



**Al Meezan**  
Investment Management Ltd.

# BATURA SAR

Mountain climbing and investments both require intrinsic understanding for marginal benefits.

Height 7,795 meters,  
belongs to the range Batura Karakoram





# MEEZAN ASSET ALLOCATION FUND (MAAF)

Meezan Asset Allocation Fund is a Shariah Compliant Asset Allocation Scheme. It aims to earn a potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instrument as permitted by the SECP and Shariah Advisor.



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Mr. Salman Muslim

## BOARD AUDIT COMMITTEE

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

## BOARD RISK MANAGEMENT COMMITTEE

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

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

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

## BOARD IT COMMITTEE

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

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Asset Allocation Fund (MAAF)

### Objective

The fund aims to earn a potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income and Money Market Instruments and any other Shariah Compliant instrument as permitted by the SECP and Shariah Advisor.

### Investment Policy and Strategy

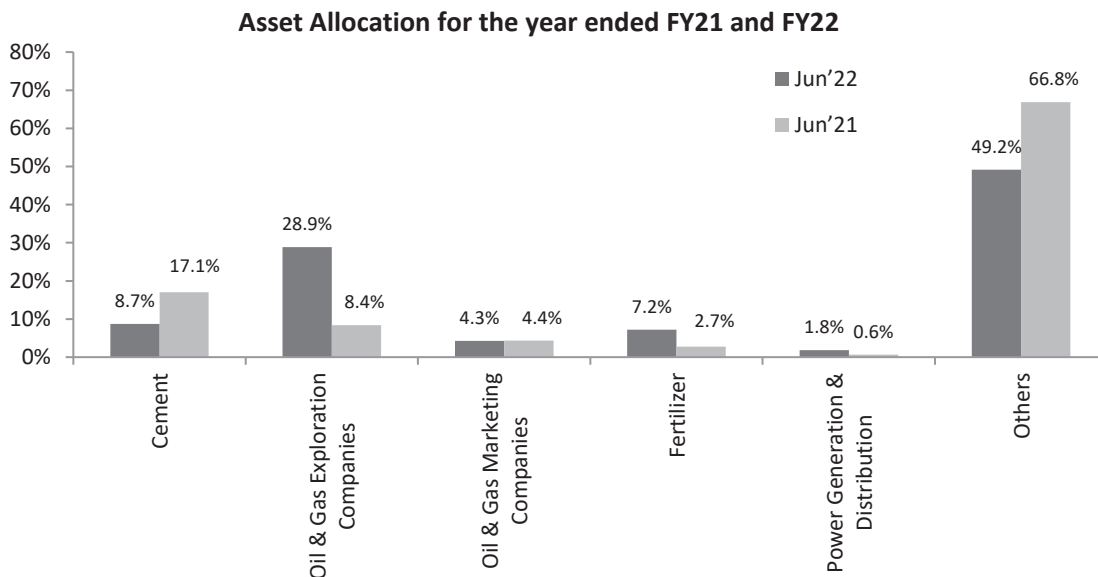
Based on the Fund Manager’s outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall primarily be invested in Listed Islamic Equity while for exposure to Fixed Income/Money Market, the fund shall invest in Islamic Money Market and Islamic Fixed Income instruments as well as in Cash at Bank Accounts of Islamic Banks and licensed Islamic Banking windows of conventional Banks.

To comply with the regulatory limits enforced by the SECP, the fund can take a maximum exposure of up to 90% of its Net Assets in equity or fixed income; in case of an investment in REITs, a limit of 35% has been assigned by the regulator.

The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

### Asset Allocation

As on June 30, 2022, the fund’s equity exposure was 89.29%, while 11.26% of the Net Assets was invested in bank deposits.

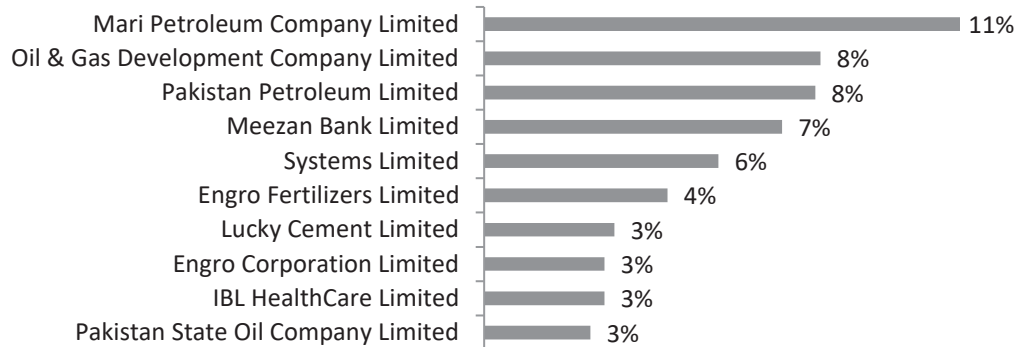




Pure. Profit.



## Top Holdings



### Performance Review

During the fiscal year 2022, Meezan Asset Allocation Fund provided a negative return of 19.10% to its investors.

	<u>MAAF</u>	<u>Benchmark</u>
Net Asset Value as on June 30, 2021	49.46	76,621.54
Net Asset Value as on June 30, 2022	40.01	68,766.37
Change (Points)	-9.45	(7,855.17)
Return During the Period - Net	-19.10%	-8.39%
Under performance	-10.72%	

**Benchmark: Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation**

Meezan Asset Allocation Fund posted a total loss of Rs. 233 million during FY22 as compared to total Income of Rs. 514 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 149 million and Rs. 165 million respectively. Dividend income and profit on saving account with banks comprised of Rs. 69 million and 12 million respectively. After accounting for expenses of Rs. 26 million, the fund posted a net loss of Rs. 259 million. The net assets of the Fund as at June 30, 2022 were Rs. 850 million as compared to Rs. 1,672 million at the end of last year depicting a decrease of 49%.

### Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/ welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2022 an amount of Rs. 1.4 million was accrued as charity payable.

### Distributions

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





Pure. Profit.



### SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MAAF amounting to Rs. 22.21 million has been reversed on the clarification received by Sindh Revenue Board vide letter No. SRB/TP/70/2013/8772 dated August 12, 2021 addressed to Mutual Funds Association of Pakistan. This reversal of provision has contributed towards an increase in NAV of the MAAF by 1.37%. This is one-off event and is not likely to be repeated in the future.

### Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of Investors
1 - 9,999	1,108
10,000 - 49,999	187
50,000 - 99,999	31
100,000 - 499,999	28
500,000 and above	7
<b>Total</b>	<b>1,361</b>

### Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	15	15	0	0
<b>Percentage</b>		100%	0%	0%

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





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

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

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

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

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

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

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Ltd.	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	312.41	1654.23
Oil & Gas Development Co Ltd.	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20
Meezan Bank Limited	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11





**Meezan Bank**  
The Premier Islamic Bank



Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04
Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84
Engro Fertilizers Limited	Fertilizer	20.99%	11.47%	1.19%	73.97%	(38.32)	76.09

\* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

\*\* All interest based debts.

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

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

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

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

**Dr. Muhammad Imran Ashraf Usmani**

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

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ASSET ALLOCATION FUND**

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

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

Karachi, September 14, 2022





**INDEPENDENT AUDITOR'S REPORT**

**To the Unit holders of Meezan Asset Allocation Fund**

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

**Opinion**

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

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 759.097 million and balances with banks aggregated to Rs 94.883 million.  The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"><li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2022 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

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





### **Other Information**

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

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

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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

ATB



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

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

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

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

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

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

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

A. F. Ferguson & Co.  
Chartered Accountants  
Dated: September 21, 2022  
Karachi  
UDIN: AR202210081iflqrtQ5m



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

	Note	2022	2021
-----Rupees in '000-----			
<b>Assets</b>			
Balances with banks	5	94,883	249,862
Investments	6	759,097	1,423,402
Receivable against conversion of units		2,873	3,675
Receivable against sale of investments		3,981	8,132
Dividend receivable		240	640
Advances, deposits and other receivable	7	5,992	27,962
<b>Total assets</b>		<b>867,066</b>	<b>1,713,673</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	8	1,062	4,504
Payable to Central Depository Company of Pakistan Limited - Trustee	9	159	241
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	268	310
Payable to Meezan Bank Limited		66	49
Payable against redemption and conversion of units		7,287	8,790
Payable against purchase of investments		5,179	128
Accrued expenses and other liabilities	11	2,860	27,420
<b>Total liabilities</b>		<b>16,881</b>	<b>41,442</b>
<b>Net assets</b>		<b>850,185</b>	<b>1,672,231</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>850,185</b>	<b>1,672,231</b>
<b>Contingencies and commitments</b>	12		
-----Number of units-----			
<b>Number of units in issue</b>		<b>21,248,845</b>	<b>33,809,750</b>
-----Rupees-----			
<b>Net asset value per unit</b>		<b>40.0109</b>	<b>49.4600</b>

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

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

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

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

\_\_\_\_\_  
Director



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

	Note	2022	2021
		----- Rupees in '000 -----	
<b>Income</b>			
Realised (loss) / gain on sale of investments		(149,016)	251,150
Dividend income		68,810	53,033
Profit on balances with banks		11,527	12,751
Other income		1,032	-
		<u>(67,647)</u>	<u>316,934</u>
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<u>(165,110)</u>	<u>197,006</u>
<b>Total (loss) / income</b>		<b>(232,757)</b>	<b>513,940</b>
<b>Expenses</b>			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	20,106	23,270
Sindh Sales Tax on remuneration of the Management Company	8.2	2,614	3,025
Allocated expenses	8.3	1,474	1,601
Selling and marketing expenses	8.4	13,404	9,176
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,322	2,551
Sindh Sales Tax on remuneration of the Trustee	9.2	302	332
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	10	268	310
Brokerage expense		4,526	7,692
Auditors' remuneration	13	339	312
Amortisation of preliminary expenses and floatation costs		-	145
Fee and subscription charges		563	571
Legal and professional charges		184	-
Bank and settlement charges		621	729
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	11.3	(21,839)	9,260
Charity expense	11.1	1,420	1,244
<b>Total expenses</b>		<b>(26,304)</b>	<b>(60,218)</b>
<b>Net (loss) / income for the year before taxation</b>		<b>(259,061)</b>	<b>453,722</b>
Taxation	15	-	-
<b>Net (loss) / income for the year after taxation</b>		<b>(259,061)</b>	<b>453,722</b>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		-	453,722
Income already paid on units redeemed		-	(93,459)
		<u>-</u>	<u>360,263</u>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	360,263
- Excluding capital gains		-	-
		<u>-</u>	<u>360,263</u>

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

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

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

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

\_\_\_\_\_  
Director



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

	<b>2022</b>	<b>2021</b>
	----- Rupees in '000-----	
<b>Net (loss) / income for the year after taxation</b>	(259,061)	453,722
Other comprehensive income for the year	-	-
<b>Total comprehensive (loss) / income for the year</b>	<u><u>(259,061)</u></u>	<u><u>453,722</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 ASSET ALLOCATION FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	2022			2021		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	----- Rupees in '000-----			----- Rupees in '000-----		
<b>Net assets at the beginning of the year</b>	2,243,280	(571,049)	1,672,231	2,270,614	(931,312)	1,339,302
Issuance of 14,050,775 units (2021: 28,576,702 units)						
- Capital value (at net asset value per unit at the beginning of the year)	694,951	-	694,951	1,045,736	-	1,045,736
- Element of (loss) / income	(36,295)	-	(36,295)	259,752	-	259,752
Total proceeds on issuance of units	658,656	-	658,656	1,305,488	-	1,305,488
Redemption of 26,611,680 units (2021: 31,365,923 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,316,214	-	1,316,214	1,147,805	-	1,147,805
- Element of (loss) / income	(94,573)	-	(94,573)	185,017	93,459	278,476
Total payments on redemption of units	1,221,641	-	1,221,641	1,332,822	93,459	1,426,281
Total comprehensive (loss) / income for the year	-	(259,061)	(259,061)	-	453,722	453,722
Distribution during the year	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(259,061)	(259,061)	-	453,722	453,722
<b>Net assets at the end of the year</b>	<u>1,680,295</u>	<u>(830,110)</u>	<u>850,185</u>	<u>2,243,280</u>	<u>(571,049)</u>	<u>1,672,231</u>
Accumulated losses brought forward						
- Realised loss		(768,055)			(982,342)	
- Unrealised income		197,006			51,030	
		<u>(571,049)</u>			<u>(931,312)</u>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			360,263	
- Excluding capital gains		-			-	
		-			360,263	
Net loss for the year after taxation		<u>(259,061)</u>			-	
Accumulated losses carried forward		<u>(830,110)</u>			<u>(571,049)</u>	
<b>Accumulated losses carried forward</b>						
- Realised loss		(665,000)			(768,055)	
- Unrealised income		(165,110)			197,006	
		<u>(830,110)</u>			<u>(571,049)</u>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net assets value per unit at the beginning of the year	<u>49.4600</u>			<u>36.5940</u>		
Net assets value per unit at the end of the year	<u>40.0109</u>			<u>49.4600</u>		

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

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

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

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

\_\_\_\_\_  
Director





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

	Note	2022 (Rupees in '000)	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (loss) / income for the year before taxation		(259,061)	453,722
<b>Adjustments for:</b>			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	165,110	(197,006)
Amortisation of preliminary expenses and floatation costs		-	145
		(93,951)	256,861
<b>Decrease / (increase) in assets</b>			
Investments - net		499,195	(99,132)
Receivable against sale of investments		4,151	(4,670)
Dividend receivable		400	2,071
Advances, deposits and other receivable		21,970	(21,792)
		525,716	(123,523)
<b>(Decrease) / increase in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		(3,442)	1,100
Payable to Central Depository Company of Pakistan Limited - Trustee		(82)	50
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(42)	(1)
Payable against purchase of investments		5,051	(3,166)
Payable to Meezan Bank Limited		17	13
Dividend payable		-	(4,236)
Accrued expenses and other liabilities		(24,560)	2,956
		(23,058)	(3,284)
<b>Net cash generated from operating activities</b>		408,707	130,054
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		659,458	1,305,126
Payment against redemption and conversion of units		(1,223,144)	(1,430,571)
<b>Net cash used in from financing activities</b>		(563,686)	(125,445)
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		(154,979)	4,609
Cash and cash equivalents at the beginning of the year		249,862	245,253
<b>Cash and cash equivalents at the end of the year</b>	5	94,883	249,862

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

**1 LEGAL STATUS AND NATURE OF BUSINESS**

1.1 Meezan Asset Allocation 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 November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 16, 2015 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 SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

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

1.2 The objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instruments as permitted by the SECP and the Shariah Advisor. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of

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

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

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

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

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

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

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

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

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

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make 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 4.3 and 6).

### **3.5 Accounting convention**

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

### **3.6 Functional and presentation currency**

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

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

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

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

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

### **4.3 Financial assets**

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

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

#### **4.3.2 Classification and subsequent measurement**

##### **a) Equity instruments**

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



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

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

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

#### **a) Debt instruments**

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

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

based on the business model of the entity

However, IFRS 9 requires 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.

#### **b) Impairment**

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

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

#### **c) Impairment loss on debt securities**

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

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

#### **4.3.3 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

#### **4.3.4 Derecognition**

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

#### **4.4 Financial liabilities**

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

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

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

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

#### **4.6 Provisions**

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

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

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

#### **4.8 Issue and redemption of units**

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

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

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

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

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

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

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

#### **4.11 Revenue recognition**

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

#### **4.12 Expenses**

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

#### 4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

#### 4.14 Taxation

##### Current

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

##### Deferred

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

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

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

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

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

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

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

#### 4.16 Foreign currency translation

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

#### 5 BALANCES WITH BANKS

	Note	2022	2021
		----- Rupees in '000-----	
Balances with banks in:			
Savings accounts	5.1	92,714	247,213
Current accounts		2,169	2,649
		<u>94,883</u>	<u>249,862</u>

5.1 These include a balance of Rs. 1.472 million (2021: Rs. 56.325 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other savings accounts of the Fund have expected profit rates ranging from 4.00% to 15.50% per annum (2021: 2.24% to 7.32% per annum).

#### 6 INVESTMENTS

	Note	2022	2021
		----- Rupees in '000-----	
<b>Investment at 'fair value through profit or loss'</b>			
Listed equity securities	6.1	<u>759,097</u>	<u>1,423,402</u>

**6.1 Investments in equity securities - listed**

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution)/a ppreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
						(Number of shares)		(Rupees in '000)		%	
<b>Automobile Assembler</b>											
Ghandhara Nissan Limited	-	225,000	-	225,000	-	-	-	-	-	-	-
Millat Tractors Limited	22,612	-	4,522	27,134	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	99,500	-	-	99,500	-	-	-	-	-	-	-
<b>Automobile Parts and Accessories</b>											
Panther Tyres Limited	236,345	345,000	91,269	672,614	-	-	-	-	-	-	-
<b>Cable &amp; Electrical Goods</b>											
Waves Singer Pakistan Limited	67,500	-	-	67,500	-	-	-	-	-	-	-
<b>Cement</b>											
Attock Cement Pakistan Limited	4,900	-	-	1,800	3,100	557	206	(351)	0.02	-	0.03
Cherat Cement Company Limited	284,700	80,000	-	290,100	74,600	11,949	6,941	(5,008)	0.82	0.04	0.91
D.G. Khan Cement Company Limited	459,000	470,384	-	929,384	-	-	-	-	-	-	-
Fauji Cement Company Limited	320,000	-	-	75,000	245,000	5,635	3,472	(2,163)	0.41	0.02	0.46
Gharibwal Cement Limited	196,000	250,000	-	4,000	442,000	15,019	8,619	(6,400)	1.01	0.11	1.14
Kohat Cement Company Limited	125,300	7,500	-	7,000	125,800	26,080	16,370	(9,710)	1.93	0.06	2.16
Lucky Cement Limited	132,049	49,000	-	123,018	58,031	49,469	26,639	(22,830)	3.13	0.02	3.51
Maple Leaf Cement Factory Limited	677,707	1,657,000	-	1,845,000	489,707	17,184	13,393	(3,791)	1.58	0.04	1.76
									<b>8.90</b>	<b>0.29</b>	<b>9.97</b>
<b>Chemicals</b>											
Dynea Pakistan Limited (note 6.1.1)	80,900	-	-	21,300	59,600	13,172	10,368	(2,804)	1.22	0.32	1.37
Engro Polymer and Chemicals Limited	432,261	660,000	-	892,500	199,761	10,215	15,907	5,692	1.87	0.02	2.10
Ghani Global Holdings Limited	162,450	-	-	162,450	-	-	-	-	-	-	-
ICI Pakistan Limited	26,550	-	-	14,150	12,400	10,773	8,984	(1,789)	1.06	0.01	1.18
Nimir Resins Limited	78,000	-	-	78,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	19,500	-	-	19,500	-	-	-	-	-	-	-
									<b>4.15</b>	<b>0.35</b>	<b>4.65</b>
<b>Commercial Banks</b>											
BankIslami Pakistan Limited	857,500	2,353,000	-	2,358,500	852,000	10,509	10,258	(251)	1.21	0.08	1.35
Meezan Bank Limited (a related party of the Fund)	327,825	271,234	71,108	131,000	539,167	59,817	60,915	1,098	7.16	0.03	8.02
									<b>8.37</b>	<b>0.11</b>	<b>9.37</b>
<b>Engineering</b>											
Agha Steel Industries Limited	261,000	-	13,050	274,050	-	-	-	-	-	-	-
Aisha Steel Mills Limited	285,000	760,000	-	1,045,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	680,000	-	680,000	-	-	-	-	-	-	-
International Industries Limited	201,200	-	-	201,200	-	-	-	-	-	-	-
International Steels Limited	297,000	-	-	297,000	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	915,000	717,500	-	1,632,500	-	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	404,020	693,400	134,613	1,045,843	186,190	15,676	10,732	(4,944)	1.26	0.06	1.41
									<b>1.26</b>	<b>0.06</b>	<b>1.41</b>
<b>Fertilizer</b>											
Engro Corporation Limited (note 6.1.2)	105,487	66,188	-	75,897	95,778	27,292	24,624	(2,668)	2.90	0.02	3.24
Engro Fertilizers Limited	228,348	295,000	-	100,000	423,348	32,142	37,526	5,384	4.41	0.03	4.94
Fauji Fertilizer Bin Qasim Limited	-	910,000	-	910,000	-	-	-	-	-	-	-
									<b>7.31</b>	<b>0.05</b>	<b>8.18</b>
<b>Food And Personal Care Products</b>											
Al-Shaheer Corporation Limited (note 6.1.3)	7,704	-	-	-	7,704	154	70	(84)	0.01	-	0.01
At-Tahir Limited	-	485,000	34,200	350,000	169,200	4,034	3,227	(807)	0.38	0.09	0.43
Unity Foods Limited	511,000	635,000	25,354	1,171,354	-	-	-	-	-	-	-
									<b>0.39</b>	<b>0.09</b>	<b>0.44</b>
<b>Glass and Ceramics</b>											
Shabbir Tiles and Ceramics Limited (note 6.1.1)	1,753,000	340,000	-	766,500	1,326,500	43,599	19,407	(24,192)	2.28	0.55	2.56
Tariq Glass Industries Limited	76,500	-	-	76,500	-	-	-	-	-	-	-
									<b>2.28</b>	<b>0.55</b>	<b>2.56</b>
<b>Leather &amp; Tanneries</b>											
Service GlobalFootwear Limited	79,505	-	-	64,500	15,005	868	603	(265)	0.07	0.01	0.08
									<b>0.07</b>	<b>0.01</b>	<b>0.08</b>



Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution)/a ppreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
						(Number of shares)	(Rupees in '000)	%			
<b>Miscellaneous</b>											
Pakistan Aluminum Beverage Cans Limited	-	223,601	-	223,601	-	-	-	-	-	-	-
<b>Oil And Gas Exploration Companies</b>											
Mari Petroleum Company Limited	21,692	59,080	-	24,836	55,936	93,434	97,314	3,880	11.45	0.04	12.82
Oil and Gas Development Company Limited (note 6.1.2)	356,650	680,000	-	162,000	874,650	79,993	68,809	(11,184)	8.09	0.02	9.06
Pakistan Oilfields Limited	66,667	-	-	26,000	40,667	16,017	16,503	486	1.94	0.01	2.17
Pakistan Petroleum Limited	580,428	762,413	-	340,000	1,002,841	84,359	67,702	(16,657)	7.96	0.04	8.92
									<b>29.44</b>	<b>0.11</b>	<b>32.97</b>
<b>Oil And Gas Marketing Companies</b>											
Pakistan State Oil Company Limited (note 6.1.3)	193,861	97,700	-	165,000	126,561	25,709	21,748	(3,961)	2.56	0.03	2.86
Sui Northern Gas Pipelines Limited	641,400	635,000	-	834,064	442,336	18,465	15,132	(3,333)	1.78	0.07	1.99
									<b>4.34</b>	<b>0.10</b>	<b>4.85</b>
<b>Paper and Board</b>											
Century Paper and Board Mills Limited	304,100	-	32,100	170,100	166,100	17,631	10,265	(7,366)	1.21	0.08	1.35
Packages Limited	45,100	-	-	11,850	33,250	18,128	13,262	(4,866)	1.56	0.04	1.75
Roshan Packages Limited	200,000	-	-	200,000	-	-	-	-	-	-	-
Security Papers Limited	90,500	-	-	90,500	-	-	-	-	-	-	-
									<b>2.77</b>	<b>0.12</b>	<b>3.10</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	50	-	-	50	-	-	-	-	-	-	-
AGP Limited	136,100	-	-	136,100	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	38,300	-	-	38,300	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Pakistan Limited	22,100	-	-	2,300	19,800	4,952	4,719	(233)	0.56	0.02	0.62
IBL Healthcare Limited	444,000	6,500	78,800	56,000	473,300	43,702	24,607	(19,095)	2.89	0.73	3.24
The Searle Company Limited (note 6.1.3)	142,661	1,145	31,248	171,372	3,682	687	401	(286)	0.05	-	0.05
									<b>3.50</b>	<b>0.75</b>	<b>3.91</b>
<b>Power Generation And Distribution</b>											
The Hub Power Company Limited	797	200,000	-	50,000	150,797	11,742	10,280	(1,462)	1.21	0.01	1.35
K-Electric Limited (note 6.1.1)	2,579,500	1,000,000	-	1,800,000	1,779,500	7,063	5,410	(1,653)	0.64	0.01	0.71
									<b>1.85</b>	<b>0.02</b>	<b>2.06</b>
<b>Refinery</b>											
Attock Refinery Limited	90,000	9,500	-	95,000	4,500	732	791	59	0.09	-	0.10
Cnergyico PK Limited	2,590,000	3,920,000	-	4,612,000	1,898,000	18,119	10,135	(7,984)	1.19	0.04	1.34
(Formerly Byco Petroleum Pakistan Limited)											
National Refinery Ltd	-	23,956	-	3,000	20,956	4,926	5,293	367	0.62	0.03	0.70
Pakistan Refinery Limited	-	540,000	-	540,000	-	-	-	-	-	-	-
									<b>1.90</b>	<b>0.07</b>	<b>2.14</b>
<b>Technology and Communication</b>											
Air Link Communication Limited	-	136,500	10,237	100,000	46,737	3,109	1,888	(1,221)	0.22	0.01	0.25
Avanceon Limited	424,400	110,000	8,600	500,000	43,000	3,335	3,350	15	0.39	0.01	0.44
Netsol Technologies Limited	-	65,000	-	65,000	-	-	-	-	-	-	-
Octopus Digital Limited	-	75,524	-	50,000	25,524	1,036	1,820	784	0.21	0.02	0.24
Supemet Limited	-	500,000	-	-	500,000	11,250	9,655	(1,595)	1.14	0.45	1.27
Systems Limited	69,630	10,000	72,630	7,000	145,260	42,231	47,914	5,683	5.64	0.05	6.31
Worldcall Telecom Limited	3,050,000	5,000,000	-	4,900,000	3,150,000	10,833	4,190	(6,643)	0.49	0.10	0.55
									<b>8.09</b>	<b>0.64</b>	<b>9.06</b>
<b>Textile Composite</b>											
Feroze1888 Mills Limited	60,000	3,600	-	-	63,600	6,283	3,971	(2,312)	0.47	0.02	0.52
Interloop Limited	397,712	-	11,931	130,017	279,626	19,012	17,057	(1,955)	2.01	0.03	2.25
Kohinoor Textile Mills Limited	214,000	61,500	-	15,000	260,500	20,202	13,025	(7,177)	1.53	0.09	1.72
Nishat Mills Limited	197,500	50,000	-	171,800	75,700	7,113	5,595	(1,518)	0.66	0.02	0.74
									<b>4.67</b>	<b>0.16</b>	<b>5.23</b>
<b>Total as at June 30, 2022</b>						<b>924,207</b>	<b>759,097</b>	<b>(165,110)</b>	<b>89.29</b>		<b>100.00</b>
<b>Total as at June 30, 2021</b>						<b>1,226,396</b>	<b>1,423,402</b>	<b>197,006</b>	<b>85.12</b>		<b>100.00</b>

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Dynea Pakistan Limited and Shabbir Tiles and Ceramics Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.1.2** Investments include 34,000 shares of Engro Corporation Limited and 140,000 shares of Oil and Gas Development Company Limited, having market value of Rs 8.741 million and Rs. 11.014 million respectively as at June 30, 2022 (June 30, 2021: 60,000 shares of Engro Corporation Limited, 10,000 shares of Millat Tractors Limited, 100,000 shares of Oil and Gas Development Company Limited, having market value of Rs 17.676 million, Rs. 10.796 million and Rs. 9.503 million respectively) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

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

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

As at June 30, 2022, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 1.37 million (June 30, 2021: Rs 1.99 million).

	Note	2022	2021
		----- Rupees in '000-----	
<b>6.2 Unrealised appreciation on re-measurement of investments classified as Financial assets at fair value through profit or loss</b>			
Market value of investments	6.1	759,097	1,423,402
Carrying value of investments	6.1	<u>(924,207)</u>	<u>(1,226,396)</u>
		<u>(165,110)</u>	<u>197,006</u>
<b>7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE</b>			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Profit receivable on saving accounts with banks		922	745
Advance against Initial Public Offer	7.1	-	22,148
Advance tax	7.2	<u>2,470</u>	<u>2,469</u>
		<u>5,992</u>	<u>27,962</u>

- 7.1 This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.
- 7.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2022, withholding tax on dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends amounts to Rs. 2.470 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on dividends and profit on bank deposits has been shown as other receivables as at June 30, 2022 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2022	2021
			-----Rupees in '000-----	
	Remuneration payable	8.1	211	137
	Sindh Sales Tax on remuneration payable to the Management Company	8.2	27	18
	Allocated expenses payable	8.3	5	152
	Sales load payable		13	182
	Sindh Sales Tax payable on sales load		1	24
	Selling and marketing expenses payable	8.4	805	3,991
			<u>1,062</u>	<u>4,504</u>

- 8.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% (2021:1.5%) per annum of the average net assets of the Fund during the year June 30, 2022 . The remuneration is payable to the Management Company monthly in arrears.

- 8.2 During the year, an amount of Rs 2.614 million (2021: Rs 3.025 million) was charged on account of sales tax on Management Fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 2.605 million (2021: 3.224 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.11% (2021: 0.11%) of the average annual net assets of the Fund during the current year, subject to total expense charged being lower than actual expense incurred.

- 8.4 In accordance with Circular 11 dated July 5, 2019 issued by SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 1% (2021: 1%) per annum of the average annual net assets of the Fund during the current year, subject to total expense charged being lower than actual expense incurred.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			-----Rupees in '000-----	
	Remuneration of the Trustee	9.1	141	213
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	18	28
			<u>159</u>	<u>241</u>

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

Net Assets (Rs.)	Fee
up to Rs. 1 billion	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
exceeding Rs. 1 billion	Rs. 2.0 million plus 0.1% per annum of net assets exceeding Rs. 1 billion.

- 9.2 During the year, an amount of Rs 0.302 million (2021: Rs 0.332 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.312 million (2021: Rs. 0.326 million) was paid to the Trustee which acts as a collecting agent.

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

In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

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

	Note	2022	2021
-----Rupees in '000-----			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		208	195
Brokerage payable		318	1,675
Shariah advisor fee payable		264	269
Charity payable	11.1	1,417	1,997
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration to the Management Company	11.2	482	482
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	145	145
Withholding tax payable		-	177
Capital gain tax payable		26	595
Provision for Sindh Workers' Welfare Fund	11.3	-	21,839
Zakat payable		-	46
		2,860	27,420

- 11.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, during the year ended June 30, 2022, Shariah non-compliant income amounting to Rs. 1.420 million (2021: Rs. 1.244 million) was charged as charity expense and Rs 2.0 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Tabba Heart Institute	1,500
2	Welfare Society of Patient Care	300
3	Patel Hospital	200
	<b>Total</b>	2,000

- 11.2 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 0.627 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.03 (June 30, 2021: Re.0.02) per unit.

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

SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP and the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

## 12 CONTINGENCIES AND COMMITMENTS

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

	2022	2021
	-----Rupees in '000-----	
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	225	212
Half yearly review fee	94	81
Out of pocket expenses	20	19
	<u>339</u>	<u>312</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.59% (2021: 3.88%) which includes 0.28% (2021: 0.89%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation 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 has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

**16.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

**16.4** Detail of transactions with connected persons and balances with them are as follows:

### Balances

	2022	2021
	-----Rupees '000-----	
<b>Al Meezan Investment Management Company (Management Company)</b>		
Remuneration payable to the Management Company	211	137
Sindh Sales Tax payable on remuneration of the Management Company	27	18
Sales load payable	13	182
Sindh Sales Tax on sales load	1	24
Allocated expenses	5	152
Selling and marketing expenses payable	805	3,991
<b>Central Depository Company Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	141	213
Sindh Sales Tax on remuneration of the Trustee	18	28
Deposits	100	100
<b>Meezan Bank Limited</b>		
Sales load payable	58	43
Sindh Sales tax on sales load payable	8	6
Bank balance	1,472	56,325
Profit receivable on savings account	60	84
Outstanding 539,167 shares (2021: 327,825 shares)	60,915	37,834
Shariah Advisor fee payable	264	269

<b>Balances</b>	<b>2022</b>	<b>2021</b>
	-----Rupees '000-----	
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Investment of 295,585 units (2021: 991,743 units)	11,827	49,052
<b>Unit holders holding 10% or more of units of the Fund</b>		
Investment of nil units (June 30, 2021: 3,520,814 units)	-	174,139
	<b>For the year ended June 30,</b>	
<b>Transactions during the year</b>	<b>2022</b>	<b>2021</b>
	(Rupees in '000)	
<b>Al Meezan Investment Management Company (Management Company)</b>		
Remuneration to the Management Company	20,106	23,270
Sindh Sales Tax on remuneration of the Management Company	2,614	3,025
Allocated expenses	1,474	1,601
Selling and marketing expenses	13,404	9,176
<b>Central Depository Company Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	2,322	2,551
Sindh Sales Tax on remuneration of the Trustee	302	332
CDS charges	125	198
<b>Meezan Bank Limited</b>		
Profit on savings account	947	949
Purchase of 271,234 shares (2021: 117,016 shares)	36,646	50,670
Bonus of 71,108 shares (2021: 55,345 shares )	-	-
Sale 131,000 shares (2021: 397,982 shares)	18,889	81,217
Dividend income	3,469	4,360
Shariah Advisor fee	535	543
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Issuance of 586,315 units (2021: 4,150,092 units)	27,827	190,706
Redemption of 1,282,474 units (2021: 3,486,701 units)	61,895	159,387

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

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

	-----2022-----		
	At amortised cost	At fair value through profit or loss	Total
	-----Rupees in '000-----		
<b>Financial assets</b>			
Balances with banks	94,883	-	94,883
Investments	-	759,097	759,097
Receivable against conversion of units	2,873	-	2,873
Receivable against sale of investments	3,981	-	3,981
Dividend receivable	240	-	240
Advances, deposits and other receivable	3,522	-	3,522
	<u>105,499</u>	<u>759,097</u>	<u>864,596</u>

2022		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

**Financial liabilities**

Payable to Al Meezan Investment Management Company- Management Company	1,062	-	1,062
Payable to Central Depository Company Of Pakistan Limited- Trustee	159	-	159
Payable against redemption and conversion of units	7,287	-	7,287
Payable against purchase of investments	5,179	-	5,179
Payable to Meezan Bank Limited	66	-	66
Accrued expenses and other liabilities	790	-	790
	<u>14,543</u>	<u>-</u>	<u>14,543</u>

**Net financial assets / (liabilities)**

	<u>90,956</u>	<u>759,097</u>	<u>850,053</u>
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2021		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

**Financial assets**

Balances with banks	249,862	-	249,862
Investments	-	1,423,402	1,423,402
Receivable against sale of investments	3,675	-	3,675
Receivable against conversion of units	8,132	-	8,132
Dividend receivable	640	-	640
Advances, deposits and other receivable	25,493	-	25,493
	<u>287,802</u>	<u>1,423,402</u>	<u>1,711,204</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Company- Management Company	4,504	-	4,504
Payable to Central Depository Company Of Pakistan Limited - Trustee	241	-	241
Payable against redemption and conversion of units	8,790	-	8,790
Payable against purchase of investments	128	-	128
Payable to Meezan Bank Limited	49	-	49
Accrued expenses and other liabilities	2,139	-	4,136
	<u>15,851</u>	<u>-</u>	<u>17,848</u>

**Net financial assets / (liabilities)**

	<u>271,951</u>	<u>1,423,402</u>	<u>1,693,356</u>
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**18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**18.1 Market risk**

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

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

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

**(i) Profit rate risk**

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

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

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.93 million (2021: Rs. 2.47 million).

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

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

The composition of the Fund's investment portfolio, 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, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

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

----- 2022 -----					
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / Profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000 -----					
<b>Financial assets</b>					
Balances with banks	4.00% to 15.50%	92,714	-	2,169	94,883
Investments		-	-	759,097	759,097
Receivable against conversion of units		-	-	2,873	2,873
Dividend receivable		-	-	240	240
Receivable against sale of investments		-	-	3,981	3,981
Advances, deposits and other receivable		-	-	3,522	3,522
		92,714	-	771,882	864,596
<b>Financial liabilities</b>					
Payable to Al Meezan Asset Management Company - Management Company		-	-	1,062	1,062
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	159	159
Payable against redemption and conversion of units		-	-	7,287	7,287
Payable against purchase of investments		-	-	5,179	5,179
Payable to Meezan bank Limited		-	-	66	66
Accrued expenses and other liabilities		-	-	790	790
		-	-	14,543	14,543
<b>On-balance sheet gap (a)</b>		92,714	-	757,339	850,053
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		92,714	-	-	-
<b>Cumulative profit rate sensitivity gap</b>		92,714	92,714	92,714	-



----- 2021 -----						
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in 000 -----						
<b>Financial assets</b>						
Balances with banks	2.24% to 7.32%	247,213	-	-	2,649	249,862
Investments		-	-	-	1,423,402	1,423,402
Receivable against conversion of units		-	-	-	3,675	3,675
Dividend receivable		-	-	-	640	640
Receivable against sale of investments		-	-	-	8,132	8,132
Advances, deposits and other receivable		-	-	-	25,493	25,493
		247,213	-	-	1,463,991	1,711,204
<b>Financial liabilities</b>						
Payable to Al Meezan Asset Management Company - Management Company		-	-	-	4,504	4,504
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	241	241
Payable against redemption and conversion of units		-	-	-	8,790	8,790
Payable against purchase of investments		-	-	-	128	128
Payable to Meezan bank Limited		-	-	-	49	49
Accrued expenses and other liabilities		-	-	-	2,139	4,136
		-	-	-	15,851	17,848
<b>On-balance sheet gap (a)</b>		247,213	-	-	1,448,140	1,693,356
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		247,213	-	-		
<b>Cumulative profit rate sensitivity gap</b>		247,213	247,213	247,213		

**(ii) Currency risk**

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

**(iii) Price risk**

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

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

In case of 1% increase / decrease in 30 KSE index on June 30, 2022, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 7.591 million (2021: Rs. 14.234 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

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

## 18.2 Liquidity risk

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

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

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees in '000						
<b>Financial assets</b>						
Balances with banks	94,883	-	-	-	-	94,883
Investments	-	-	-	-	759,097	759,097
Receivable against conversion of units	2,873	-	-	-	-	2,873
Receivable against sale of investments	3,981	-	-	-	-	3,981
Dividend receivable	240	-	-	-	-	240
Advances, deposits and other receivable	3,522	-	-	-	-	3,522
	105,499	-	-	-	759,097	864,596
<b>Financial liabilities</b>						
Payable to Al Meezan Management Company Limited- Management Company	1,062	-	-	-	-	1,062
Payable to Central Depository Company of Pakistan Limited - Trustee	159	-	-	-	-	159
Payable against redemption and conversion of units	7,287	-	-	-	-	7,287
Payable against purchase of investments	5,179	-	-	-	-	5,179
Payable to Meezan Bank Limited	66	-	-	-	-	66
Accrued expenses and other liabilities	318	472	-	-	-	790
	14,071	472	-	-	-	14,543
<b>Net assets / (liabilities)</b>	<b>91,428</b>	<b>(472)</b>	<b>-</b>	<b>-</b>	<b>759,097</b>	<b>850,053</b>

	2021						Total
	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	
	Rupees in '000						
<b>Financial assets</b>							
Balances with banks	249,862	-	-	-	-	-	249,862
Investments	-	-	-	-	-	1,423,402	1,423,402
Receivable against conversion of units	3,675	-	-	-	-	-	3,675
Receivable against sale of investments	8,132	-	-	-	-	-	8,132
Dividend receivable	640	-	-	-	-	-	640
Advances, deposits and other receivable	25,493	-	-	-	-	-	25,493
	287,802	-	-	-	-	1,423,402	1,711,204
<b>Financial liabilities</b>							
Payable to Al Meezan Investment Management Company - Management Company	4,504	-	-	-	-	-	4,504
Payable to Central Depository Company of Pakistan Limited - Trustee	241	-	-	-	-	-	241
Payable against redemption and conversion of units	8,790	-	-	-	-	-	8,790
Payable against purchase of investments	128	-	-	-	-	-	128
Accrued expenses and other liabilities	1,675	2,461	-	-	-	-	4,136
Payable to Meezan bank Limited	49	-	-	-	-	-	49
	15,387	2,461	-	-	-	-	17,848
<b>Net assets / (liabilities)</b>	272,415	(2,461)	-	-	-	1,423,402	1,693,356

### 18.3 Credit risk

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

	2022		2021	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000			
Balances with banks	94,883	94,883	249,862	249,862
Investments	759,097	-	1,423,402	-
Receivable against conversion of units	2,873	2,873	3,675	3,675
Receivable against sale of investments	3,981	3,981	8,132	8,132
Dividend receivable	240	240	640	640
Advances, deposits and other receivable	3,522	3,522	25,493	25,493
	864,596	105,499	1,711,204	287,802

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 0.759 million (2021: Rs. 1.423 million) is not exposed to credit risk.

### 18.3.2 Credit quality of financial assets

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

	2022	2021
	(Percentage)	
AAA	1.57	22.55
AA+	34.70	19.07
AA	0.03	0.35
A+	63.70	58.03
	100.00%	100.00%





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

**21 UNIT HOLDING PATTERN OF THE FUND**

Category	2022			2021		
	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	1,331	465,705	54.78	1,422	941,100	56.28
Private Companies	5	26,347	3.10	6	206,571	12.35
Retirement Funds	21	315,362	37.09	23	454,663	27.19
Others	4	42,771	5.03	5	69,897	4.18
	<b>1,361</b>	<b>850,185</b>	<b>100.00%</b>	<b>1,456</b>	<b>1,672,231</b>	<b>100.00%</b>

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

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Intermarket Securities Limited	6.55%	Spectrum Securities (Private) Limited	10.67%
Arif Habib Limited	6.25%	Insight Securities (Private) Limited	6.58%
Ismail Iqbal Securities (Private) Limited	5.97%	Taurus Securities Limited	5.31%
Spectrum Securities (Private) Limited	5.90%	Aba Ali Habib Securities (Private) Limited	5.21%
Standard Capital Securities (Private) Limited	5.64%	AKD Securities Limited	5.07%
Topline Securities Limited	5.18%	Optimus Capital Management (Private) Limited	5.00%
Vector Capital (Private) Limited	4.64%	Darson Securities Limited	4.75%
Alfalah Securities (Private) Limited	4.48%	Intermarket Securities Limited	4.54%
BMA Capital Management Limited	4.16%	KASB Securities (Private) Limited	4.49%
Next Capital Limited	3.96%	Ismail Iqbal Securities (Private) Limited	4.40%

**23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE**

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

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

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

- Meezan Balanced Fund;
- KSE Meezan Index Fund;
- Meezan Financial Planning Fund of Fund;
- Meezan Strategic Allocation Fund;
- Meezan Strategic Allocation Fund-II;
- Meezan Strategic Allocation Fund-III; and
- Meezan Dedicated Equity Fund.

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

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

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

**25 DATE OF AUTHORISATION FOR ISSUE**

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

**26 GENERAL**

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

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

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

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

\_\_\_\_\_  
Director