



Al Meezan
Investment Management Ltd.

DISTAGHIL SAR

It is paramount to have smart investment plans to sustain the heights of an adventure-filled life.

Height 7,884 meters,
belongs to the range Hispar Karakoram



MEEZAN BALANCED FUND (MBF)

Meezan Balanced Fund seeks to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested in both high quality equity securities and Islamic Income Instruments such as TFCs, COIs, Certificates of Musharika, Islamic Sukuks, Ready-future hedges and other Shariah Compliant instruments.

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. 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

Allied Bank Limited
Al Baraka Islamic Bank B.S.C (E.C)
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking

Habib Metropolitan Bank Limited - Islamic Banking
MCB Islamic Bank
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Samba Bank Limited
Sindh Bank Limited
The Bank Of Khyber - Islamic Banking
UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



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REPORT OF THE FUND MANAGER Meezan Balanced Fund (MBF)

Type of Fund

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

Objective

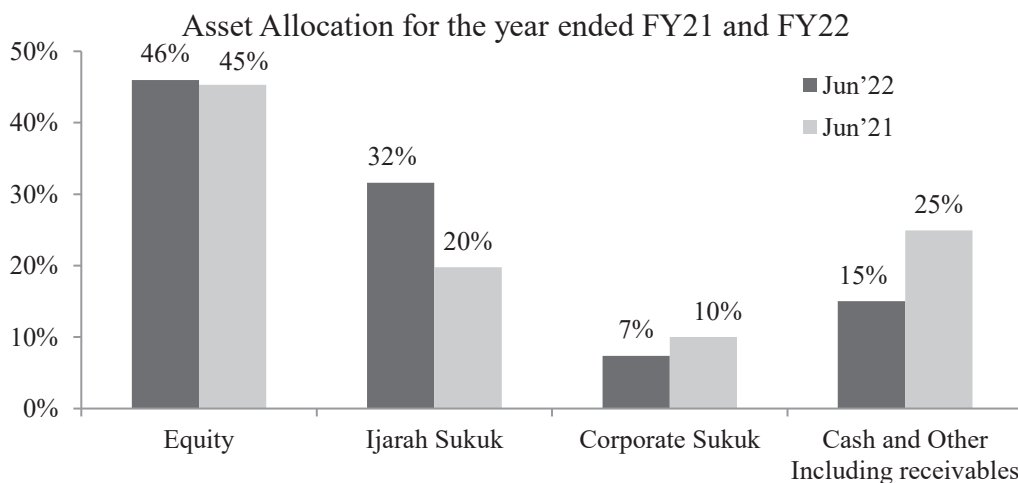
The objective of MBF is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic fixed income avenues such as Sukuk (Islamic Bonds), Musharaka and Murabaha instruments, Shariah compliant spread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

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

Strategy and Investment Policy

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

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



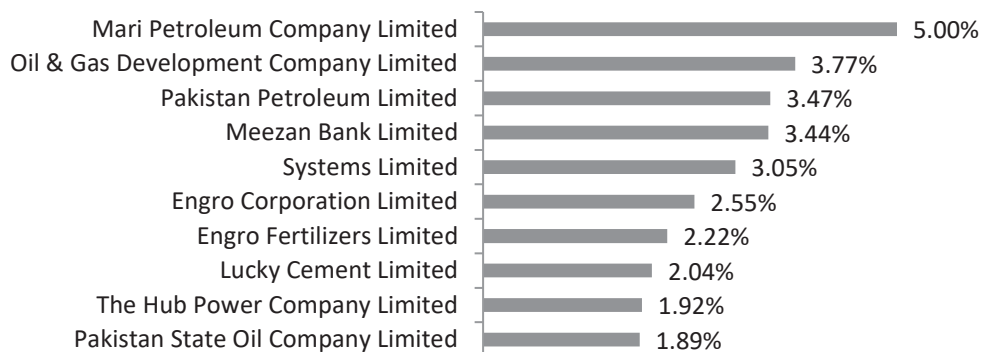


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The fund maintained significant exposure to the Oil and Gas Exploration sector which was raised in FY22 in wake of rising commodity prices and sharp PKR devaluation. Exposure to cement sector was simultaneously reduced in light rapid tightening undertaken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

Top Holdings



Performance Review

During FY22, Meezan Balanced Fund (MBF) provided a negative return of 3.61% to its investors compared to benchmark return of -3.11%.

	30-Jun-22	30-Jun-21	Change
NAV			
Meezan Balanced Fund	15.62	16.20	-3.61%
Benchmark Returns (Inputs)			
KMI 30	68,766	76,622	-10.25%
Average Yield on Islamic Bank Deposits (annualised)			3.34%
KMI 30 Return	-10.25%	18.13%	-28.38%
Islamic Bank Deposit Return	3.34%	3.56%	-0.22%
Benchmark Return			-3.11%
Underperformance			-0.50%

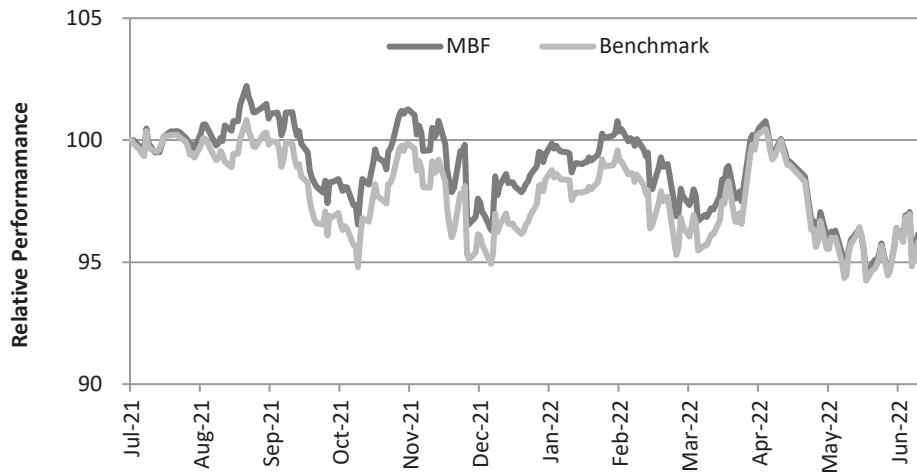
MBF posted a total income of Rs. 0.378 million in the fiscal year 2022 as compared to a total income of Rs. 894 million last year. Total income comprised of realized and unrealized loss on investments of Rs. 145 million and Rs. 184 million respectively. Dividend income contributed Rs. 130 million to income, while profit on saving accounts with banks amounted to Rs. 51 million. Profit on Sukuk certificates was



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Rs. 99 million and Profit on Commercial papers was Rs. 48 million . After accounting for expenses of Rs. 118 million, the Fund posted a net loss of Rs. 117 million. The net assets of the Fund as at June 30, 2022 were Rs. 2,641 million as compared to Rs. 4,713 million at the end of last year depicting a decrease of 44%. The net asset value per unit as at June 30, 2022 was Rs. 15.6153 as compared to Rs. 16.2002 per unit as on June 30, 2021.



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. 3.232 million was accrued as charity payable.

Distributions

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

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MBF amounting to Rs. 61.91 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 MBF by 1.29%. 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, 2022)

Range (Units)	No. of investors
1-9,999	3,897
10,000-49,999	551
50,000-99,999	161
100,000-499,999	169
500,000 and above	43
Total	4,821



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Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	23	23	0	0
Percentage		100%	0%	0%

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

PERFORMANCE TABLE

	2022	2021	2020
Net assets (ex-distribution) (Rupees in '000)	2,640,821	4,713,137	3,915,562
Net assets value per unit / certificate as at June 30 (ex-distribution) (Rupees)	15.6153	16.2002	13.7136
Distribution			
- Final	N/A	N/A	N/A
- Interim	N/A	N/A	0.084
Dates of distribution	N/A	N/A	June 30, 2020
Distribution - income distribution (Rupees in '000')	N/A	N/A	231189
Distribution - growth distribution (Rupees in '000')	N/A	N/A	N/A
Highest NAV per unit (Rupees)	16.6552	16.4727	15.9606
Lowest NAV per unit (Rupees)	15.3920	13.8753	12.1183
Total return (%)	-3.61	18.13	8.14
Earnings per unit (Rupees)	0	0	0
	One year	Two years	Three years
Average annual return as at June 30, 2022 (%)	(3.61)	6.71	7.18

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



Report of the *Shari'ah* Advisor –Meezan Balanced Fund

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

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Eighteenth year of operations of Meezan Balanced Fund (MBF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* 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 *Shari'ah* 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 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 MBF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MBF 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
Meezan Bank Limited	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.2



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 Ltd.	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not .

** 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 MBF 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 MBF 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 Limited
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN BALANCED 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 Balanced 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 Balanced Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 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	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2022 amounted to Rs 2,356.901 million and balances with banks aggregated to Rs 314.974 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">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;Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andObtained bank reconciliation statements and tested reconciling items on a sample basis.

AS



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.

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- 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: AR202210081ZTIQCSkn0



MEEZAN BALANCED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	2022	2021
Note	------(Rupees in '000')-----	
Assets		
Balances with banks	5 314,974	1,116,066
Investments	6 2,356,901	3,653,901
Receivable against conversion of units	91	7,965
Dividend receivable	694	8,950
Receivable against sale of investments	1,991	3,217
Advances, deposits and other receivables	7 25,094	77,868
Total assets	2,699,745	4,867,967
Liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	8 3,432	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee	9 339	516
Payable to the Securities and Exchange Commission of Pakistan	10 798	876
Payable to Meezan Bank Limited	50	143
Payable against purchase of investments	2,579	14,269
Payable against redemption and conversion of units	770	11,551
Dividend payable	7,498	7,498
Accrued expenses and other liabilities	11 43,458	107,216
Total liabilities	58,924	154,830
NET ASSETS	<u>2,640,821</u>	<u>4,713,137</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>2,640,821</u>	<u>4,713,137</u>
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE	<u>169,117,750</u>	<u>290,931,590</u>
	------(Rupees)-----	
NET ASSET VALUE PER UNIT	<u>15.6153</u>	<u>16.2002</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

Chief Financial Officer

Director

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

	Note	2022	2021
		----- (Rupees in '000')-----	
Income			
Profit on balances with banks		50,868	51,960
Dividend income		130,249	102,991
Profit on sukuk certificates		99,378	119,816
Profit on commercial papers		48,070	-
Other income		1,047	-
Net realised (loss) / gain on sale of investments		(145,248)	185,030
		184,364	459,797
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(183,986)	434,410
Total income		<u>378</u>	<u>894,207</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited			
- Management Company	8.1	79,783	87,666
Sindh Sales Tax on remuneration of the Management Company	8.2	10,372	11,397
Allocated expenses	8.3	4,388	4,520
Selling and marketing expenses	8.4	39,891	25,748
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	4,989	5,382
Sindh Sales Tax on remuneration of the Trustee	9.2	649	700
Annual fees to the Securities and Exchange Commission of Pakistan	10	798	876
Brokerage expense		3,914	4,963
Auditors' remuneration	13	601	540
Fees and subscription		561	593
Legal and professional charges		184	-
Charity expense	11.1	3,232	2,712
Bank and settlement charges		684	628
Provision against sukuk certificates	6.2.2.5	28,125	33,912
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11.2	(60,542)	14,291
Total expenses		<u>117,629</u>	<u>193,928</u>
Net (loss) / income for the year before taxation		<u>(117,251)</u>	<u>700,279</u>
Taxation	15	-	-
Net (loss) / income for the year after taxation		<u>(117,251)</u>	<u>700,279</u>
Allocation of net income for the year			
Net income for the year after taxation		-	700,279
Income already paid on units redeemed		-	(123,108)
		<u>-</u>	<u>577,171</u>
Accounting income available for distribution			
- Relating to capital gains		-	577,171
- Excluding capital gains		-	-
		<u>-</u>	<u>577,171</u>

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

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

Chief Executive

Chief Financial Officer

Director



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

Note	2022	2021
	----- (Rupees in '000') -----	
Net (loss) / income for the year after taxation	(117,251)	700,279
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u>(117,251)</u>	<u>700,279</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

Chief Financial Officer

Director

**MEEZAN BALANCED FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	2022			2021		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000')			(Rupees in '000')		
Net assets at the beginning of the year	4,059,835	653,302	4,713,137	3,839,430	76,131	3,915,561
Issue of 50,857,425 units (2021: 169,766,069 units)						
- Capital value (at net asset value per unit at the beginning of the year)	823,900	-	823,900	2,328,104	-	2,328,104
- Element of income	1,220	-	1,220	316,731	-	316,731
Total proceeds on issuance of units	825,120	-	825,120	2,644,835	-	2,644,835
Redemption of 172,671,265 units (2021: 164,358,660 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,797,309	-	2,797,309	2,253,949	-	2,253,949
- Element of (income) / loss	(17,124)	-	(17,124)	170,481	123,108	293,589
Total payments on redemption of units	2,780,185	-	2,780,185	2,424,430	123,108	2,547,538
Total comprehensive (loss) / income for the year	-	(117,251)	(117,251)	-	700,279	700,279
Net assets at the end of the year	2,104,770	536,051	2,640,821	4,059,835	653,302	4,713,137
Undistributed income brought forward						
- Realised income		218,892			25,518	
- Unrealised income		434,410			50,613	
		<u>653,302</u>			<u>76,131</u>	
Accounting income available for distribution						
- Relating to capital gains		-			577,171	
- Excluding capital gains		-			-	
		-			577,171	
Net loss for the year after taxation		(117,251)			-	
Undistributed income carried forward		<u>536,051</u>			<u>653,302</u>	
Undistributed income carried forward						
- Realised income		720,037			218,892	
- Unrealised (loss) / income		(183,986)			434,410	
		<u>536,051</u>			<u>653,302</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>16.2002</u>			<u>13.7136</u>
Net asset value per unit at the end of the year			<u>15.6153</u>			<u>16.2002</u>

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

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

Chief Executive

Chief Financial Officer

Director

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



	Note	2022	2021
----- (Rupees in '000') -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		(117,251)	700,279
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	183,986	(434,410)
Provision against sukuk certificates		28,125	33,912
		94,860	299,781
Decrease / (increase) in assets			
Investments		1,084,889	13,437
Dividend receivable		8,256	(8,345)
Receivable against sale of investments		1,226	1,147
Advances, deposits and other receivables		52,774	(37,275)
		1,147,145	(31,036)
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(9,329)	7,288
Payable to Central Depository Company of Pakistan Limited - Trustee		(177)	58
Payable to the Securities and Exchange Commission of Pakistan		(78)	(29)
Payable to Meezan Bank Limited		(93)	67
Payable against purchase of investments		(11,690)	9,529
Accrued expenses and other liabilities		(63,758)	(10,216)
		(85,125)	6,697
Net cash generated from operating activities		1,156,880	275,442
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		832,994	2,641,115
Payments against redemption and conversion of units		(2,790,966)	(2,540,601)
Dividend paid		-	(45,496)
Net cash (used in) / generated from financing activities		(1,957,972)	55,018
Net (decrease) / increase in cash and cash equivalents		(801,092)	330,460
Cash and cash equivalents at the beginning of the year		1,116,066	785,606
Cash and cash equivalents at the end of the year	5	314,974	1,116,066

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

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

Chief Executive

Chief Financial Officer

Director

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

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

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). Consequently, the Fund is now 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 Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.

1.3 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity securities and Islamic income instruments such as Islamic Sukuks (certificates of Islamic investment), Musharaka Certificates, Government Securities, cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, Term Deposits Receipts, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the SECP. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.4 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. The Fund is categorised as a Shariah Compliant Balanced Fund in accordance with Circular 7 of 2009 issued by the SECP.

1.5 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan (CDC) as the Trustee of the Fund.

1.6 The Management Company has been assigned a quality rating of AM1 by VIS dated December 27, 2021 (2020: 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.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

There are certain amendments to the standards and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not disclosed in these financial statements.

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

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

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

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been 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 principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

4.3.2.1 Debt instruments

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

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

based on the business model of the entity.

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

4.3.2.2 Equity instruments

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

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

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

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

4.3.3 Impairment

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.

4.3.4 Impairment loss on debt securities

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

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

4.3.5 Regular way contracts

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

4.3.6 Derecognition

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised appreciation / (diminution) arising on re-measurement of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the date of commencement of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, commercial paper and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with banks is recognised on an accrual basis.

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the condensed interim financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2022	2021
			----- (Rupees in '000')-----	
	Balances with banks in:			
	Savings accounts	5.1	306,713	1,107,485
	Current accounts		8,261	8,581
			<u>314,974</u>	<u>1,116,066</u>

5.1 This includes balance amounting to Rs. 17.610 million (2021: 15.195 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other balances in saving accounts have expected profit rates ranging from 3.00% to 16.25% per annum (2021: 1.50% to 7% per annum)

6	INVESTMENTS	Note	2022	2021
			----- (Rupees in '000')-----	
	At fair value through profit or loss			
	Shares of listed companies - 'ordinary shares'	6.1	1,241,797	2,205,560
	Sukuk certificates	6.2	699,588	1,448,341
	Commercial papers	6.3	415,516	-
			<u>2,356,901</u>	<u>3,653,901</u>

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchases during the period	Right / bonus issue	Sales during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution)/ appreciation as at June 30, 2022	Percentage in relation to		
									Total market value of investments	Net assets of the Fund	Paid-up-capital of the investee company (with face value of investments)
----- Number of shares -----						----- (Rupees in '000') -----			----- % -----		
Sectors / companies											
Automobile Assemblers											
Gandhara Industries Limited	2,100	-	-	-	2,100	586	332	(254)	0.01	0.01	-
Gandhara Nissan Limited	-	120,000	-	80,400	39,600	4,741	2,351	(2,390)	0.10	0.09	0.07
Pak Suzuki Motor Company Limited	77,000	-	-	77,000	-	-	-	-	-	-	-
Millat Tractors Company Limited	27,063	5,000	14,649	20,660	26,052	16,275	22,733	6,458	0.96	0.86	0.03
									1.08	0.96	
Automobile parts and accessories											
Panther Tyres Limited	22,460	200,000	44,492	266,952	-	-	-	-	-	-	-
Cement											
Attock Cement Pakistan Limited	4,528	-	-	-	4,528	814	301	(513)	0.01	0.01	0.00
Cherat Cement Company Limited	147,300	125,000	-	134,900	137,400	24,168	12,784	(11,384)	0.54	0.48	0.07
DG Khan Cement Company Limited	360,938	335,000	-	695,938	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	200,000	-	-	200,000	3,704	2,834	(870)	0.12	0.11	0.01
Kohat Cement Limited	415,520	-	-	91,200	324,320	66,969	42,204	(24,765)	1.79	1.60	0.16
Lucky Cement Limited	260,391	31,019	-	171,463	119,947	102,225	55,060	(47,165)	2.34	2.08	0.04
Maple Leaf Cement Limited	1,098,771	1,455,650	-	1,983,434	570,987	22,095	15,616	(6,479)	0.66	0.59	0.05
									5.46	4.88	

Name of the investee company	As at July 1, 2021	Purchases during the period	Right / bonus issue	Sales during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution)/ appreciation as at June 30, 2022	Percentage in relation to		
									Total market value of investments	Net assets of the Fund	Paid-up-capital of the investee company (with face value of investments)
Number of shares						(Rupees in '000)		%			
Chemicals											
Dynea Pakistan Limited (note 6.1.1)	25,000	3,000	-	-	28,000	6,248	4,871	(1,377)	0.21	0.18	0.30
Engro Polymer & Chemicals Limited	848,454	572,000	-	1,054,500	365,954	18,292	29,141	10,849	1.24	1.10	0.04
I.C.I. Pakistan Limited	82,266	2,500	-	55,150	29,616	25,541	21,458	(4,083)	0.91	0.81	0.03
Nimir Resins Limited	80,000	-	-	80,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	18,100	-	-	18,100	-	-	-	-	-	-	-
									2.35	2.10	
Commercial Banks											
BankIslami Pakistan Limited	631,462	1,405,500	-	1,600,000	436,962	5,523	5,261	(262)	0.22	0.20	0.04
Meezan Bank Limited	931,273	90,000	138,190	336,647	822,816	84,785	92,962	8,177	3.94	3.52	0.05
									4.17	3.72	
Engineering											
Agha Steel Industries Limited	389,484	-	19,474	408,958	-	-	-	-	-	-	-
Aisha Steel Mills Limited	240,000	450,000	-	690,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	335,000	-	335,000	-	-	-	-	-	-	-
International Industries Limited	156,720	-	-	156,720	-	-	-	-	-	-	-
International Steels Limited	100,000	-	-	100,000	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	545,000	373,500	-	918,500	-	-	-	-	-	-	-
Mughal Iron & Steels Industries Limited	191,800	706,400	109,785	762,887	245,098	21,067	14,127	(6,940)	0.60	0.53	0.07
KSB Pumps Company Limited	5,000	-	-	5,000	-	-	-	-	-	-	-
									0.60	0.53	
Fertilizers											
Engro Corporation Limited (note 6.1.2)	356,014	70,000	-	158,000	268,014	77,764	68,904	(8,860)	2.92	2.61	0.05
Engro Fertilizers Limited	556,924	495,000	-	375,000	676,924	48,683	60,003	11,320	2.55	2.27	0.05
Fauji Fertilizer Bin Qasim Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
									5.47	4.88	
Food & Personal Care Products											
Al Shaheer Corporation Limited (note 6.1.3)	8,546	-	-	-	8,546	170	77	(93)	-	-	-
At-Tahir Limited	-	286,500	34,380	8,000	312,880	7,337	5,967	(1,370)	0.25	0.23	0.16
Unity Foods Limited	658,000	387,518	-	1,045,518	-	-	-	-	-	-	-
									0.25	0.23	
Glass & Ceramics											
Shabbir Tiles & Ceramics Limited (note 6.1.1)	675,000	159,500	-	27,000	807,500	26,946	11,814	(15,132)	0.50	0.45	0.67
									0.50	0.45	
Leather & Tanneries											
Service GlobalFootwear Limited	108,430	-	-	68,000	40,430	2,338	1,624	(714)	0.07	0.06	0.02
									0.07	0.06	
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	303,247	-	303,247	-	-	-	-	-	-	-
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited (note 6.1.3)	113,247	23,260	-	58,953	77,554	121,108	134,924	13,816	5.72	5.11	0.06
Oil and Gas Development Company Limited	1,222,369	445,562	-	375,000	1,292,931	119,104	101,715	(17,389)	4.32	3.85	0.03
Pakistan Oilfields Limited	177,223	-	-	92,216	85,007	33,481	34,497	1,016	1.46	1.31	0.03
Pakistan Petroleum Limited	1,409,128	300,000	-	322,131	1,386,997	118,014	93,636	(24,378)	3.97	3.55	0.05
									15.48	13.81	
Oil and Gas Marketing Companies											
Hascol Petroleum Limited (note 6.1.3)	1,901	-	-	-	1,901	17	8	(9)	0.00	0.00	0.00
Pakistan State Oil Company Limited (note 6.1.3)	431,190	130,000	-	264,124	297,066	59,589	51,048	(8,541)	2.17	1.93	0.06
Sui Northern Gas Pipelines Limited	458,000	645,000	-	692,112	410,888	19,093	14,056	(5,037)	0.60	0.53	0.06
									2.76	2.47	
Paper & Board											
Cherat Packaging Limited	40	-	-	-	40	8	5	(3)	0.00	(0.00)	0.00
Century Paper & Board Mills Limited	300,300	-	45,045	17,000	328,345	34,853	20,292	(14,561)	0.86	0.77	0.16
Roshan Packages Limited	86,500	-	-	44,000	42,500	1,400	632	(768)	0.03	0.02	0.03
Security Papers Limited	25,000	-	-	25,000	-	-	-	-	-	-	-
Packages Limited	94,023	-	-	19,250	74,773	40,766	29,824	(10,942)	1.27	1.13	0.08
									2.15	1.92	

Name of the investee company	As at July 1, 2021	Purchases during the period	Right / bonus issue	Sales during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution)/ appreciation as at June 30, 2022	Percentage in relation to			
									Total market value of investments	Net assets of the Fund	Paid-up-capital of the investee company (with face value of investments)	
Number of shares						Rupees in '000'			%			
Pharmaceuticals												
Abbott Laboratories (Pakistan) Limited	2,250	-	-	-	2,250	1,783	1,473	(310)	0.06	0.06	0.00	
AGP Limited	203,500	-	-	203,000	500	59	44	(15)	0.00	0.00	0.00	
GlaxoSmithKline Consumer Healthcare Pakistan Limited	46,900	-	-	4,000	42,900	10,729	10,224	(505)	0.43	0.39	0.04	
Highnoon Laboratories Limited (note 6.1.3)	481	-	48	-	529	289	280	(9)	0.01	0.01	0.00	
IBL HealthCare Limited	170,000	58,600	38,920	20,000	247,520	22,390	12,869	(9,521)	0.55	0.49	0.38	
The Searle Company Limited (note 6.1.3)	151,181	13,834	45,354	195,000	15,369	2,831	1,676	(1,155)	0.07	0.06	0.00	
									1.13	1.01		
Power Generation & Distribution												
K-Electric Limited (note 6.1.1)	6,482,500	1,000,000	-	3,904,000	3,578,500	14,562	10,879	(3,683)	0.46	0.41	0.04	
The Hub Power Company Limited	967,150	364,400	-	571,259	760,291	59,565	51,829	(7,736)	2.20	1.96	0.06	
									2.66	2.37		
Real Estate Investment Trust												
Dolmen City REIT	1,909,000	-	-	-	1,909,000	21,037	25,810	4,773	1.10	0.98	0.09	
									1.10	0.98		
Refinery												
Attock Refinery Limited	58,000	13,000	-	65,000	6,000	977	1,055	78	0.04	0.04	0.01	
National Refinery Limited	-	17,500	-	4,000	13,500	3,200	3,410	210	0.14	0.13	0.02	
Cnergycio PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,810,000	1,860,000	-	1,594,022	2,075,978	20,895	11,086	(9,809)	0.47	0.42	0.04	
									0.66	0.59		
Technology & Communication												
Air Link Communication Limited	-	463,750	14,906	398,500	80,156	5,331	3,238	(2,093)	0.14	0.12	0.02	
Avanceon Limited	442,776	211,500	25,375	552,776	126,875	8,867	9,885	1,018	0.42	0.37	0.04	
Octopus Digital Limited	-	74,836	-	50,000	24,836	1,008	1,771	763	0.08	0.07	0.02	
Systems Limited	153,615	-	124,615	29,000	249,230	69,812	82,211	12,399	3.49	3.11	0.09	
Worldcall Telecom Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-	
									4.12	3.68		
Textile composite												
Feroze1888 Mills Limited	77,800	4,668	-	-	82,468	8,146	5,147	(2,999)	0.22	0.19	0.02	
Interloop Limited	914,222	5,000	27,576	185,098	761,700	51,797	46,463	(5,334)	1.97	1.76	0.08	
Kohinoor Textile Mills Limited	50,000	115,000	-	65,000	100,000	7,273	5,000	(2,273)	0.21	0.19	0.03	
Nishat Mills Limited	314,100	60,000	-	287,673	86,427	8,082	6,386	(1,696)	0.27	0.24	0.02	
									2.67	2.39		
Right Certificates												
Food & Personal Care Products												
Unity Foods Limited	-	21,418	-	21,418	-	-	-	-	-	-	-	
Total as at June 30, 2022						1,432,337	1,241,797	(190,540)				
Total as at June 30, 2021						1,777,673	2,205,560	427,887				

6.1.1 All shares have a face 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 and K-Electric Limited which have a nominal value of Rs 3.5 each.

6.1.2 Investments include 150,000 shares of Engro Corporation Limited, having a market value of Rs 38.564 million (2021: Rs 44.192 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

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

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

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

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

As at June 30, 2022, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 4.347 million (2021: 6.102 million).

6.2 Sukuk certificates

6.2.1 Government Securities - GOP Ijarah Sukuk

Name of the Security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to	
												Net assets of the Fund	Total market value of investments
				 (Number of certificates) (Rupees in '000) %		
GoP Ijarah Sukuk Certificates - XVIII (Note 6.2.1.1)	Semi-annually / At maturity	April 30, 2020	April 30, 2025	Weighted Average 6 months T-Bills	1,480	-	1,480	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XIX (Note 6.2.1.1)	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted Average 6 months T-Bills	1,500	-	1,500	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXI VRR (Note 6.2.1.1)	Semi-annually / At maturity	December 09, 2020	December 09, 2025	Weighted Average 6 months T-Bills	2,000	-	2,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIII FRR (Note 6.2.1.1)	Semi-annually / At maturity	October 06, 2021	October 06, 2026	Weighted Average 6 months T-Bills	-	2,000	2,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXV (Note 6.2.1.1)	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted Average 6 months T-Bills	-	2,000	-	2,000	199,820	199,360	(460)	7.55	8.46
Total as at June 30, 2022									<u>199,820</u>	<u>199,360</u>	<u>(460)</u>		
Total as at June 30, 2021									<u>492,117</u>	<u>496,523</u>	<u>4,406</u>		

6.2.1.1 The nominal value of the GoP Ijarah sukuk certificates is Rs 100,000 each.

6.2.2 Sukuk certificates

Name of the investee company	Profit payments / principal redemptions	Maturity	Profit rate	As at July 1, 2021	Purchases during the period	Sales / Redemptions / matured during the period	As at June 30, 2022	Carrying value as at June 30, 2022*	Market value as at June 30, 2022*	Unrealised appreciation as at June 30, 2022	Percentage in relation to		
											Net assets of the Fund	Total issue (with face value of investment)	Total market value of investments
							-----Number of certificates-----	----- (Rupees in '000') -----		----- % -----			
NON-PERFORMING ASSETS													
Security Leasing Corporation Limited II * (note 6.2.2.3) (non-traded)	N/A	January 19, 2022	N/A	5,000	-	-	5,000	-	-	-	-	-	-
Eden Housing Limited * (note 6.2.2.3) (non-traded)	N/A	September 29, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-	-
Arzoo Textile Mills Limited * (note 6.2.2.3) (non-traded)	N/A	April 15, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-	-
Hascol Petroleum Limited - Sukuk (note 6.2.2.3 and 6.2.2.4) (non-traded) *	N/A	January 7, 2022	N/A	50,000	-	-	50,000	-	-	-	-	-	-
POWER GENERATION & DISTRIBUTION													
K Electric Limited (AA+, VIS, non-traded)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1%	60,003	-	60,003	-	-	-	-	-	-	-
The Hub Power Company Limited (AA+, PACRA, non traded) (note 6.2.2.1)	Semi-annually / Semi-annually commencing from September 19, 2022	March 19, 2024	1 year KIBOR plus base rate of 1.90%	300	-	300	-	-	-	-	-	-	-
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded) (note 6.2.2.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	230	-	-	230	9,950	10,629	679	0.40	0.02	0.45
Hub Power Holdings Limited** (AA+, PACRA) (note 6.2.1.1)	Quarterly / Semi-annually commencing from May 12, 2024	November 12, 2025	6 months KIBOR plus base rate of 2.50%	2,000	-	-	2,000	197,506	197,506	-	7.48	3.29	8.38
K-Electric Limited (AA+, VIS, non-traded)	Quarterly / Quarterly commencing from November 3, 2022	August 3, 2027	3 months KIBOR plus base rate of 1.70%	30,000	-	30,000	-	-	-	-	-	-	-
COMMERCIAL BANKS													
Dubai Islamic Bank Pakistan Limited (AA-, VIS, non-traded) (note 6.2.2.1)	Semi-annually / At maturity	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	144,943	145,724	781	5.52	3.64	6.18
Meezan Bank Limited (AAA, VIS, non-traded) (note 6.2.2.1), a related party of the Fund	Semi-annually / At maturity	September 22, 2026	6 months KIBOR plus base rate of 0.5%	80	-	80	-	-	-	-	-	-	-
MISCELLANEOUS													
International Brands Limited (AA, VIS, non-traded) (note 6.2.2.1)	Quarterly / Monthly	May 5, 2022	3 months KIBOR plus base rate of 0.50%	650	-	650	-	-	-	-	-	-	-
Shakarganj Food Products Limited (BBB+, VIS, non-traded) (note 6.2.2.1 & 6.2.2.2)	Quarterly	July 10, 2025	3 months KIBOR plus base rate of 1.75%	82	-	-	82	53,505	55,672	2,167	2.11	10.24	2.36

Name of the investee company	Profit payments / principal redemptions	Maturity	Profit rate	As at July 1, 2021	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2022	Carrying value as at June 30, 2022*	Market value as at June 30, 2022*	Unrealised appreciation as at June 30, 2022	Percentage in relation to		
											Net assets of the Fund	Total issue (with face value of investment)	Total market value of investments
							Number of certificates	(Rupees in '000')		%			
PHARMACEUTICALS													
AGP Limited (A+, PACRA, non-traded) (note 6.2.2.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.3%	405	-	405	-	-	-	-	-	-	-
OBS AGP (Private) Limited (A+, VIS, traded) (note 6.2.2.1)	Quarterly / Quarterly commencing from October 15, 2022	July 15, 2026	3 months KIBOR plus base rate of 1.55%	-	320	320	-	-	-	-	-	-	-
CEMENT & CONSTRUCTION													
Javedan Corporation Limited (AA-, VIS, non-traded) (note 6.2.2.1)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	750	-	750	-	-	-	-	-	-	-
STEEL & ALLIED PRODUCTS													
Agha Steel Industries Limited (A+, VIS, non-traded) (note 6.2.2.1 and 6.2.2.2)	Quarterly / Quarterly commencing from January 9, 2022	October 9, 2025	3 months KIBOR plus base rate of 0.80%	100	-	-	100	87,310	90,697	3,387	3.43	1.81	3.85
Total as at June 30, 2022								<u>493,214</u>	<u>500,228</u>	<u>7,014</u>			
Total as at June 30, 2021								<u>949,701</u>	<u>951,818</u>	<u>2,117</u>			

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

** These investments have been carried at cost as these were not valued by MUFAP as at June 30, 2022.

6.2.2.1 The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Eden Housing Limited having nominal value of Rs 984.375, International Brands Limited, AGP Limited, OBS AGP (Private) Limited, Javedan Corporation Limited, Hub Power Holdings Limited, Neelum Jhelum Hydropower Company (Private) Limited and Hub Power Company Limited having nominal value of Rs. 100,000 each and Dubai Islamic Bank Pakistan Limited, Meezan Bank Limited, Shakarganj Food Products Limited and Agha Steel Industries Limited having nominal value of Rs 1,000,000 each respectively.

6.2.2.2 Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the sukuk certificates of Agha Steel Industries Limited and Shakarganj Food Products Limited have been valued at discretionary rates of 103.6540 and 104.449 when the reported market rate on MUFAP valuation sheet as at June 30, 2022 were 105.8879 and 107.3077 respectively. The mark down in price has been done within allowable limits.

6.2.2.3 Details of non-compliant investments with the investment criteria of the assigned category

The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Balanced Fund (the Fund) as a 'Balanced Scheme' in accordance with the said circular. As at June 30, 2022, following investments of the Funds are in sukuks which are non compliant securities. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of Investment	Value of investments before provision	Provision held as at June 30, 2022	Value of investments after provision	Percentage of net assets	Percentage of total assets
		----- (Rupees in '000') -----			----- % -----	
Listed						
Arzoo Textile Mills Limited	Non-traded sukuk certificates	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	7,701	7,701	-	-	-
Hascol Petroleum Limited (note 6.2.2.4)	Non-traded sukuk certificates	62,037	62,037	-	-	-
Shakarganj Food Products Limited	Non-traded sukuk certificates	55,672	-	55,672	2.11	2.06
Total - June 30, 2022		155,332	99,660	55,672	2.11	2.06
Total - June 30, 2021		169,628	71,535	98,093	2.08	2.02

6.2.2.4 On April 1, 2021, Hascol Petroleum Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 62.037 (June 30, 2021: Rs. 33.912) million have also been held as provision. The face value of sukuk certificates is Rs 62.5 million as at June 30, 2022.

6.2.2.5 Movement of provision	Note	2022	2021
		---- (Rupees in '000')----	
Balance as at July 1		71,535	37,623
Charge for the period	6.2.2.4	28,125	33,912
Reversals for the period		-	-
Balance as at June 30		<u>99,660</u>	<u>71,535</u>

6.3 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchases during the period	Sales / redemptions / maturity during the period	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to	
			----- (Number of certificates) -----			----- (Rupees in '000') -----			----- % -----		Net assets of the Fund
Mughal Iron & Steel Industries Limited ICP 1 (A-2, VIS)	July 21, 2022	6 months KIBOR plus base rate of 1.75%	-	165	-	165	166,435	166,435	-	6.30	7.06
Lucky Electric Power Company Limited ICP-1 (AA-, PACRA)	May 09, 2022	6 months KIBOR plus base rate of 0.75%	-	400	400	-	-	-	-	-	-
Lucky Electric Power Company Limited ICP-2 (AA-, PACRA)	July 12, 2022	6 months KIBOR plus base rate of 1.50%	-	250	-	250	249,081	249,081	-	9.43	10.57
Total as at June 30, 2022							<u>415,516</u>	<u>415,516</u>	<u>-</u>	<u>15.73</u>	<u>17.63</u>
Total as at June 30, 2021							<u>-</u>	<u>-</u>	<u>-</u>		

6.3.1 The nominal value of these commercial papers is Rs 1,000,000 each and these are redeemable at maturity.

6.4 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	2022	2021
		---- (Rupees in '000')----	
Market value of investments		2,356,901	3,653,901
Carrying value of investments		<u>2,540,887</u>	<u>3,219,491</u>
		<u>(183,986)</u>	<u>434,410</u>

	Note	2022 ---- (Rupees in '000')----	2021
7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Security deposits		2,800	10,872
Profit receivable on balances with banks		3,704	7,194
Profit receivable on sukuk certificates		17,017	28,192
Advance against IPO subscription		-	30,037
Advance tax	7.1	1,573	1,573
		<u>25,094</u>	<u>77,868</u>

- 7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 150 and 151. However, withholding tax on dividend and profit on debt paid to the Fund has been 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 by the withholder. The tax withheld on dividends and profit on debt amounts to Rs 1.573 million (2021: Rs 1.573 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, 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 judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt 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.

	Note	2022 ----- (Rupees in '000')-----	2021
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	867	555
Sindh Sales Tax on management fee payable	8.2	113	72
Sales load payable		64	669
Sindh Sales Tax on sales load payable		8	87
Allocated expenses payable	8.3	16	412
Selling and marketing expenses payable	8.4	2,364	10,966
		<u>3,432</u>	<u>12,761</u>

- 8.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2021: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.
- 8.2** During the year, an amount of Rs 10.372 million (2021: Rs 11.397 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 10.331 million (2021: Rs. 11.441 million) has been paid to the Management Company which acts as a collecting agent.



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

The management company based on its own discretion has charged allocated expenses at the rate of 0.11% (2021: 0.1% from July 1, 2020 till March 9, 2021 and at 0.11% from March 10, 2021 till June 30, 2021) of average annual net assets during the year, subject to the total expense charged being lower than actual expense incurred.

- 8.4** In accordance with Circular 11 dated July 5, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at 1% (2021: 0.4% from July 1, 2020 to March 9, 2021 and at 1% from March 10, 2021 to June 30, 2021) per annum of the average annual net assets of the Fund during the year subject to the total expense charged being lower than actual expense incurred.

	Note	2022	2021
------(Rupees in '000')-----			
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee payable	9.1	300	457
Sindh Sales Tax payable on trustee fee	9.2	39	59
		339	516

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

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

- 9.2** During the year, an amount of Rs 0.649 million (2021: Rs 0.700 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 0.669 million (2021: Rs 0.694 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan at the rate of 0.02% (2021: 0.02%) per annum of average annual net assets of the Fund.

	Note	2022	2021
------(Rupees in '000')-----			
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Withholding tax payable		510	917
Provision for Sindh Workers' Welfare Fund	11.2	-	60,542
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	31,961	31,961
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	6,838	6,838
Brokerage expenses payable		41	1,401
Charity payable	11.1	3,466	4,946
Shariah advisory fee payable		237	243
Auditors' remuneration payable		401	361
Zakat payable		4	7
		43,458	107,216

- 11.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated for charitable purposes.

During the year ended June 30, 2022, non-shariah compliant income amounting to Rs 3.232 million (2021: Rs 2.712 million) was charged as an expense in the books of the Fund, and Rs. 4.950 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Medical Aid Foundation	1,500
2	The Diabetes Centre	200
3	Karachi Down Syndrome Program	200
4	Chiniot Anjuman Islamia	500
5	Milestone Charitabale Trust	200
6	Jamiat Punjabi Sodagran Dehli	500
7	Cancer Foundation	1,500
8	Marie Adelaide Leprosy Centre	250
9	Patel Hospital	100
	Total	4,950

- 11.2 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 on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

During the year, SRB through its letter dated August 12, 2021 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 taken up with the SECP and all the Asset Management Companies, in consultation with the 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 also gave its concurrence for prospective reversal of provision for SWWF. Going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

- 11.3 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 01, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 38.799 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. 0.23 (2021: Re 0.13) per unit.

12 CONTINGENCIES AND COMMITMENTS

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

13 AUDITORS' REMUNERATION

	2022	2021
	------(Rupees in '000')-----	
Annual audit fee	343	302
Half yearly review of condensed interim financial statements	129	119
Fee for other certifications	100	112
Out of pocket expenses	29	7
	<u>601</u>	<u>540</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.76% (2021: 4.22%) which includes 0.31% (2021: 0.64%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Balanced Scheme.

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

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 being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

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

16.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

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

Balances	2022	2021
	------(Rupees in '000')-----	
AI Meezan Investment Management Limited (Management Company)		
Management fee payable	867	555
Sindh Sales Tax on management fee payable	113	72
Sales load payable	64	669
Sindh Sales Tax on sales load payable	8	87
Allocated expenses payable	16	412
Selling and marketing expenses payable	2,364	10,966
Outstanding 947,787 (2021: 947,787) units - at net asset value	14,800	15,354
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	300	457
Sindh Sales Tax payable on trustee fee	39	59
Security deposits	300	300
Meezan Bank Limited		
Balances with banks	24,042	22,259
Sales load payable	44	127
Sindh Sales Tax on sales load payable	6	16
Shariah advisory fee payable	237	243
Outstanding 18,886,746 units (2021: 18,886,746 units) - at net asset value	294,922	305,969
Investment in nil sukuk certificates (2021: 80 sukuk certificates)	-	82,850
Investment in 822,816 shares (2021: 931,273 shares)	92,962	107,478
Profit receivable on balances with banks	38	34
AI Meezan Investment Management Limited - Employees Gratuity Fund		
Outstanding 473,186 units (2021: 473,186) units	7,389	7,666
Directors and Executives of the Management Company		
Outstanding 6,522,868 units (2021: 6,524,913 units)	101,857	105,705
Transactions during the year		
	2022	2021
	------(Rupees in '000')-----	
AI Meezan Investment Management Limited (Management Company)		
Remuneration of AI Meezan Investment Management Limited		
- Management Company	79,783	87,666
Sindh Sales Tax on remuneration of the Management Company	10,372	11,397
Allocated expenses	4,388	4,520
Selling and marketing expenses	39,891	25,748
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	4,989	5,382
Sindh Sales Tax on remuneration of the Trustee	649	700
CDS charges	120	178


Transactions during the year

	2022	2021
	------(Rupees in '000')-----	
Meezan Bank Limited		
Profit on balances with banks	742	419
Profit on sukuk certificates	2,952	7,096
Dividend income	5,768	7,810
Shariah advisor fee	533	565
Sale of sukuk certificates: 80 certificates (2021: nil)	80,000	-
Purchase of 90,000 shares (2021: 60,000 shares)	12,119	4,837
Bonus Shares: 138,190 shares (2021: 93,388 shares)	-	-
Sale of 336,647 shares (2021: 156,000 shares)	46,562	16,919
Meezan Tahaffuz Pension Fund-Debt Sub Fund		
Sale of Javedan Corporation Limited sukuk certificates: 750 sukuk certificates (2021: nil certificates)	55,845	-
Directors and Executives of the Management Company		
Units issued: 19,434 units (2021: 40,839 units)	312	625
Units redeemed: 21,479 units (2021: 117,462 units)	346	1,854

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

	----- 2022 -----		
	At amortised cost	At fair value through profit or	Total
	----- (Rupees in '000') -----		
Financial assets			
Balances with banks	314,974	-	314,974
Investments	-	2,356,901	2,356,901
Receivable against conversion of units	91	-	91
Dividend receivable	694	-	694
Receivable against sale of investments	1,991	-	1,991
Advances, deposits and other receivables	23,521	-	23,521
	<u>341,271</u>	<u>2,356,901</u>	<u>2,698,172</u>

	----- 2022 -----		
	At fair value through profit or loss	At amortised cost	Total
	----- (Rupees in '000') -----		
Financial liabilities			
Payable to AI Meezan investment Management Limited - Management Company	-	3,432	3,432
Payable to Central Depository Company of Pakistan Limited - Trustee	-	339	339
Payable to Meezan Bank Limited	-	50	50
Payable against purchase of investments	-	2,579	2,579
Payable against redemption and conversion of units	-	770	770
Dividend payable	-	7,498	7,498
Accrued expenses and other liabilities	-	4,145	4,145
	<u>-</u>	<u>18,813</u>	<u>18,813</u>

	2021		
	At amortised cost	At fair value through profit or	Total
	(Rupees in '000')		
Financial assets			
Balances with banks	1,116,066	-	1,116,066
Investments	-	3,653,901	3,653,901
Receivable against conversion of units	7,965	-	7,965
Dividend receivable	8,950	-	8,950
Receivable against sale of investments	3,217	-	3,217
Advances, deposits and other receivables	76,295	-	76,295
	<u>1,212,493</u>	<u>3,653,901</u>	<u>4,866,394</u>

	2021		
	At fair value through profit or loss	At amortised cost	Total
	(Rupees in '000')		
Financial liabilities			
Payable to Al Meezan investment Management Limited - Management Company	-	12,761	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee	-	516	516
Payable to Meezan Bank Limited	-	143	143
Payable against redemption and conversion of units	-	11,551	11,551
Payable against purchase of investments	-	14,269	14,269
Dividend payable	-	7,498	7,498
Accrued expenses and other liabilities	-	6,951	6,951
	-	<u>53,689</u>	<u>53,689</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Yield / profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks, sukuk certificates and commercial papers 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. 10.063 million (2021: Rs. 25.558 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds commercial papers which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 4.16 million (2021: nil).

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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

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

----- 2022 -----						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- (Rupees in '000) -----						
Financial assets						
Balances with banks	3.00% to 16.25%	306,713	-	-	8,261	314,974
Investments	Weighted Average 6 months T-Bills & KIBOR + 0.5% to KIBOR +2.5%	814,418	300,686	-	1,241,797	2,356,901
Receivable against conversion of units		-	-	-	91	91
Dividend receivable		-	-	-	694	694
Receivable against sale of investments		-	-	-	1,991	1,991
Advances, deposits and other receivables		-	-	-	23,521	23,521
		1,121,131	300,686	-	1,276,355	2,698,172
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	3,432	3,432
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	339	339
Payable to Meezan Bank Limited		-	-	-	50	50
Payable against redemption and conversion of units		-	-	-	770	770
Payable against purchase of investments		-	-	-	2,579	2,579
Dividend payable		-	-	-	7,498	7,498
Accrued expenses and other liabilities		-	-	-	4,145	4,145
		-	-	-	18,813	18,813
On-balance sheet gap (a)		1,121,131	300,686	-	1,257,542	2,679,359
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		1,121,131	300,686	-		
Cumulative profit rate sensitivity gap		1,121,131	1,421,817	1,421,817		

----- 2021 -----						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- (Rupees in '000') -----						
Financial assets						
Balances with banks	1.50% - 7.00%	1,107,485	-	-	8,581	1,116,066
Investments	Weighted Average 6 months T-Bills & KIBOR + 0.5% to KIBOR +2.5%	673,312	775,029	-	2,205,560	3,653,901
Receivable against conversion of units		-	-	-	7,965	7,965
Receivable against sale of investments		-	-	-	3,217	3,217
Dividend receivable		-	-	-	8,950	8,950
Advances, deposits and other receivables		-	-	-	76,295	76,295
		1,780,797	775,029	-	2,310,568	4,866,394
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	12,761	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	516	516
Payable to Meezan Bank Limited		-	-	-	143	143
Payable against redemptions and conversion of units		-	-	-	11,551	11,551
Payable against purchase of investments		-	-	-	14,269	14,269
Dividend payable		-	-	-	7,498	7,498
Accrued expenses and other liabilities		-	-	-	6,951	6,951
		-	-	-	53,689	53,689
On-balance sheet gap (a)		<u>1,780,797</u>	<u>775,029</u>	<u>-</u>	<u>2,256,879</u>	<u>4,812,705</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap (a+b)		<u>1,780,797</u>	<u>775,029</u>	<u>-</u>		
Cumulative profit rate sensitivity gap		<u>1,780,797</u>	<u>2,555,826</u>	<u>2,555,826</u>		

(ii) Currency risk

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

(iii) Price risk

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 12.418 million (2021: Rs. 22.056 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-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, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

18.2 Liquidity risk

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

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

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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

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

2022						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

(Rupees in '000')

Financial assets

Balances with banks	314,974	-	-	-	-	314,974
Investments	415,516	201,396	300,686	197,506	1,241,797	2,356,901
Receivable against conversion of units	91	-	-	-	-	91
Dividend receivable	694	-	-	-	-	694
Receivable against sale of investments	1,991	-	-	-	-	1,991
Advances, deposits and other receivables	3,725	9,491	7,505	-	2,800	23,521
	736,991	210,887	308,191	197,506	1,244,597	2,698,172

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company	3,432	-	-	-	-	3,432
Payable to Central Depository Company of Pakistan Limited - Trustee	339	-	-	-	-	339
Payable to Meezan Bank Limited	50	-	-	-	-	50
Payable against purchase of investments	2,579	-	-	-	-	2,579
Payable against redemption and conversion of units	770	-	-	-	-	770
Dividend payable	7,498	-	-	-	-	7,498
Accrued expenses and other liabilities	41	4,104	-	-	-	4,145
	14,709	4,104	-	-	-	18,813

Net financial assets

	722,282	206,783	308,191	197,506	-	1,244,597	2,679,359
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	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')						
Financial assets							
Balances with banks	1,116,066	-	-	-	-	-	1,116,066
Investments	-	-	123,443	876,717	448,181	2,205,560	3,653,901
Receivable against conversion of units	7,965	-	-	-	-	-	7,965
Dividend receivable	8,950	-	-	-	-	-	8,950
Receivable against sale of investments	3,217	-	-	-	-	-	3,217
Advances, deposits and other receivables	42,440	6,373	16,610	-	-	10,872	76,295
	1,178,638	6,373	140,053	876,717	448,181	2,216,432	4,866,394
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	12,761	-	-	-	-	-	12,761
Payable to Central Depository Company of Pakistan Limited - Trustee	516	-	-	-	-	-	516
Payable to Meezan Bank Limited	143	-	-	-	-	-	143
Payable against redemption and conversion of units	11,551	-	-	-	-	-	11,551
Payable against purchase of investments	14,269	-	-	-	-	-	14,269
Dividend payable	7,498	-	-	-	-	-	7,498
Accrued expenses and other liabilities	1,401	5,550	-	-	-	-	6,951
	48,139	5,550	-	-	-	-	53,689
Net financial assets	<u>1,130,499</u>	<u>823</u>	<u>140,053</u>	<u>876,717</u>	<u>448,181</u>	<u>2,216,432</u>	<u>4,812,705</u>

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	314,974	314,974	1,116,066	1,116,066
Investments	2,356,901	915,744	3,653,901	951,818
Receivable against conversion of units	91	91	7,965	7,965
Dividend receivable	694	694	8,950	8,950
Receivable against sale of investments	1,991	1,991	3,217	3,217
Advances, deposits and other receivables	23,521	23,521	76,295	76,295
	<u>2,698,172</u>	<u>1,257,015</u>	<u>4,866,394</u>	<u>2,164,311</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in government securities of Rs. 199.360 million (2021: 496.523 million) are not exposed to credit risk as these are guaranteed by Government of Pakistan, and investment in equity securities of Rs. 1,241.797 million (2021: Rs. 2,205.56 million) are also not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon, investment in sukuk certificates and commercial paper. The credit rating profile of balances with banks is as follows:

	% of financial assets exposed to credit risk	
	2022	2021
AAA	12.28	5.76
AA+	7.11	2.08
AA	1.33	0.34
A+	79.26	19.94
A	0.03	71.88
	<u>100.00</u>	<u>100.00</u>

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

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the Sukuk, however, pledge securities with the investment agent in Trust for the benefit of the Sukuk Holder.

Due to the Fund's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Fund except for Arzoo Textiles Limited Sukuk, Security Leasing Corporation Sukuk, Eden Housing Limited Sukuk and Hascol Petroleum Limited Sukuk (refer note 6).

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2022, the Fund held the following financial instruments measured at fair values:

	2022		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	(Rupees in '000')		
Shares of listed companies - 'ordinary shares'	1,241,797	-	-
Sukuk certificates	-	699,588	-
Commercial papers*	-	415,516	-
	<u>1,241,797</u>	<u>1,115,104</u>	<u>-</u>

	2021		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	(Rupees in '000')		
Shares of listed companies - 'ordinary shares'	2,205,560	-	-
Sukuk certificates	-	1,448,341	-
	<u>2,205,560</u>	<u>1,448,341</u>	<u>-</u>

* The valuation of commercial papers has been done based on amortisation of commercial paper to its face value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and they are placed with counterparties which have high credit rating.

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000')	Percentage of total	Number of unit holders	Investment amount (Rupees in '000')	Percentage of total
Individuals	4,724	1,220,965	46.23	4,735	2,129,227	45.18
Associated Companies / Directors	3	411,482	15.58	3	426,893	9.06
Insurance Companies	1	1,641	0.06	2	10,376	0.22
Retirement Funds	51	725,831	27.49	55	1,161,539	24.64
Public Limited Companies	-	-	-	1	184,824	3.92
Others	42	280,902	10.64	42	800,278	16.98
	<u>4,821</u>	<u>2,640,821</u>	<u>100.00%</u>	<u>4,838</u>	<u>4,713,137</u>	<u>100.00%</u>

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
Taurus Securities Limited	7%	Next Capital Limited	7%
Intermarket Securities Limited	6%	Taurus Securities Limited	6%
Ismail Iqbal Securities (Private) Limited	5%	Spectrum Securities (Private) Limited	6%
Aba Ali Habib Securities (Private) Limited	5%	Aba Ali Habib Securities (Private) Limited	5%
TopLine Securities (Private) Limited	5%	JS Global Capital Limited	5%
Alfalsh Securities (Private) Limited	5%	KASB Securities (Private) Limited	5%
Arif Habib limited	5%	Ismail Iqbal Securities (Private) Limited	5%
BMA Capital management Limited	5%	AKD Securities Limited	5%
Standard Capital Securities (Private) Limited	5%	Insight Securities (Private) Limited	4%
Next Capital Limited	4%	Intermarket Securities Limited	4%

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 Equity	CFA / MBA	Fifteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Zohaib Saeed	AVP of Fixed Income	CFA / ACCA	Eight years

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

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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Designation	Meeting held on					
		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. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	No	No	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. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes

25 DATE OF AUTHORISATION FOR ISSUE

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

26 GENERAL

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

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

Chief Executive Officer

Chief Financial Officer

Director