan Bank Limited		
Balances with bank	115,935	148,047
Profit receivable on savings accounts	603	625
Sales load payable	558	3,128
Sindh sales tax payable on sales load	84	469
ATM deposit	2,704	2,704
Shariah advisory fee payable	537	1,042
Advance against IBFT redemptions	30,000	30,000
Investment of 96,807 units (2025: 96,807 units)	5,029	5,013
National Clearing Company of Pakistan Limited		
Security Margin Deposit	29,004	58,004
Generations School (Private) Limited		
Investment of 6,252 units (2025: 5,890 units)	325	305
Habbah Educational Trust		
Investment of 31,306 units (2025: 28,808 units)	1,626	1,492
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of 20 units (2025: 18 units)	1	1
Meezan Strategic Allocation Fund - MSAP - V		
Investment of 16 units (2025: 14 units)	1	1
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of Nil units (2025: 12,186 units)	-	631
Directors and executives of the Management Company		
Investment of 7,942 units (2025: 33,620 units)	413	1,741
Unit holders holding 10% or more units of the Fund		
Investment of 29,566,170 units (2025: 95,759,568 units)	1,535,892	4,958,287
Transactions during the year	2026	2025
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	271,951	356,610
Sindh sales tax on remuneration of the Management Company	40,793	53,491
Allocated expenses	-	10,822
Sindh sales tax on allocated expense	-	1,623
Selling and marketing expenses	-	91,134
Sindh sales tax on selling and marketing expenses	-	13,670
Units issued: Nil units (2025: 182 units)	-	10
Units redeemed: Nil units (2025: 182 units)	-	10
Units issued to unitholder on behalf of the Management Company	-	12,396
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	13,598	27,014
Sindh sales tax on remuneration of the Trustee	2,040	4,052
CDS charges	120	49

	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
Meezan Bank Limited		
Profit on savings accounts	9,397	11,916
Certificate of Musharakah placed	4,000,000	12,100,000
Certificate of Musharakah matured	4,000,000	12,100,000
Profit on certificate of Musharakah	47,606	36,858
Shariah advisory fee	1,154	1,072
Units issued: Nil units (2025: Nil units)	-	-
Dividend paid	435	646
Refund of capital	-	-
National Clearing Company of Pakistan Limited		
NCCPL charges	464	367
Meezan Daily Income Fund - MDIP-I		
Purchase of GOP Ijara Sukuk VRR XLI: Nil certificates (2025: 10,000 certificates)	-	997,300
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Units issued: Nil units (2025: 879 units)	-	46
Units redeemed: Nil units (2025: 879 units)	-	47
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Units issued: Nil units (2025: 709 units)	-	37
Units redeemed: Nil units (2025: 709 units)	-	38
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Units issued: Nil units (2025: 1,456 units)	-	77
Units redeemed: Nil units (2025: 1,456 units)	-	77
Meezan Financial Planning Fund of Funds		
- Meezan Asset Allocation Plan - I		
Units issued: Nil units (2025: 56 units)	-	3
Units redeemed: Nil units (2025: 56 units)	-	3
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Units issued: Nil units (2025: 1,466 units)	-	76
Units Redeemed: 12,186 units (2025: Nil units)	661	-
Dividend paid	-	72
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: Nil units (2025: 62 units)	-	3
Units redeemed: Nil units (2025: 62 units)	-	4
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: Nil units (2025: 53 units)	-	3
Units redeemed: Nil units (2025: 53 units)	-	3
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: Nil units (2025: 35 units)	-	2
Units redeemed: Nil units (2025: 35 units)	-	2
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 2 units (2025: 18 units)*	-	1
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 2 units (2025: 7 units)*	-	-
Generations School (Private) Limited		
Units issued: 362 units (2025: 521 units)	26	36
Dividend paid	26	36

	2026 (Rupees in '000)	2025 (Rupees in '000)
Habbah Educational Trust		
Units issued: 2,498 units (2025: 3,297 units)	129	171
Dividend paid	129	170
Directors and executives of the Management Company		
Units issued: 573,591 units (2025: 1,208,102 units)	30,406	66,776
Units redeemed: 600,178 units (2025: 1,218,510 units)	32,503	68,113
Dividend paid	14	49
Refund of capital	20	216
Unit holders holding 10% or more units of the Fund		
Units issued: 50,187,054 units (2025: 329,621,550 units)	2,687,720	17,924,767
Units redeemed: 36,842,628 units (2025: 233,861,982 units)	2,033,738	13,269,599

* Nil figures due to rounding off

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2026 (Rupees in '000)		
	At amortised cost	At fair value through profit or loss	Total
Financial assets			
Balances with banks	7,634,984	-	7,634,984
Investments	-	5,846,987	5,846,987
Receivable against conversion of units	87,882	-	87,882
Advances, deposits and profit receivable	227,169	-	227,169
	<u>7,950,035</u>	<u>5,846,987</u>	<u>13,797,022</u>
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	15,123	-	15,123
Payable to Central Depository Company of Pakistan Limited - Trustee	1,053	-	1,053
Payable to Meezan Bank Limited	642	-	642
Payable against redemption and conversion of units	26,118	-	26,118
Accrued expenses and other liabilities	4,912	-	4,912
	<u>47,848</u>	<u>-</u>	<u>47,848</u>
	2025 (Rupees in '000)		
	At amortised cost	At fair value through profit or loss	Total
Financial assets			
Balances with banks	6,711,662	-	6,711,662
Investments	-	14,933,882	14,933,882
Receivable against conversion of units	566,439	-	566,439
Advances, deposits and profit receivable	447,057	-	447,057
	<u>7,725,158</u>	<u>14,933,882</u>	<u>22,659,040</u>
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	13,064	-	13,064
Payable to Central Depository Company of Pakistan Limited - Trustee	1,839	-	1,839
Payable to Meezan Bank Limited	3,597	-	3,597
Payable against redemption and conversion of units	640,839	-	640,839
Accrued expenses and other liabilities	5,544	-	5,544
	<u>664,883</u>	<u>-</u>	<u>664,883</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

18.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2026, the Fund is exposed to such risk on its balances held with banks and investments in certificates of musharakah, corporate sukuks and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 134.819 million (2025: Rs. 188.518 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, 2026 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, 2026 can be determined as follows:

2026					
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	6.00% - 12.55%	7,634,957	-	27	7,634,984
Investments	10.00% - 13.81%	3,915,395	931,592	-	5,846,987
Receivable against conversion of units		-	-	87,882	87,882
Receivable against sale of investments		-	-	-	-
Advances, deposits and profit receivable		-	-	227,169	227,169
		11,550,352	931,592	315,078	13,797,022
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	15,123	15,123
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,053	1,053
Payable to Meezan Bank Limited		-	-	642	642
Payable against redemption and conversion of units		-	-	26,118	26,118
Accrued expenses and other liabilities		-	-	4,912	4,912
		-	-	47,848	47,848
On-balance sheet gap (a)		11,550,352	931,592	267,230	13,749,174
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		11,550,352	931,592	1,000,000	
Cumulative interest rate sensitivity gap		11,550,352	12,481,944	13,481,944	

2025					
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	3.00% - 11.00%	6,711,623	-	39	6,711,662
Investments	9.45% - 14.63%	13,222,535	836,347	-	14,933,882
Receivable against conversion of units		-	-	566,439	566,439
Receivable against sale of investments		-	-	-	-
Advances, deposits and profit receivable		-	-	447,057	447,057
		19,934,158	836,347	1,013,535	22,659,040
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	13,064	13,064
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,839	1,839
Payable to Meezan Bank Limited		-	-	3,597	3,597
Payable against redemption and conversion of units		-	-	640,839	640,839
Accrued expenses and other liabilities		-	-	5,544	5,544
		-	-	664,883	664,883
On-balance sheet gap (a)		19,934,158	836,347	348,652	21,994,157
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		19,934,158	836,347	875,000	
Cumulative interest rate sensitivity gap		19,934,158	20,770,505	21,645,505	

(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 does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2026.

18.2 Liquidity risk

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

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2026.

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

2026						
Within 1 month	More than one month and up to three months	More than three months and up to one year	More than one year and up to five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Deposits and Profit Receivable

7,634,984	-	-	-	-	-	7,634,984
1,931,560	1,087,290	236,920	1,590,543	1,000,674	-	5,846,987
87,882	-	-	-	-	-	87,882
165,361	-	-	-	-	61,808	227,169
9,819,787	1,087,290	236,920	1,590,543	1,000,674	61,808	13,797,022

Financial liabilities

Payable to Al Meezan Investment

Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable to Meezan Bank Limited

Payable against redemption and conversion of units

Accrued expenses and other liabilities

15,123	-	-	-	-	-	15,123
1,053	-	-	-	-	-	1,053
642	-	-	-	-	-	642
26,118	-	-	-	-	-	26,118
3,526	849	537	-	-	-	4,912
46,462	849	537	-	-	-	47,848

Net financial assets

9,773,325	1,086,441	236,383	1,590,543	1,000,674	61,808	13,749,174
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2025						
Within 1 month	More than one month and up to three months	More than three months and up to one year	More than one year and up to five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Advances, deposits and profit receivable

6,711,662	-	-	-	-	-	6,711,662
3,125,000	40	975,303	10,493,155	340,384	-	14,933,882
566,439	-	-	-	-	-	566,439
356,249	-	-	-	-	90,808	447,057
10,759,350	40	975,303	10,493,155	340,384	90,808	22,659,040

Financial liabilities

Payable to Al Meezan Investment

Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable to Meezan Bank Limited

Payable against redemption and conversion of units

Accrued expenses and other liabilities

13,064	-	-	-	-	-	13,064
1,839	-	-	-	-	-	1,839
3,597	-	-	-	-	-	3,597
640,839	-	-	-	-	-	640,839
3,599	903	1,042	-	-	-	5,544
662,938	903	1,042	-	-	-	664,883

Net financial assets

10,096,412	(863)	974,261	10,493,155	340,384	90,808	21,994,157
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18.3 Credit risk

- 18.3.1** Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other 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:

	2026		2025	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
(Rupees in '000)				
Balances with banks	7,634,984	7,634,984	6,711,662	6,711,662
Investments	5,846,987	5,841,654	14,933,882	5,256,163
Receivable against conversion of units	87,882	87,882	566,439	566,439
Advances, deposits and profit receivable	227,169	136,048	447,057	200,802
	<u>13,797,022</u>	<u>13,700,568</u>	<u>22,659,040</u>	<u>12,735,066</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2026 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

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, certificates of Musharakah and related profit receivable thereon. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2026	2025
AAA	62.41%	90.28%
AA+	0.10%	0.49%
AA	0.01%	5.26%
AA-	37.48%	3.86%
A+	-	0.11%
	<u>100.00%</u>	<u>100.00%</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets 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 financial assets of the Fund as at June 30, 2026 are unsecured and are not impaired.

19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradeable 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.

19.1 Fair value hierarchy

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

- 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, 2026 and June 30, 2025, the Fund held the following financial instruments measured at fair value:

	2026			
	Level 1	Level 2	Level 3	Total
ASSETS	(Rupees in '000)			
Financial assets 'at fair value through profit or loss'				
Sukuk certificates	5,333	3,341,654	-	3,346,987
Certificates of musharakah*	-	2,500,000	-	2,500,000
	<u>5,333</u>	<u>5,841,654</u>	<u>-</u>	<u>5,846,987</u>
	2025			
	Level 1	Level 2	Level 3	Total
Financial assets 'at fair value through profit or loss'				
Sukuk certificates	7,292,856	4,891,026	-	12,183,882
Certificates of musharakah*	-	2,750,000	-	2,750,000
	<u>7,292,856</u>	<u>7,641,026</u>	<u>-</u>	<u>14,933,882</u>

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counterparties which have high credit rating.

Valuation technique used in determination of fair values is as follows:

Item	Valuation technique
Government of Pakistan - Ijarah sukuks - PSX Listed	The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange.
Government of Pakistan - Ijarah sukuks - Other than PSX Listed	The fair value of other GoP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Corporate sukuk certificates	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

There were no transfers between levels during the year.

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 Movements in Unit Holders' Fund'.

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

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

In accordance with the risk management policies as stated in note 18, the Fund endeavors 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	2026			2025		
	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	38,508	9,715,447	71.48%	32,416	13,158,444	61.05%
Associated companies /						
Directors	4	5,042	0.04%	6	5,655	0.03%
Insurance companies*	7	192	-	6	13	-
Retirement funds	97	837,484	6.16%	116	1,687,893	7.83%
Public limited companies	6	1,175,967	8.65%	4	31,412	0.15%
Private limited companies	65	1,618,525	11.91%	50	1,478,208	6.86%
Others	68	238,900	1.76%	99	5,190,904	24.08%
	<u>38,755</u>	<u>13,591,557</u>	<u>100.00%</u>	<u>32,697</u>	<u>21,552,529</u>	<u>100.00%</u>

* Nil figures due to rounding off difference.

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2026		2025	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	35.37%	AKD Securities Limited	23.19%
AKD Securities Limited	26.65%	Summit Capital (Private) Limited	20.09%
Vector Capital (Private) Limited	14.24%	C&M Management (Private) Limited	15.55%
Summit Capital (Private) Limited	11.35%	JS Global Capital Limited	13.10%
Currency Market Associates (Private) Limited	4.91%	Continental Exchange (Private) Limited	13.04%
Icon Management (Private) Limited	3.63%	Vector Capital (Private) Limited	6.07%
Sherman Securities Private Limited	2.00%	Arif Habib Limited	3.20%
Invest One Markets (Private) Limited	0.98%	Alfalalah CLSA Securities (Private) Limited	2.87%
Paramount Capital (Private) Limited	0.71%	BMA Securities (Private) Limited	1.38%
C&M Management (Private) Limited	0.15%	Next Capital Limited	1.30%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualifications	Overall experience
Mr. Imtiaz Gadar	Chief Executive Officer	CFA / MBA	Twenty Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Thirty years
Mr. Ahmed Hassan	Head of Equity	CFA / MBA	Nineteen years
Ms. Amreen Soorani	Head of Research	FCCA	Sixteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Nineteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA	Eighteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / FRM, ACCA, FCMA & MBA	Thirteen years
Mr. Ali Hassan Khan	Head of Product Development	CFA / FRM / MBA	Seventeen years
Mr. Wahaj Ahmed	VP Investments	MBA	Fourteen years
Mr. Saad Idrees	Senior Manager	MS Economics	Six years
Mr. Zohaib Jawaid	Senior Manager	CFA / BBA	Five years

- 23.2 The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Fixed Term Fund; and
- Meezan Rozana Amdani Fund
- Meezan Tahaffuz Pension Fund
- Meezan Sovereign Fund
- Meezan Daily Income Fund
- Meezan GOKP Pension Fund (Joint)

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					Total Meetings Attendance
		August 18, 2025	October 28, 2025	January 30, 2026	April 13, 2026		
Mr. Irfan Siddiqui	Chairman	Yes	Yes	Yes	Yes		4
Ms. Ayesha Umer	Non-Executive	Yes	Yes	Yes	Yes		4
Ms. Danish Zuberi	Independent Director	Yes	Yes	Yes	Yes		4
Mr. Feroz Rizvi	Independent Director	Yes	Yes	Yes	Yes		4
Mr. Furquan Kidwai	Independent Director	Yes	Yes	Yes	Yes		4
Mr. Imtiaz Gadar	Chief Executive Officer	Yes	Yes	Yes	Yes		4
Mr. Saad Ur Rahman Khan	Non-Executive	Yes	Yes	Yes	Yes		4
Ms. Shazia Khurram	Non-Executive	Yes	Yes	Yes	Yes		4
Dr. Syed Amir Ali	Non-Executive	Yes	Yes	No	Yes		3
Syed Imran Ali Shah*	Non-Executive	Yes	Yes	Yes	Yes		4

* Syed Imran Ali Shah resigned from the Board on May 21, 2026.

25 GENERAL

- 25.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 18, 2026 by the Board of Directors of the Management Company.

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

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND

Net assets (Rs. '000) (ex-distribution)
 Net assets value / redemption price per unit
 as at June 30 (Rs.) (ex-distribution)
 Offer price per unit as at June 30, (Rs.)
 (ex-distribution)
 Highest offer price per unit (Rs.)
 Lowest offer price per unit (Rs.)
 Highest redemption price per unit (Rs.)
 Lowest redemption price per unit (Rs.)
 Distribution (%)
 Interim
 Final
 Date of distribution
 Interim
 Final
 Income distribution (Rupees in '000)
 Growth distribution (Rupees in '000)
 Total return (%)

Average annual return as at June 30, 2026

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



Al Meezan
Investment Management Ltd.

AM1
Rating by VRS & PACER

MEEZAN SOVEREIGN FUND

A CONSIDERED FOUNDATION | A FOCUS ON PRESERVATION

INVESTMENT OBJECTIVE

To seek maximum possible preservation of capital
and a reasonable rate of return.

FUND INFORMATION



Meezan
Sovereign Fund

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
Ms. Ayesha Umer	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
Dr. Syed Amir Ali	Non-Executive Nominee Director- MBL
Mr. Rizwan Qamar Lari*	Non-Executive Nominee Director- MBL

* Mr. Rizwan Qamar Lari was appointed as a Director on June 5, 2026 in place of Syed Imran Ali Shah who resigned on May 21, 2026.

CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

COMPANY SECRETARY

Syed Haseeb Ahmed Shah

BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Ms. Ayesha Umer	Member
Mr. Rizwan Qamar Lari*	Member

* Mr. Rizwan Qamar Lari was appointed as a member on June 5, 2026 in place of Syed Imran Ali Shah who resigned on May 21, 2026.

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 AUDITORS

M/s. BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C, Lakson Square
Building No. 1, Sarwar Shaheed
Road Karachi -742000

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13,
Bokhari Commercial Area, Phase
VI, DHA, Karachi.

SHARIAH ADVISER

Dr. Muhammad Imran Usmani
Jamia Darul Uloom Karachi
Korangi Industrial Area
Karachi - 7518

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

TRANSFER AGENT

Al Meezan Investment Management Limited

BANKERS TO THE FUND

- | | | |
|--|---|---------------------------------|
| 1. Allied Bank Limited | 8. Faysal Bank Limited - Islamic Banking | 15. Soneri Bank Limited |
| 2. Al Baraka Bank Pakistan Limited | 9. Habib Bank Limited -Islamic Banking | 16. The Bank Of Punjab Limited |
| 3. Askari Bank Limited - Islamic Banking | 10. Habib Metropolitan Bank Ltd - Islamic Banking | 17. UBL Ameen - Islamic Banking |
| 4. Bank Al Habib Limited - Islamic Banking | 11. MCB Islamic Bank Limited | |
| 5. Bank Alfalah Limited | 12. Meezan Bank Limited | |
| 6. Bank Islami Pakistan Limited | 13. National Bank of Pakistan - Islamic Banking | |
| 7. Dubai Islamic Bank Pakistan Limited | 14. Sindh Bank Limited | |

REPORT OF THE FUND MANAGER MEEZAN SOVEREIGN FUND (MSF)

Type of Fund

Open end Sovereign mutual fund which falls under the category of Income Funds.

Objective

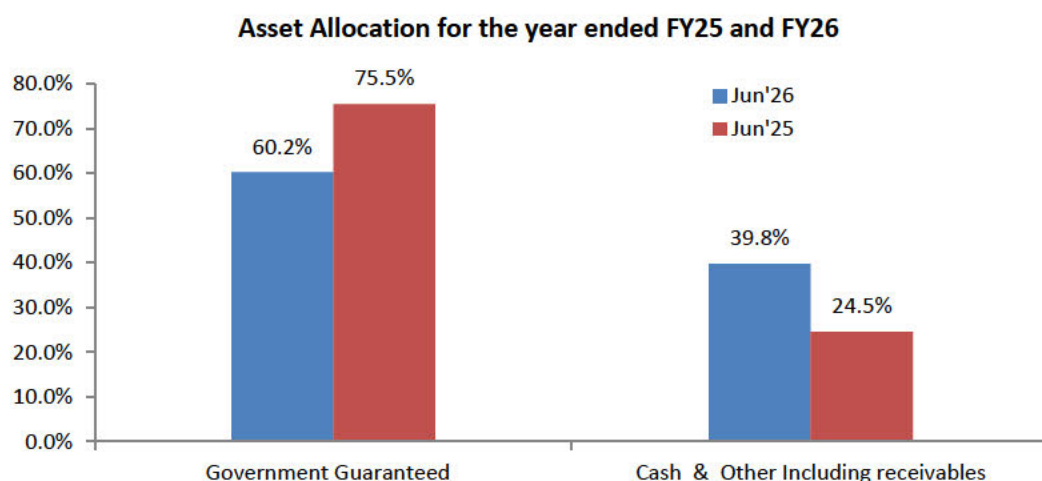
The Objective of the Fund is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Government Securities.

Investment Policy and Strategy

The investment policy of the fund demarcates that at least 70% of the net assets of the fund shall be invested in Shariah compliant fixed income government securities on a monthly average basis while at least 10% of the fund size has to be maintained in cash on a monthly average basis. The remaining allocation can be in other permissible Islamic investment avenues. The instruments in which MSF invests are Sovereign Sukuk (Islamic Bonds) and Islamic bank deposits.

Asset Allocation for the year ended FY25 and FY26

The asset allocation of the fund on June 30, 2025 and June 30, 2026 is as follows:



Performance Review

Meezan Sovereign Fund (MSF) provided a return of 8.40% to its investors for the year ended June 30, 2026 against a benchmark return of 9.93%.

	MSF	Deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 30, 2025	52.2741	
Net Asset Value as on June 30, 2026	52.5692	
Return for the year	8.40%	9.93%
Under performance	1.53%	



Pure. Profit.



During the year, the Fund earned a gross income of Rs. 2,024 million, which was primarily due to profit on Sukuks certificates worth Rs. 1,819 million. Profit on saving accounts at Islamic banks contributed Rs. 354 million. On the other side, the fund recorded realized loss of 113 million and accrued unrealized loss of Rs. 63 million. The fund also incurred expenses totalling to Rs. 393 million, which brought the net income figure to Rs. 1,631 million. The net assets of the Fund as at June 30, 2026 were Rs. 9,704 million as compared to Rs. 28,663 million at the end of last year depicting decrease of 66%. The net asset value per unit as at June 30, 2026 was Rs. 52.5692 as compared to Rs. 52.2741 per unit as on June 30, 2025.

Distributions

An interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2026 was Rs. 4.0724 per unit (8.14%). Total distribution made by the fund was Rs. 480 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA(f) to Meezan Sovereign Fund.

SWWF Disclosure

Not Applicable

Unit holder Break down:

(As on June 30, 2026)

Range (Units)	No. of investors
1 - 9,999	33,610
10,000 - 49,999	1,729
50,000 - 99,999	304
100,000 - 499,999	203
500,000 and above	36
Total	35,882

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN SOVEREIGN FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2026 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 17, 2026

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

Ref no: IBSA/ESA/26/79

Report of the Shariah Advisor –Meezan Sovereign Fund (MSF)

August 10, 2026/Safar 26, 1448AH

Alhamdulillah, the period from July 1, 2025 to June 30, 2026 was the **Sixteenth** year of operations of **Meezan Sovereign Fund** (the “**MSF**” 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.

It is the responsibility of the Management Company of the Fund to establish and maintain a system of internal controls to ensure Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the Management Company’s personnel and review of various documents prepared by the Management Company to comply with the prescribed criteria.

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2026 have been in compliance with the Shariah principles.

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

We further confirm that earnings realized through prohibited sources were transferred to the charity account (where applicable).

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 ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023

TO THE BOARD OF DIRECTORS OF AL MEEZAN INVESTMENT MANAGEMENT LIMITED

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) - External Shariah Audit of **Meezan Sovereign Fund** (the Fund) managed by Al Meezan Investment Management Limited (the Management Company) for assessing compliance of the Fund financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2026. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2026) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under;

- 1) Essentials, Regulations, Instructions and Guidelines issued by SECP;
- 2) The rulings of the Central Shariah Board as notified by SECP;
- 3) Requirements of the applicable Islamic Financial Accounting Standards as notified by SECP;
- 4) Approvals and rulings given by the Shariah Board (SB) directives, regulations, instructions and guidelines issued in accordance with the rulings of SECP's Shariah Board.

The above criteria were evaluated for their implications on the financial statements of the Fund for the year ended June 30, 2026.

3. Management's Responsibility for Shariah Compliance

Management is responsible for ensuring that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Fund with its unitholders, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

4. Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management (ISQM) 1 "Quality Management for firms that perform Audit or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Fund financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2026 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Fund's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

The procedures selected by us for the engagement depend on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Fund's compliance with the Shariah principles in order to design 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. We have designed and performed necessary verification procedures on various financial arrangements, transactions having Shariah implications, and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in para 2 above).

We believe that the evidence we have obtained through performing our procedures was sufficient and appropriate to provide a basis for our opinion.



6. Conclusion

Based on our reasonable assurance engagement we report that in our opinion, the Fund's overall financial arrangements, contracts, and transactions for the year ended June 30, 2026, comply with the Shariah rules and principles, in all material respects.

Engagement Partner
Tariq Feroz Khan

Date: **10 SEP 2026**
Place: Karachi


BDO EBRAHIM & CO.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Sovereign Fund, which comprise the statement of assets and liabilities as at June 30, 2026, and the income statement, the statement of comprehensive income, statement of movements 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, 2026, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (NAV) (Refer notes 5 & 6 to the financial statements) Balances with banks and investments constitute the most significant components of the net asset value. Balances with banks aggregated to Rs. 3,569.24 million and investments of the Fund amounted to Rs. 6,028.09 million as at June 30, 2026. The existence of balances with banks and the existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2026 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: ▪ Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2026 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



Information Other than the Financial Statements and Auditor's Report Thereon

The Management Company (Al Meezan Investment Management Limited) 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 the Management Company and Board of Directors of Management Company for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



A.F. FERGUSON & CO.

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

We communicate with the Board of Directors 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:

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

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

A.F. Ferguson & Co.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: September 18, 2026

UDIN: AR202610081aQTUzLtje

MEEZAN SOVEREIGN FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2026

	Note	2026 ———— (Rupees in '000) ————	2025 ———— (Rupees in '000) ————
Assets			
Balances with banks	5	3,569,235	5,518,911
Investments	6	6,028,086	22,324,270
Receivable against conversion of units		153,121	988,316
Receivable against sale of investments		-	61,627
Advance, deposits, prepayment and profit receivables	7	259,975	696,092
Total assets		10,010,417	29,589,216
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	5,261	10,995
Payable to Central Depository Company of Pakistan Limited - Trustee	9	643	1,844
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	752	2,175
Payable against purchase of investments		10,071	-
Payable to Meezan Bank Limited		401	3,754
Payable against redemption and conversion of units		103,069	358,250
Accrued expenses and other liabilities	11	185,964	549,310
Total liabilities		306,161	926,328
Net assets		9,704,256	28,662,888
Unit holders' fund (as per statement attached)		9,704,256	28,662,888
Contingencies and commitments	12		
		———— (Number of units) ————	
Number of units in issue		184,599,493	548,318,856
		———— (Rupees) ————	
Net asset value per unit		52.5692	52.2741

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN SOVEREIGN FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
Income			
Profit on sukuk certificates		1,818,778	17,268,163
Profit on Bai Muajjal		23,180	1,360,084
Profit on term deposit receipts and certificates of Musharakah		3,932	1,037,774
Profit on savings accounts with banks		354,220	3,461,770
Other Income		-	123
Net realised loss on sale of sukuk certificates		(112,502)	(827,862)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(63,472)	(21,413)
Total income		<u>2,024,136</u>	<u>22,278,639</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	310,321	1,483,941
Sindh sales tax on remuneration of the Management Company	8.2	46,548	222,591
Allocated expenses	8.3	-	49,677
Sindh sales tax on allocated expenses	8.2	-	7,451
Selling and marketing expense	8.3	-	438,726
Sindh sales tax on selling and marketing expense	8.2	-	65,804
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	11,379	86,324
Sindh sales tax on remuneration of the Trustee	9.2	1,707	12,949
Fee to the Securities and Exchange Commission of Pakistan (SECP)	10.1	15,516	117,710
Auditor's remuneration	13	1,309	1,133
Fees and subscription		1,849	1,664
Brokerage expense		323	5,640
Printing expense		-	73
Legal and professional charges		160	201
Bank and settlement charges		4,258	1,237
Other expenses		63	-
Total expenses		<u>393,433</u>	<u>2,495,121</u>
Net income for the year before taxation		<u>1,630,703</u>	<u>19,783,518</u>
Taxation	15	-	-
Net income for the year after taxation		<u>1,630,703</u>	<u>19,783,518</u>
Allocation of net income for the year			
Net income for the year after taxation		1,630,703	19,783,518
Income already paid on units redeemed		(1,212,777)	(19,048,858)
		<u>417,926</u>	<u>734,660</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		417,926	734,660
		<u>417,926</u>	<u>734,660</u>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026**

	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
Net Income for the year after taxation	1,630,703	19,783,518
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,630,703</u>	<u>19,783,518</u>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2026**

	2026			2025		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	28,217,393	445,495	28,662,888	57,514,438	540,888	58,055,326
Issuance of 728,925,676 units (2025: 7,378,132,262 units)						
- Capital value (at net asset value per unit at the beginning of the year)	38,103,934	-	38,103,934	386,508,623	-	386,508,623
- Element of income	1,230,011	-	1,230,011	21,001,021	-	21,001,021
Total proceeds on Issuance of units	39,333,945	-	39,333,945	407,509,644	-	407,509,644
Redemption of 1,092,645,039 units (2025: 7,938,041,675 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(57,117,036)	-	(57,117,036)	(415,839,870)	-	(415,839,870)
- Element of loss	(1,112,994)	(1,212,777)	(2,325,771)	(18,693,199)	(19,048,858)	(37,742,057)
Total payments on redemption of units	(58,230,030)	(1,212,777)	(59,442,807)	(434,533,069)	(19,048,858)	(453,581,927)
Total comprehensive income for the year	-	1,630,703	1,630,703	-	19,783,518	19,783,518
Distribution for the year	-	(372,565)	(372,565)	-	(830,053)	(830,053)
Refund of capital	(107,908)	-	(107,908)	(2,273,621)	-	(2,273,621)
Net Income for the year less distribution	(107,908)	1,258,138	1,150,230	(2,273,621)	18,953,465	16,679,844
Net assets at the end of the year	9,213,400	490,856	9,704,256	28,217,393	445,495	28,662,888
Undistributed income brought forward						
- Realised income		466,908			485,808	
- Unrealised (loss) / income		(21,413)			55,080	
		445,495			540,888	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		417,926			734,660	
		417,926			734,660	
Distribution during the year at Rs. 4.0724 per unit declared on June 19, 2026 (2025: Rs. 6.4121 per unit declared on June 20, 2025)		(372,565)			(830,053)	
Undistributed income carried forward		490,856			445,495	
Undistributed income carried forward						
- Realised income		554,328			466,908	
- Unrealised loss		(63,472)			(21,413)	
		490,856			445,495	
			(Rupees)			(Rupees)
Net assets value per unit at beginning of the year			52.2741			52.3857
Net assets value per unit at end of the year			52.5692			52.2741

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

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

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2026**

	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,630,703	19,783,518
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	63,472	21,413
Profit on sukuk certificates		(1,818,778)	(17,268,163)
Profit on term deposit receipts and certificates of Musharakah		(3,932)	(1,037,774)
Profit on Bai Muajjal		(23,180)	(1,360,084)
Profit on savings accounts with banks		(354,220)	(3,461,770)
		(505,935)	(3,322,860)
Decrease in assets			
Investments - net		16,304,410	13,162,425
Deposit and prepayment		256,046	(338,564)
		16,560,456	12,823,861
Decrease in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(5,734)	(30,930)
Payable to Central Depository Company of Pakistan Limited - Trustee		(1,201)	(243)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(1,423)	(379)
Payable to Meezan Bank Limited		(3,353)	2,145
Accrued expenses and other liabilities		(363,346)	(128,717)
		(375,057)	(158,124)
Profit received on investments and balances with banks		2,380,181	23,695,663
Net cash generated from operating activities		18,059,645	33,038,540
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units - net of refund of capital		40,061,232	412,733,153
Payments against redemption and conversion of units		(59,697,988)	(453,291,480)
Dividend paid		(372,565)	(830,053)
Net cash used in financing activities		(20,009,321)	(41,388,380)
Net decrease in cash and cash equivalents during the year		(1,949,676)	(8,349,840)
Cash and cash equivalents at the beginning of the year		5,518,911	13,868,751
Cash and cash equivalents at the end of the year	5.2	3,569,235	5,518,911

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

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

Chief Executive Officer

Chief Financial Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Sovereign Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

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). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 3, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

- 1.2 The Fund has been formed to provide the unit holders preservation of capital along with Halal returns by investing primarily in a portfolio of Shariah compliant government securities, thus minimising the credit risk of investments. The Fund also keeps an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on high returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MEBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3 The Fund is an open end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company has been assigned an 'AM1' quality rating by VIS Credit Rating Company Limited dated January 22, 2026 (2025: 'AM1' dated December 31, 2024) and by PACRA dated May 15, 2026 (2025: 'AM1' dated May 15, 2025). The rating reflects the Management Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated December 16, 2025 (2025: AA(f) dated February 06, 2025).
- 1.5 The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are accounted for on substance rather than the form in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor. 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. Accounting and reporting standards applicable in Pakistan comprise of:

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

Where provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations 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, 2025. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and, therefore, have not been detailed in these financial statements.

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

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, 2026. However, these are not considered to be relevant or do 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) effective for annual periods beginning on or after January 1, 2027. IFRS 18 when 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 effective for annual periods beginning on or after January 1, 2026. The amendment when applied may impact the timing of recognition and derecognition of financial assets and financial liabilities.

The management is in the process of assessing the impacts of the new standards and amendments on the financial statements of the Fund.

3.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.1 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at their respective fair values. The details in respect of valuation techniques under IFRS 13 'Fair Value Measurement' used for the fair valuation of financial assets has been disclosed in note 19.

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

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

4.1 Financial assets

4.1.1 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.

4.1.2 Classification and subsequent measurement

4.1.2.1 Debt instruments (includes investments in sukuk certificates)

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

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

based on the business model of the entity.

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

4.1.2.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at amortised cost.

These comprise balances with banks in savings and current accounts.

4.1.3 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 securities) carried at amortised cost. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

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

Impairment loss on debt securities

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

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

4.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within the time frame established by regulation or market convention.

4.1.5 Derecognition

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

4.2 Financial liabilities

4.2.1 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.

4.2.2 Derecognition

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

4.3 Offsetting of financial assets and liabilities

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

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

4.4 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.

4.5 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.

4.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day when the application is received. 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 duties and charges and provision for transaction cost, 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.

4.7 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 for the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.8 Element of Income / (loss) on issuance / (redemption) of units

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

4.9 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Profit on term deposit receipts and certificates of Musharakah is recognised on time proportion basis using the effective yield method;
- Profit on Bai Muajjal is recognised on a time proportion basis using the effective yield method;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- 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 a time proportion basis using the effective yield method.

4.10 Expenses

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

4.11 Taxation

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.

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 (i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

	Note	2026 ————— (Rupees in '000)	2025 ————— (Rupees in '000)
5. BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	3,569,235	5,518,906
Current accounts		-	5
		<u>3,569,235</u>	<u>5,518,911</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has a profit rate of 6.75% (2025: 3.25%) per annum. Other savings accounts of the Fund have profit rates ranging from 6.00% to 11.80% (2025: 3.00% to 10.60%) per annum.		
	Note	2026 ————— (Rupees in '000)	2025 ————— (Rupees in '000)
5.2 CASH AND CASH EQUIVALENTS			
Balances with banks	5	<u>3,569,235</u>	<u>5,518,911</u>
6. INVESTMENTS			
Investments - 'at fair value through profit or loss'			
Sukuk certificates	6.1	6,028,086	22,324,270
Certificate of Musharakah	6.2	-	-
Receivable against Bai Muajjal	6.3	-	-
		<u>6,028,086</u>	<u>22,324,270</u>
6.1 Sukuk certificates			
Government of Pakistan - Ijarah sukuks	6.1.1	6,028,086	22,316,662
Corporate sukuks	6.1.2	-	7,608
		<u>6,028,086</u>	<u>22,324,270</u>

6.1.1 Government of Pakistan - Ijarah sukuk

Name of the security	Issue date	Maturity date	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to Net assets of the fund*	Total market value of investments
				Number of certificates				Rupees in '000			%	
GOP- Pakistan Energy Sukuk I	March 1, 2019	March 1, 2029	6 months KIBOR plus base rate of 0.80%	143,001	4,000	147,001	-	-	-	-	-	-
GOP- Pakistan Energy Sukuk II	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of	1,083,300	241,000	1,324,300	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	1,500	20,026	21,500	26	2,616	2,593	(23)	0.03%	0.04%
GoP Ijarah Sukuk Certificates - XXIII - VRR	October 06, 2021	October 06, 2026	Weighted average 6 months T-Bills	2,500	-	2,500	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	January 24, 2024	January 24, 2027	Weighted average 6 months T-Bills	252,260	500,000	740,000	12,260	61,860	61,392	(468)	0.63%	1.02%
GoP Ijarah Sukuk - PSX Listed	October 21, 2024	October 21, 2034	Weighted average 6 months T-Bills	197	-	1	196	1,000	979	(21)	0.01%	0.02%
GoP Ijarah Sukuk - PSX Listed	August 16, 2024	August 15, 2025	Zero Coupon	30	26,017	26,047	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	October 21, 2024	October 21, 2029	Weighted average 6 months T-Bills	1,602	2	400	1,204	6,131	5,954	(177)	0.06%	0.10%
GoP Ijarah Sukuk - PSX Listed	January 09, 2025	January 09, 2030	Weighted average 6 months T-Bills	398	-	-	398	1,978	1,942	(36)	0.02%	0.03%
GoP Ijarah Sukuk - PSX Listed	January 24, 2024	January 24, 2029	Weighted average 6 months T-Bills	600	215,000	-	215,600	1,099,713	1,094,601	(5,112)	11.28%	18.16%
GoP Ijarah Sukuk - PSX Listed	October 21, 2024	October 21, 2027	Weighted average 6 months T-Bills	1,603	235,994	8,045	229,552	1,147,082	1,138,578	(8,504)	11.73%	18.89%
GoP Ijarah Sukuk - PSX Listed	October 21, 2024	October 20, 2025	Zero Coupon	1,200,068	30,077	1,230,145	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	November 07, 2024	November 06, 2025	Zero Coupon	25,010	10,031	35,041	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	December 04, 2024	December 03, 2025	Zero Coupon	331,574	110,015	441,589	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	December 11, 2025	December 10, 2026	Weighted average 6 months T-Bills	-	30,023	10	30,013	143,904	142,562	(1,342)	-	2.36%
GoP Ijarah Sukuk - PSX Listed	January 09, 2025	January 08, 2026	Zero Coupon	1,014,202	2,064	1,016,266	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	May 10, 2024	May 10, 2029	Zero Coupon	200	-	1	199	1,132	1,086	(46)	0.01%	0.02%
GoP Ijarah Sukuk - PSX Listed	June 28, 2024	June 28, 2027	Weighted average 6 months T-Bills	6,600	188,001	35,870	158,731	801,430	796,195	(5,235)	8.20%	13.21%
GoP Ijarah Sukuk - PSX Listed	August 21, 2025	August 20, 2026	Weighted average 6 months T-Bills	-	131,001	3,958	127,043	627,411	625,750	(1,661)	6.45%	10.38%
GoP Ijarah Sukuk - PSX Listed	June 28, 2024	June 28, 2027	Zero Coupon	200	-	1	199	1,083	1,033	(50)	0.01%	0.02%
GoP Ijarah Sukuk - PSX Listed	May 10, 2024	May 10, 2029	Weighted average 6 months T-Bills	38	20	20	38	195	191	(4)	-	-
GoP Ijarah Sukuk - PSX Listed	September 18, 2024	September 18, 2034	Weighted average 6 months T-Bills	37	-	-	37	189	184	(5)	-	-
GoP Ijarah Sukuk - PSX Listed	September 18, 2024	September 18, 2027	Zero Coupon	7,000	-	10	6,990	37,047	35,817	(1,230)	0.37%	0.59%
GoP Ijarah Sukuk - PSX Listed	July 26, 2024	July 25, 2025	Zero Coupon	6	2	8	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	October 21, 2024	October 21, 2029	Zero Coupon	200	400	441	159	823	812	(11)	0.01%	0.01%
GoP Ijarah Sukuk - PSX Listed	January 24, 2024	January 24, 2029	Zero Coupon	198	-	21	177	997	957	(40)	0.01%	0.02%
GoP Ijarah Sukuk - PSX Listed	June 28, 2024	June 28, 2029	Zero Coupon	198	400	21	577	3,242	3,134	(108)	0.03%	0.05%
GoP Ijarah Sukuk - PSX Listed	May 02, 2025	April 30, 2026	Weighted average 6 months T-Bills	-	5,000	5,000	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	September 18, 2024	September 18, 2027	Weighted average 6 months T-Bills	394,598	559,020	940,230	13,388	67,251	67,148	(103)	0.69%	1.11%
GoP Ijarah Sukuk - PSX Listed	January 09, 2025	January 09, 2028	Weighted average 6 months T-Bills	-	400	-	400	1,993	1,982	(11)	0.02%	0.03%

Name of the security	Issue date	Maturity date	Profit rate	As at July 1, 2025	Purchased during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to Net assets of the fund*	Total market value of investments
				Number of certificates			(Rupees in '000)			(%)		
GoP Ijarah Sukuk - PSX Listed	June 28, 2024	June 28, 2029	Weighted average 6 months T-Bills	-	2,002	142	1,860	9,300	9,247	(53)	0.10%	0.15%
GoP Ijarah Sukuk Certificates - XXV - VRR	April 27, 2022	April 27, 2027	Weighted average 6 months T-Bills	-	8,000	-	8,000	805,760	799,600	(6,160)	8.24%	13.26%
GoP Ijarah Sukuk Certificates - XXVI - VRR	December 04, 2023	December 04, 2026	Weighted average 6 months T-Bills	-	2,800	-	2,800	281,176	280,504	(672)	2.89%	4.65%
GoP Ijarah Sukuk - PSX Listed	July 24, 2025	July 23, 2026	Weighted average 6 months T-Bills	-	3,225	2,220	1,005	4,998	4,992	(6)	0.05%	0.08%
GoP Ijarah Sukuk - PSX Listed	January 22, 2026	January 22, 2029	Weighted average 6 months T-Bills	-	341,703	185,801	155,902	776,271	748,530	(27,941)	7.71%	12.41%
GoP Ijarah Sukuk Certificates - XXVII - FRR	June 26, 2023	June 26, 2026	Zero Coupon	-	20,000	20,000	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	November 14, 2025	November 14, 2026	Weighted average 6 months T-Bills	-	25	-	25	120	120	-	-	-
GoP Ijarah Sukuk - PSX Listed	October 15, 2025	October 14, 2026	Weighted average 6 months T-Bills	-	102	10	92	446	445	(1)	-	0.01%
GoP Ijarah Sukuk - PSX Listed	January 21, 2026	January 21, 2027	Weighted average 6 months T-Bills	-	4,069	1,529	2,540	12,054	11,946	(108)	0.12%	0.20%
GoP Ijarah Sukuk - PSX Listed	March 25, 2026	March 25, 2027	Zero Coupon	-	225,013	221,020	3,993	18,456	18,296	(160)	0.19%	0.30%
GoP Ijarah Sukuk - PSX Listed	June 26, 2025	June 25, 2026	Zero Coupon	-	141,999	141,999	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	September 30, 2025	September 30, 2028	Zero Coupon	-	200	-	200	1,005	983	(22)	0.01%	0.02%
GoP Ijarah Sukuk - PSX Listed	January 22, 2026	January 22, 2031	Zero Coupon	-	200	51	149	724	701	(23)	0.01%	0.01%
GoP Ijarah Sukuk - PSX Listed	September 30, 2025	September 30, 2030	Zero Coupon	-	400	20	380	1,901	1,875	(26)	0.02%	0.03%
GoP Ijarah Sukuk - PSX Listed	May 30, 2025	May 30, 2030	Weighted average 6 months T-Bills	-	20,000	1	19,999	101,245	98,295	(2,950)	1.01%	1.63%
GoP Ijarah Sukuk - PSX Listed	May 29, 2025	May 29, 2026	Zero Coupon	-	9,042	9,042	-	-	-	-	-	-
GoP Ijarah Sukuk - PSX Listed	September 30, 2025	September 29, 2026	Zero Coupon	-	38	33	5	24	24	-	-	-
GoP Ijarah Sukuk - PSX Listed	May 14, 2026	May 14, 2027	Weighted average 6 months T-Bills	-	10	-	10	45	45	-	-	-
GoP Ijarah Sukuk - PSX Listed	April 16, 2026	April 15, 2027	Weighted average 6 months T-Bills	-	11	-	11	50	50	-	-	-
GoP Ijarah Sukuk - PSX Listed	October 21, 2024	October 21, 2027	Zero Coupon	-	4,000	400	3,600	18,241	18,034	(207)	0.19%	0.30%
GoP Ijarah Sukuk - PSX Listed	January 09, 2025	January 09, 2030	Zero Coupon	-	400	-	400	2,050	2,004	(46)	0.02%	0.03%
GoP Ijarah Sukuk - PSX Listed	September 18, 2024	September 18, 2029	Weighted average 6 months T-Bills	9,962	-	21	9,941	50,615	49,705	(910)	0.51%	0.82%
Total as at June 30, 2026								6,091,558	6,028,086	(63,472)	60.63%	100.00%
Total as at June 30, 2025								22,338,045	22,316,662	(21,384)	77.85%	99.97%

*Amount is nil due to rounding off.

6.1.1.1 The nominal value of these sukuk certificates is Rs. 5,000 each except for GoP Ijarah sukuk certificates - XXIV - VRR, GoP Ijarah sukuk certificates - XXV and XXVI - VRR having nominal value of Rs. 100,000 each.

6.1.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemption	Maturity date	Profit rate	As at July 1, 2025	Purchases during the year	Sold / matured during the year	As at June 30, 2026	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised (diminution) / appreciation as at June 30, 2026	Percentage in relation to		
											Net assets of the Fund	Total market value of investment	
				Number of certificates				(Rs in '000)				(%)	
Power generation & distribution													
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	720	-	720	-	-	-	-	-	-	-
Total as at June 30, 2026								-	-	-	-	-	-
Total as at June 30, 2025								7,638	7,608	(30)	0.03%	0.03%	

6.2 Certificate of Musharakah

Name of the bank	Issue date	Maturity date	Rating	Profit rate	As at July 1, 2025	Placed during the year	Matured during the year	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation / (diminution) as at June 30, 2026	Percentage in relation to	
											Net assets of the Fund	Total market value of investment
					(Rupees in '000)							
UBL Ameen Islamic Banking	December 24, 2025	December 31, 2025	AAA	12.00%	-	2,000,000	2,000,000	-	-	-	-	-
Total as at June 30, 2026					-	2,000,000	2,000,000	-	-	-	-	-
Total as at June 30, 2025					-	-	-	-	-	-	-	-

6.3 Receivable against Bai Muajjal

Name of the counterparty	Rating	Maturity date	Profit rate	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2026	Market value as at June 30, 2026	Unrealised appreciation / (diminution) as at June 30, 2026	As a percentage of net assets of the Fund	Percentage of total market value of investments
				(Rupees in '000)							%
Soneri Bank Limited	August 13, 2025	November 11, 2025	10.75%	874,485	23,180	23,180	-	-	-	-	-
Total as at June 30, 2026				874,485	23,180	23,180	-	-	-	-	-
Total as at June 30, 2025				-	-	-	-	-	-	-	-

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

Note	2026 (Rupees in '000)	2025 (Rupees in '000)
Market value of investments	6,028,086	22,324,270
Less: carrying value of investments	(6,091,558)	(22,345,683)
	<u>(63,472)</u>	<u>(21,413)</u>

7. ADVANCE, DEPOSITS, PREPAYMENT AND PROFIT RECEIVABLES

Advance against Inter Bank Funds Transfer (IBFT) redemptions	24,000	24,000
Security deposit with Central Depository Company of Pakistan Limited	100	100
Exposure deposit with National Clearing Company of Pakistan Limited	82,302	338,469
ATM deposit with Meezan Bank Limited	395	395
Prepaid expense relating to fund rating	496	375
Profit receivable on balances with banks	19,353	92,513
Profit receivable on sukuk certificates	133,329	240,240
	<u>259,975</u>	<u>696,092</u>

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration payable	8.1	2,842	5,876
Sindh sales tax payable on remuneration of the Management Company	8.2	426	882
IBFT charges payable		841	
Sales load payable		994	3,684
Sindh sales tax on sales load payable		<u>158</u>	<u>553</u>
		<u>5,261</u>	<u>10,995</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 and subject to the capping of 1.5% for a collective investment scheme categorised as an 'Income Scheme'. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (2025: 0.6% - 1.5%) per annum of the average daily net assets of the Fund during the year ended June 30, 2026. The remuneration is payable to the Management Company monthly in arrears.

- 8.2 Sindh sales tax is levied at the rate of 15% (2025: 15%) under the Sindh Sales Tax on Services Act, 2011 on the Management Company's remuneration and any reimbursable expenditure to the Management Company.
- 8.3 The SECP, vide S.R.O.600(I)/2025 dated April 10, 2025, issued amendments in respect of expenses chargeable to CISs as prescribed in Schedule XX of the NBFC Regulations, from which the chargeability of expenses related to selling and marketing and registrar services, accounting, operation and valuation services was excluded.

The Management Company in compliance of the above requirement did not charge the above-mentioned expenses for the year ended June 30, 2026.

During the year ended June 30, 2025, the Management Company charged expenses related to selling and marketing at the rates ranging from 0.15% - 0.26% of the average annual net assets of the Fund and in relation to registrar services, accounting, operation and valuation services at the rates ranging from 0.0210% - 0.0420% of the average annual net asset of the Fund.

9.	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
	Remuneration payable	9.1	559	1,603
	Sindh sales tax payable on remuneration of the Trustee	9.2	84	241
			<u>643</u>	<u>1,844</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.055% (2025: 0.055%) per annum of the average annual net assets of the Fund.

- 9.2 Sindh sales tax is levied at the rate of 15% (2025: 15%) under the Sindh Sales Tax on Services Act, 2011 on the Trustee remuneration.

10.	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
	Fee payable	10.1	<u>752</u>	<u>2,175</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). Accordingly, the Fund has charged SECP fee at the rate of 0.075% per annum (2025: 0.075%) 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.

11.	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2026 ----- (Rupees in '000) -----	2025 ----- (Rupees in '000) -----
	Auditor's remuneration payable		850	916
	Brokerage payable		82	307
	Shariah advisory fee payable		509	1,075
	Shariah audit fee payable		175	-
	Withholding tax payable		100,808	206,224
	Capital gain tax payable		787	209,643
	Zakat payable		88	955
	Excess profit received in relation to balance with bank		-	44,700
	Inter bank funds transfer (IBFT) charges payable		26	2,851
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.1	80,077	80,077
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	<u>2,562</u>	<u>2,562</u>
			<u>185,964</u>	<u>549,310</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 made was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013, a constitutional petition was filed with the Honorable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 82.639 million (2025: Rs 82.639 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 not been made, the Net Asset Value of the Fund as at June 30, 2026 would have been higher by Re. 0.45 (2025: Re. 0.15) per unit.

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2026 and June 30, 2025.

	Note	2026	2025
		(Rupees in '000)	
13. AUDITOR'S REMUNERATION			
Annual audit fee		645	606
Fee for half yearly review of condensed interim financial statements		400	281
Fee for other certifications		97	67
Out of pocket expenses and Sindh sales tax		167	179
		<u>1,309</u>	<u>1,133</u>

14. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2026 is 1.90% (2025: 1.59%) which includes government levies which is 0.31% (2025: 0.27%) such as sales taxes, annual fee to the SECP etc.

The SECP, vide S.R.O. 600(I)/2025 dated April 10, 2025, has removed the Total Expense Ratio (TER) limit with effect from July 1, 2025. The TER limit for a collective investment scheme categorised as an 'Income Scheme', applicable previously, has been replaced with the management fee cap as disclosed in note 8.1 to financial statements for a collective investment scheme categorised as an 'Income 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, 2026 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 (i) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

16. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons and related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee / custodian of the Fund, Meezan Bank Limited being the holding company of the Management Company, Pakistan Kuwait Investment Company (Private) Limited, being an associated company of the Management Company, other collective investment schemes / notified entities managed by the Management Company, any person or trust beneficially owning, directly or indirectly, ten percent or more of the capital of the Management Company or ten percent or more of the net assets of the Fund, any person or trust controlled by the same persons as defined herein, any member of the group of which that person or trust forms part and directors or officers of the Management Company or any of their connected persons as specified herein.

Transactions with connected persons essentially comprise issuance 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 and the Trust Deed.

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

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

	2026	2025
	----- (Rupees in '000) -----	
Balances as at year end		
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	2,842	5,876
Sindh sales tax payable on management fee	426	882
Inter bank funds transfer (IBFT) charges payable	841	-
Sales load payable	994	3,684
Sindh sales tax payable on sales load	158	553
Meezan Bank Limited - related party		
Balances with bank	78,690	214,994
Profit receivable on savings accounts	1,292	724
Sales load payable	349	3,264
Sindh sales tax on sales load payable	52	490
Investment of nil units (2025: 9,975 units)	-	521
Advance against Inter Bank Funds Transfer (IBFT) redemptions	24,000	24,000
Advance against ATM deposit	395	395
Shariah advisory fee payable	509	1,075
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	100	100
Trustee fee payable	559	1,603
Sindh sales tax on trustee fee payable	84	241
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Investment of nil units (2025: 292,328 units)	-	15,281
National Clearing Company of Pakistan Limited		
Security margin deposits	82,302	338,469
Directors and Executives of the Management Company		
Investment of 35,229 units (2025: 83,887 units)	1,852	4,385
Transactions during the year		
	2026	2025
	----- (Rupees in '000) -----	
Al Meezan Investment Management Limited - Management Company		
Remuneration of Al Meezan Investment Management Limited	310,321	1,483,941
Sindh sales tax on remuneration of the Management Company	46,548	222,591
Sindh sales tax on allocated expenses	-	7,451
Allocated expenses	-	49,677
Selling and marketing expense	-	438,726
Sindh sales tax on selling and marketing expense	-	65,804
Units issued: nil units (2025: 2,142 units)	-	115
Units redeemed: nil units (2025: 469,177 units)	-	25,565
Units issued to unitholders on behalf of the Management Company	-	4,671

	2026	2025
	(Rupees in '000)	
Meezan Bank Limited		
Profit on savings accounts	12,584	63,012
Profit on term deposit receipts and certificate of Musharakah	-	255,042
Shariah advisory fee	1,092	1,290
Certificate of Musharakah placed	-	59,400,000
Certificate of Musharakah matured	-	59,400,000
Units issued: nil units (2025: 6 units)*	-	-
Units redeemed: 9,975 units (2025: nil units)	536	-
Dividend paid	-	64
*Amount is nil due to rounding off		
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the trustee	11,379	86,324
Sindh sales tax on trustee fee	1,707	12,949
CDS charges	288	457
Meezan Daily Income Fund - MDIP-I		
Purchase of GoP Ijara Sukuk VRR - XLI: nil certificates (2025: 157,400 certificates)	-	15,697,502
Purchase of GoP Ijara Sukuk VRR - XXXVII: nil certificates (2025: 50,000 certificates)	-	5,003,000
Purchase of GoP Ijara Sukuk VRR - XXIV: nil certificates (2025: 91,000 certificates)	-	9,190,090
Meezan Rozana Amdani Fund		
Purchase of GoP Ijara Sukuk VRR - XXXVII: nil certificates (2025: 50,000 certificates)	-	5,003,000
Meezan Cash Fund		
Sale of GoP Ijara Sukuk - PSX Listed: nil certificates (2025: 900,000 certificates)	-	4,104,900
Sale of GoP Ijara Sukuk - PSX Listed: nil certificates (2025: 5,775,827 certificates)	-	27,065,794
Directors and executives of the Management Company		
Units issued: 694,072 units (2025: 15,207,741 units)	37,195	845,979
Units redeemed: 768,275 units (2025: 17,016,102 units)	41,866	961,484
Dividend paid	48	100
Refund of capital	89	778
National Clearing Company of Pakistan Limited		
Settlement charges	641	605
Units issued: nil units (2025: 979,559 units)	-	53,243
Units redeemed: nil units (2025: 979,559 units)	-	56,339
Habbah Educational Trust		
Units issued: nil unit (2025: 2 unit)*	-	-
Units redeemed: nil unit (2025: 1,920 units)	-	111
*Amount is nil due to rounding off		
Generations School (Private) Limited		
Units issued: nil units (2025: 20,868,998 units)	-	1,140,375
Units redeemed: nil units (2025: 20,868,998 units)	-	1,178,138

	2026	2025
	(Rupees in '000)	
Colgate-Palmolive (Private) Limited		
Units issued: nil units (2025: 4,726,041 units)	-	274,576
Units redeemed: nil units (2025: 9,036,173 units)	-	496,368
Refund of capital	-	26,999
Meezan Financial Planning Fund of Funds - Aggressive Plan		
Units issued: nil units (2025: 658,134 units)	-	37,303
Units redeemed: nil units (2025: 1,075,138 units)	-	61,728
Meezan Financial Planning Fund of Funds - Moderate Plan		
Units issued: nil units (2025: 804,600 units)	-	45,517
Units redeemed: nil units (2025: 1,472,998 units)	-	84,548
Meezan Financial Planning Fund of Funds - Conservative Plan		
Units issued: nil units (2025: 1,126,533 units)	-	63,405
Units redeemed: nil units (2025: 1,763,806 units)	-	101,208
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: nil units (2025: 786,563 units)	-	42,058
Units redeemed: nil units (2025: 786,566 units)	-	45,309
Meezan Strategic Allocation Fund -II MCPP-IV		
Units issued: nil units (2025: 5,400,377 units)	-	292,158
Units redeemed: nil units (2025: 5,400,377 units)	-	301,564
Meezan Strategic Allocation Fund -II MCPP-V		
Units issued: nil units (2025: 69 units)	-	3
Units redeemed: nil units (2025: 69 units)	-	4
Meezan Strategic Allocation Fund-III MCPP-IX		
Units issued: nil units (2025: 4,345,938 units)	-	234,281
Units redeemed: nil units (2025: 4,345,938 units)	-	239,367
AI Meezan Investment Management Limited - Employees Gratuity Fund		
Units issued: 12,087 units (2025: 32,017 units)	661	1,677
Units redeemed: 304,415 units (2025: nil units)	16,578	-
Dividend paid	-	1,670

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2026		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	3,569,235	-	3,569,235
Investments	-	6,028,086	6,028,086
Receivable against conversion of units	153,121	-	153,121
Deposits and profit receivables	235,479	-	235,479
	3,957,835	6,028,086	9,985,921

2026		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	5,261	-	5,261
Payable to Central Depository Company of Pakistan Limited - Trustee	643	-	643
Payable to Meezan Bank Limited	401	-	401
Payable against purchase of investment	10,071	-	10,071
Payable against redemption and conversion of units	103,069	-	103,069
Accrued expenses and other liabilities	1,642	-	1,642
	<u>121,087</u>	<u>-</u>	<u>121,087</u>

2025		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial assets

Balances with banks	5,518,911	-	5,518,911
Investments	-	22,324,270	22,324,270
Receivable against conversion of units	988,316	-	988,316
Receivable against sale of investments	61,627	-	61,627
Deposits and profit receivables	671,717	-	671,717
	<u>7,240,571</u>	<u>22,324,270</u>	<u>29,564,841</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	10,995	-	10,995
Payable to Central Depository Company of Pakistan Limited - Trustee	1,844	-	1,844
Payable to Meezan Bank Limited	3,754	-	3,754
Payable against redemption and conversion of units	358,250	-	358,250
Accrued expenses and other liabilities	49,849	-	49,849
	<u>424,692</u>	<u>-</u>	<u>424,692</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2026, the Fund is exposed to such risk on its balances held with banks and investments in 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 KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 95.126 million (2025: Rs. 99.719 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, 2026 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, 2026 can be determined as follows:

2026					
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% - 11.80%	3,569,235	-	-	3,569,235
Investments	9.87% - 18.49%	630,766	2,114,781	-	6,028,087
Receivable against conversion of units		-	-	153,121	153,121
Deposits and profit receivables		-	-	235,479	235,479
		4,200,001	2,114,781	388,600	9,985,922
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	5,261	5,261
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	643	643
Payable to Meezan Bank Limited		-	-	401	401
Payable against purchase of investment		-	-	10,071	10,071
Payable against redemption and conversion of units		-	-	103,069	103,069
Accrued expenses and other liabilities		-	-	1,642	1,642
		-	-	121,087	111,016
On-balance sheet gap (a)		4,200,001	2,114,781	267,513	9,874,906
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		4,200,001	2,114,781	3,282,539	
Cumulative interest rate sensitivity gap		4,200,001	6,314,782	9,597,321	

2025						
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	3.00% - 10.60%	5,518,906	-	-	5	5,518,911
Investments	10.42% to 22.01%	178	12,363,619	9,960,473	-	22,324,270
Receivable against conversion of units		-	-	-	988,316	988,316
Receivable against sale of investments		-	-	-	61,627	61,627
Deposits and profit receivables		-	-	-	671,717	671,717
		5,519,084	12,363,619	9,960,473	1,721,665	29,564,841
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	10,995	10,995
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,844	1,844
Payable to Meezan Bank Limited		-	-	-	3,754	3,754
Payable against redemption and conversion of units		-	-	-	358,250	358,250
Accrued expenses and other liabilities		-	-	-	49,849	49,849
		-	-	-	424,692	424,692
On-balance sheet gap (a)		5,519,084	12,363,619	9,960,473	1,296,973	29,140,149
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		5,519,084	12,363,619	9,960,473		
Cumulative interest rate sensitivity gap		5,519,084	17,882,704	27,843,177		

(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 does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2026.

18.2 Liquidity risk

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

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2026.

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

2026						
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	3,569,235	-	-	-	-	3,569,235
Investments	4,992	625,774	2,114,781	3,281,376	1,163	6,028,086
Receivable against conversion of units	153,121	-	-	-	-	153,121
Deposits and profit receivables	19,353	133,329	-	-	82,797	235,479
	3,746,701	759,103	2,114,781	3,281,376	1,163	9,985,921
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	5,261	-	-	-	-	5,261
Payable to Central Depository Company of Pakistan Limited - Trustee	643	-	-	-	-	643
Payable against redemption and conversion of units	103,069	-	-	-	-	103,069
Payable against purchase of investment	10,071	-	-	-	-	10,071
Payable to Meezan Bank Limited	401	-	-	-	-	401
Accrued expenses and other liabilities	108	1,025	509	-	-	1,642
	119,553	1,025	509	-	-	121,087
Net financial assets	3,627,148	758,078	2,114,272	3,281,376	1,163	9,864,834

2025						
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	5,518,911	-	-	-	-	5,518,911
Investments	30	148	12,363,619	9,959,278	1,194	22,324,270
Receivable against conversion of units	988,316	-	-	-	-	988,316
Receivable against sale of investments	61,627	-	-	-	-	61,627
Deposits and profit receivables	430,982	240,240	-	-	24,495	671,717
	6,999,866	240,388	12,363,619	9,959,278	1,194	29,564,841
Financial liabilities						
Payable to Al Meezan Investment Management Limited Management Company	10,995	-	-	-	-	10,995
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,844	-	-	-	-	1,844
Payable to Meezan Bank Limited	3,754	-	-	-	-	3,754
Payable against redemption and conversion of units	358,250	-	-	-	-	358,250
Accrued expenses and other liabilities	3,158	916	1,075	-	44,700	49,849
	378,001	916	1,075	-	44,700	424,692
Net financial assets	6,621,865	239,472	12,362,544	9,959,278	1,194	29,140,149

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, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other 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:

	2026		2025	
	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	3,569,235	3,569,235	5,518,911	5,518,911
Investments	6,028,086	-	22,324,270	7,608
Receivable against conversion of units	153,121	153,121	988,316	988,316
Receivable against sale of investments	-	-	61,627	61,627
Deposits and profit receivables	235,479	102,150	481,473	481,473
	9,985,921	3,824,506	29,588,841	7,057,935

The maximum exposure to credit risk before any credit enhancement as at June 30, 2026 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2026	2025
AAA	36.27	75.68
AA+*	-	3.26
AA	14.12	0.46
AA-	29.99	20.60
A+	19.62	-
	<u>100.00</u>	<u>100.00</u>

*Amount nil due to rounding off

18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2026 and June 30, 2025 are unsecured and are not impaired.

19. FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradeable in an open market are revalued at 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.

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: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using 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).
- Level 3: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2026 and June 30, 2025 the Fund held the following financial instruments measured at fair value:

ASSETS	2026			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Financial assets 'at fair value through profit or loss'				
Government of Pakistan - Ijarah sukuks	4,945,389	1,082,697	-	6,028,086
	<u>4,945,389</u>	<u>1,082,697</u>	<u>-</u>	<u>6,028,086</u>
ASSETS	2025			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Financial assets 'at fair value through profit or loss'				
Government of Pakistan - Ijarah sukuks	15,780,957	6,535,705	-	22,316,662
Corporate sukuks certificate*	-	7,608	-	7,608
	<u>15,780,957</u>	<u>6,543,313</u>	<u>-</u>	<u>22,324,270</u>

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

Valuation technique used in determination of fair values is as follows:

Item	Valuation technique
Government of Pakistan - Ijarah sukuks - PSX Listed	The fair value of GoP Ijarah sukuks listed on Pakistan Stock Exchange has been determined through closing rates of Pakistan Stock Exchange.
Government of Pakistan - Ijarah sukuks - Other than PSX Listed	The fair value of other GoP Ijarah sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Corporate sukuk certificates	The valuation has been determined through closing rates announced by FMA (Financial Market Association) through Reuters.

There were no transfers between levels during the year.

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 Movements in Unit Holders' Fund'.

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	2026			2025		
	Number of unit holders	Investment amount	Percentage of total*	Number of unit holders	Investment amount	Percentage of total
		(Rupees in '000)			(Rupees in '000)	
Individuals	35,640	7,033,866	72.48%	37,485	24,200,857	84.43%
Associated Companies and Directors	7	93	-	7	15,324	0.05%
Insurance Companies	6	32,822	0.34%	11	612,358	2.14%
Bank / Development Financial Institutions	-	-	-	1	521	-
Retirement Funds	76	1,439,999	14.84%	105	3,109,093	10.85%
Others	153	1,197,476	12.34%	172	724,735	2.53%
	35,882	9,704,256	100.00%	37,781	28,662,888	100.00%

*Amount is nil due to rounding off

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2026		2025	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Arif Habib Limited	58.55%	AKD Securities Limited	50.43%
Summit Capital (Private) Limited	26.14%	Continental Exchange Private Limited	12.51%
AKD Securities Limited	8.87%	Invest One Markets (Private) Limited	10.96%
Currency Market Associates (Private) Limited	5.07%	JS Global Capital Limited	9.49%
Magenta Capital (Private) Limited	1.37%	Alfalah Securities (Private) Limited	6.84%
		Arif Habib Limited	2.93%
		Paramount Capital Pvt. Ltd	1.96%
		BMA Capital Management Limited	1.85%
		Vector Securities (Pvt.) Limited	1.22%
		Summit Capital (Private) Limited	0.93%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualifications	Overall experience
Mr. Imtiaz Gadar, CFA	Chief Executive Officer	CFA / MBA	Twenty Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Thirty years
Mr. Ahmed Hassan	Head of Equity	CFA / MBA	Nineteen years
Ms. Amreen Soorani	Head of Research	FCCA	Sixteen years
Mr. Faizan Saleem	Head of Fixed Income / Fund Manager	CFA level II / MBA	Nineteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA	Eighteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / FRM, ACCA, FCMA & MBA	Thirteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Seventeen years
Mr. Wahaj Ahmed	VP Investments	MBA	Fourteen years
Mr. Saad Idrees	Senior Manager	MS Economics	Six years
Mr. Zohaib Jawaid	Senior Manager	CFA / BBA	Five years

23.2 The Fund manager of the Fund is Mr. Faizan Saleem. Other Funds being managed by the Fund Manager is as follows

- Meezan Daily Income
- Meezan Tahaffuz Pension Fund
- Meezan GOKP Pension Fund
- Meezan Islamic Income Fund
- Meezan Super Saver Plan
- Meezan IGOP Pension Fund
- Meezan Mahana Munafa Plan
- Meezan Cash Fund
- Meezan Islamic Asaan Cash Fund
- Meezan Rozana Amdani Fund
- Meezan Fixed Term 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				Total Meetings Attendance
		August 18, 2025	October 28, 2025	January 30, 2026	April 13, 2026	
Mr. Irfan Siddiqui	Chairman	Yes	Yes	Yes	Yes	4
Ms. Ayesha Umer	Non-Executive	Yes	Yes	Yes	Yes	4
Ms. Danish Zuberi	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Feroz Rizvi	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Furqan Kidwai	Independent Director	Yes	Yes	Yes	Yes	4
Mr. Imtiaz Gadar	Chief Executive Officer	Yes	Yes	Yes	Yes	4
Mr. Saad Ur Rahman Khan	Non-Executive	Yes	Yes	Yes	Yes	4
Ms. Shazia Khurram	Non-Executive	Yes	Yes	Yes	Yes	4
Dr. Syed Amir Ali	Non-Executive	Yes	Yes	No	Yes	3
Syed Imran Ali Shah*	Non-Executive	Yes	Yes	Yes	Yes	4

* Syed Imran Ali Shah resigned from the Board on May 21, 2026.

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 18, 2026** 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 SOVEREIGN FUND

	2026	2025	2024
Net assets (Rs. '000) (ex-distribution)	9,704,256	28,662,888	58,055,326
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	52.5692	52.2741	52.3857
Offer price per unit as at June 30, (Rs.) (ex-distribution)	53.1737	52.8752	52.9776
Highest offer price per unit (Rs.)	56.9994	59.4739	63.9959
Lowest offer price per unit (Rs.)	52.8594	52.8752	52.7266
Highest redemption price per unit (Rs.)	56.3514	58.7978	63.2809
Lowest redemption price per unit (Rs.)	52.2585	52.2741	52.1375
Distribution (%)			
Interim	8.1448	12.8242	22.2868
Final	-	-	-
Date of distribution			
Interim	19-Jun-26	20-Jun-25	21-Jun-24
Final			
Income distribution (Rupees in '000)	372,565	830,053	1,907,437
Growth distribution (Rupees in '000)	107,908	2,273,621	4,802,694
Total return (%)	8.40	12.00	21.89

	One Year	Two Years	Three Years
Average annual return as at June 30, 2026 (%)	8.40%	10.19%	13.96%

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