



Al Meezan
Investment Management Ltd.

AM1
Rating by VIS & PACRA

PEAK OF EXCELLENCE

ANNUAL REPORT 2022

MOUNT EVEREST

HIGHEST MOUNTAIN PEAK IN THE WORLD
HIGHEST POINT ELEVATION 8,848.86 M (29,031.7 FT).

FUNDS



Meezan
Islamic Fund



Al Meezan
Mutual Fund



Meezan
Dedicated Equity
Fund



Meezan
Energy Fund



KSE-Meezan
Index Fund



Meezan
Pakistan Exchange
Traded Fund



Meezan
Balanced Fund



Meezan
Asset Allocation
Fund



Meezan
Islamic Income Fund



Meezan
Sovereign Fund



Meezan
Daily Income Fund



Meezan
Cash Fund



Meezan
Rozana Amdani
Fund



Meezan
Gold Fund



Meezan
Financial Planning
Fund of Funds



Meezan
Strategic Allocation
Fund



Meezan
Strategic Allocation
Fund-II



Meezan
Strategic Allocation
Fund-III



Meezan
Tahaffuz Pension
Fund





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MIF	AMMF	KMIF	MEF	MPETF	MBF	MAAF	MDEF	MGF	MIIF	MSF	MCF	MDIF	MRAF	MFPF	MSAF	MSAF-II	MSAF-III	MTPF
51	92	132	170	207	241	287	326	364	396	436	471	505	540	579	621	667	710	742
52	93	133	171	208	242	288	327	365	397	437	472	506	514	580	622	668	711	743
57	98	137	175	212	247	292	331	368	400	440	475	509	544	584	626	672	714	748
59	100	139	177	214	249	294	333	369	401	441	476	510	545	585	627	673	715	750
60	101	140	178	215	250	295	334	370	402	442	477	511	546	586	628	674	716	751
63	104	143	181	218	253	298	337	373	405	445	480	514	549	589	631	677	719	754
64	105	144	182	219	254	299	338	374	406	446	481	515	550	591	633	679	720	755
65	106	145	183	220	255	300	339	375	407	447	482	516	551	593	635	681	721	755
66	107	146	184	221	256	301	340	376	408	448	483	517	552	594	636	693	722	-
67	108	147	185	222	257	302	341	377	409	449	484	518	553	596	640	685	723	756
68	109	148	186	223	258	303	342	378	410	450	485	519	554	598	642	687	724	760



Al Meezan
Investment Management Ltd.

WHO WE ARE

K2

HIGHEST
MOUNTAIN PEAK
IN PAKISTAN

Height 8,611 meters,
belongs to the range Baltoro Karakoram



We began our journey in 1995. The objective of the journey was simple, to bring Shariah Compliant investment options to the people of Pakistan. In over 27 years since then, Al Meezan Investment Management Limited, due to the trust our customers hold in us, has now become the **Largest Asset Manager in Pakistan**. With an innate culture of innovation and the purpose of making Shariah Compliant investing every Pakistani's first investment avenue of choice, **Al Meezan has achieved assets under management base of over Rs. 193 Billion** (as on June 30, 2022).

As Pakistan's only full-fledged
Shariah Compliant Asset Management Company
with the sole mandate to provide Shariah Compliant investment solutions to our valued clients, we have enabled our customers towards achieving their financial objectives.

Al Meezan offers a full breadth of Shariah Compliant investment solutions ranging from equity, sector specific(equity), balanced, asset allocation, fixed income, money market, index tracker, capital preservation, fund of funds, commodity, exchange traded, Open End Islamic CIS as per SECP's Circular No.3 of 2022 and voluntary pension schemes. Depending on each investor's need, we provide expert guidance enabling them to reach their financial goals.





Al Meezan
Investment Management Ltd.



Our Core Values are the 5 pillars of our foundation

They reflect and reinforce our character and standing as an organization. These values depict the paradigm of our internal and external expectations: Our dealings with members of the organization, our customers, the shareholders and the communities we serve. Our corporate culture is based on these values and serves as a beacon of guidance for all our employees.

Our values are not about what we do or how we do it in fact they are about who we are and why we exist. These values, which fuel our drive to achieve newer milestones at every step of our journey to success are:



SHARIAH COMPLIANCE

We ensure that all business operations and activities are Shariah compliant. As a Shariah Compliant entity we are also accountable for ensuring that rulings and decisions made by the regulators, Shariah Board and Shariah Advisors are complied with across the organization.



ETHICAL STANDARDS

We practice high ethical standards at work and in our services. Maintaining high ethical standards in the workplace translates in prioritizing the interest of the client, acting with integrity, competence and diligence, and respecting our dealings with the public, clients, prospective clients and colleagues.



PROFESSIONAL EXCELLENCE

Professional excellence is about achieving excellence as an employee. It is at the core of being a “professional.” Ensuring our approach to work and the people we work with – supervisors, colleagues and/or customers – is in a professional and respectful manner.



SERVICE EXCELLENCE

Service excellence is an attitude engrained in every department and employee. From support staff to the CEO, we simply go beyond delivering products and helping customers achieve their financial objectives. It is essential that we provide a unique customer experience by proactively anticipating and exceeding customers needs every time. Excellence is a consistent, premium service at every point of contact which is set by our service-oriented tone that drives our company’s strategy at every level.



SOCIAL RESPONSIBILITY

We work in an ethical framework, which suggests that as an entity we have an obligation to act for the benefit of our society at large. We want to contribute towards sustainable development not only through our products but also through the way we conduct business.



Al Meezan
Investment Management Ltd.

VISION

To make Shariah Compliant investing
a first choice for investors.



MISSION

To establish Al Meezan as a leading and trusted brand for savings and investments by offering innovative Shariah Compliant Investment Solutions through ethical conduct, value added services and optimal returns, while protecting the interest of all stakeholders.



Al Meezan
Investment Management Ltd.

MILESTONES FOR FY 2022



Successfully maintained **AM1** Rating-Highest Management Quality Rating in Pakistan by **VIS & PACRA**



Category Leader as the **Largest Shariah Compliant Manager** of private sector:

- ◆ Money Market Fund – Meezan Rozana Amdani Fund
- ◆ Income Fund – Meezan Islamic Income Fund
- ◆ Pension Fund – Meezan Tahaffuz Pension Fund



One of the **Largest Investor Base** of Over **167,000 Customers**



Total number of **Transactions** done in the Year: **2,634,170**





New Product Launches

- ◆ Launch of Meezan Daily Income Plan-I
- ◆ Launch of Meezan Paaidaar Munafa Plan-I
- ◆ Re-Opening of Meezan Capital Preservation Plan-IX



Innovative Investment Solutions

- Wherever You Are, Whenever You Want

- ◆ Launch of joint Roshan Digital Account
- ◆ Upgradation of Digital Account Opening
- ◆ Upgradation of Sahulat Sarmayakari Account



Awards and Recognition

- ◆ “Asset Management Company of the Year” at the 6th IFFSA Awards
- ◆ “Best Fund Over 3 Years – Meezan Sovereign Fund” at the Refinitiv Lipper Fund Awards 2022, Global Islamic
- ◆ “Brand of the Year 2021” in the category of Asset Management Investment Advisory (Islamic)
- ◆ Mr. Mohammad Shoaib, CFA, CEO - Al Meezan Investments, recognized by Asia Asset Management as “One of the Top 25 Leaders in Asset Management” in Asia





BOARD OF DIRECTORS



MR. ARIFUL ISLAM

CHAIRMAN

Mr. Ariful Islam is a senior banker with over 35 years of experience with various banks in Bahrain and Pakistan. He is a Chartered Accountant from England and Wales and a Fellow member of the Institute of Chartered Accountants of Pakistan. He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer. Currently, Mr. Islam is Deputy CEO of Meezan Bank Limited. He is a 'Certified Director' from IBA, Karachi. He is also the Chairman of the Board of Al Meezan Investment Management Limited – the Bank's asset management subsidiary, and a Director on the Board of Honda Atlas Cars (Pakistan) Limited.



MR. MOHAMMAD SHOAB, CFA

CHIEF EXECUTIVE OFFICER

Mr. Mohammad Shoab is the founding CEO of Al Meezan Investment Management Ltd, which is the largest Asset Management Company in Pakistan as on August 31st, 2022. His journey spans from setting up Pakistan's First Shariah Compliant Asset Management Company in Pakistan to making it the Largest AMC in the industry with funds under management of over PKR 209 Billion (including SMA).

He got an MBA from IBA in 1988 and got his CFA charter from CFA Institute, USA in 1999. He has to his credit setting up CFA Society Pakistan in 2002 and serving it as its founder President.

He has received many accolades for his contribution in promoting Shariah Compliant investing as well as CFA program as a tool to improve skillset of Pakistani investment professionals. He was recognized as the "**Most Influential CFA Charter Holder**" by CFA Institute Magazine, in 2006, and was awarded another accolade of "**Volunteer of the Year: Lifetime Achievement Award**" in 2019 by CFA Institute.

He has been an active volunteer in many areas in the financial sector and some of his volunteer roles include: Nominee director of SECP on Board of Pakistan Stock Exchange, Board member of Institute of Financial Capital Markets in Pakistan, Chairman, Mutual Funds Association of Pakistan, Board member Pakistan Institute of Corporate Governance etc.

In December 2021 he was recognized by Asia Asset Management as "**One of the Top 25 Leaders in Asset Management**" in Asia and in the year 2022, he was recognized as "**CEO of the Year**" by 16th Consumers Choice Awards.

He has also participated in Advanced Management Program (AMP) at Harvard Business School alongside global business leaders and CEOs, which reflects his commitment to lifelong learning.

He is board member of CFA Society Pakistan and holds the portfolios of Advocacy and GIPS Chair. He is also director on the board of Mutual Funds Association of Pakistan. Additionally, he has been nominated as a Member in the Committee formed by SECP for promoting Islamic Finance in the Non-Banking Financial Sector.

He has participated in various seminars, conferences and workshops across the globe during his 30-year career in managing investments.



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MR. MOIN M. FUDDA **NOMINEE DIRECTOR - MBL**

Mr. Moin M. Fudda has over 45 years of professional experience which encompasses working for the corporate sector and performing diplomatic duties. He holds B.S. in Insurance & Economics from the RCD International School of Insurance, Tehran and MBA in Insurance & Risk Management from St. Jones University, New York where after post-graduation he joined the faculty as an Adjunct Assistant Professor and worked for the American International Group in New York as a Manager – Reinsurance.

In his former role as Managing Director of Karachi Stock Exchange (now Pakistan Stock Exchange), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG) and has also served on its Board. He is a Certified Corporate Governance Trainer by International Finance Corporation and is a Member of PICG's Faculty. He has contributed significantly towards development of Governance Rules for Public Sector Enterprises and has published Corporate Governance Guide for Family Owned Businesses as well as several other articles on a number of economic topics including the 2008 world financial crisis.

He is the Honorary Consul General of New Zealand for Pakistan and being its sole representative, his responsibilities include, bilateral relations, consular affairs, trade, education & support to Immigration NZ. He is also Country Representative of SCOR tier 1 Global Reinsurer.

His Current Positions Include:

Chairman: Board of Directors – Central Depository Company of Pakistan (CDC)
Director: Pak Suzuki Motor Company Limited & AI Meezan Investment Management
Member: Faculty – Pakistan Institute of Corporate Governance
Insurance Committee – Policy Board – SECP
Board of Governors – Karachi Council of Foreign Relations
Executive Committee – English Speaking Union of Pakistan

Prior to joining KSE, he was Country Chief of New Zealand Insurance and Commercial Union (CU now AVIVA) and Founder MD of CU Life (now Jubilee Life). He was one of the two members actively involved in drafting the Pakistan Insurance Ordinance 2000 which replaced the 1939 Insurance Act. He has also held positions such as Country Director, Center for International Private Enterprise, an affiliate of US Chamber of Commerce, Executive Director Pakistan Reinsurance Company and Client Executive, Stewart Wrightson, Lloyds Insurance Brokers. His other professional affiliations were:

Chairman: Islamabad Stock Exchange & National Clearing Company of Pakistan
President: Overseas Investors Chamber of Commerce & Industry
Management Association of Pakistan & Karachi Boat Club

Member: Boards of Investment & Privatization Commission
Pakistan Institute of Management & Pakistan Britain Business Advisory Group
National Center for Dispute Resolution & Indus Valley School of Arts & Architecture
National Policy Platform for Competitiveness & Economic Growth
Managing Committee of the FPCC&I & Insurance Association of Pakistan
Panel of Judges, ACCA-WWF Pakistan Environmental Reporting Awards
Task Forces on Code of Corporate Governance & Public Sector Enterprises
Anti-Money Laundering and Transfer Pricing Committee by FBR & SECP
Technical Committees of RCD and Federation of Afro Asian Reinsurers Pools (FAIR)
Insurance Reform Committee of the Ministry of Commerce

Director: Pakistan Stock Exchange & Pakistan Mercantile Exchange Limited
Wyeth Pakistan Gadoon Textile Mills & Merit Packaging Limited

In 1989, he was presented with the Best Managers Award by Institute of Business Administration (IBA). In 1990, NZ Commemoration Medal was conferred on him by the Queen of New Zealand and in 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit (ONZM). In 2006, he was conferred the coveted Sitara-e-Imtiaz (S.I.) by the President of Pakistan. He and his wife have traveled to 130 countries in seven continents.



MR. MUBASHAR MAQBOOL **NOMINEE DIRECTOR - PKIC**

Mr. Mubashar Maqbool did his MBA from University of Miami USA in Finance and International Business and MBA from Quaid-e-Azam University in Finance.

He has a long, diversified and successful track record in Corporate Banking, Corporate Finance, Project Financing, Commercial Banking, SME Banking as well as General Management. In a career spanning over thirty years, he held senior positions in renowned local and multinational organizations like Citigroup, Samba Financial Group, HBL, etc. both in Pakistan and abroad.

He started his banking career with Citibank Pakistan where he held various positions in Corporate Banking Group. In 1997, he was transferred to Saudi American Bank (Samba), Saudi Arabia. He was Division Head, Corporate Banking in Samba Bank till 2004. Mr. Mubashar joined HBL in 2004 and held various senior positions there including Corporate Head – Central, Group Head – Commercial Banking & Retail Lending, Group Head – Commercial Banking and Country Manager / CEO, HBL – UAE. He also represented HBL on the Board of Pakistan Agricultural Storage and Services Corporation (PASSCO).

Current Board Membership:

- ◆ Director of Meezan Bank Limited
- ◆ Managing Director of Pak Kuwait Investment Co. (Private) Limited
- ◆ Director of Al Meezan Investment Management Limited
- ◆ Director of National Clearing Company of Pakistan Limited



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MR. FERUZ RIZVI **INDEPENDENT DIRECTOR**

Mr. Feroz Rizvi is a Chartered Accountant, having qualified from England & Wales. He has over 43 years of local & international experience in some of the largest companies in the world.

On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan Ltd in 1985 and after five years with Petromin Refinery Riyadh, KSA, he re-joined ICI Pakistan. In 1996 he was seconded to ICI PLC's headquarters in London.

During his secondment, he was involved in ICI PLC's strategic shift from industrial to consumer & effect chemicals, leading to a major acquisition of four chemical companies from Unilever PLC for USD 8 bln, as part of the group's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's major industrial chemical businesses in accord with the group's strategic move. Back in Pakistan after secondment, he completed the demerger of ICI Pakistan's Paints and PTA businesses into separate listed companies, leading to the sale of the latter to Lotte (a Korean conglomerate) and the former's transfer to Akzo Nobel. In ICI Pakistan he also implemented the state-of-the-art SAP ERP system across the group. He retired from ICI Pakistan Ltd as CFO & Finance Director. He has also been CEO of Pakistan Institute of Corporate Governance.

Mr. Rizvi has extensive experience in corporate & financial strategy, taxation, corporate governance, restructuring and mergers & acquisitions. Beside ICI Pakistan Ltd, he has been a board member of Pakistan PTA Ltd, Faysal Asset Management Ltd and Atlas Insurance Ltd. Currently he is on the Boards of Engro Chemicals and Polymer Ltd and Pakistan Oxygen Ltd. He is an alumni of INSEAD France and Wharton Business School and lectures on corporate governance, business strategy and related areas to Board members and other senior executives.



MR. NAEEM SATTAR **NOMINEE DIRECTOR - PKIC**

Mr. Naeem, Company Secretary at PKIC, is FCMA, Fellow Member of the Institute of Cost and Management Accountant of Pakistan. He has over 22 years of experience in the financial sector. His work experience includes the fields of Accounting, Taxation, Budgeting, and Corporate Secretarial. He has also worked with M/s. A. F. Ferguson & Co – Chartered Accountants.



MR. TARIQ MAIRAJ

NOMINEE DIRECTOR – MBL

Mr. Tariq Mairaj is working as EVP & Financial Controller at Meezan Bank Limited. Mr. Tariq is an experienced Finance Professional with more than twelve years of experience in Financial Control function and is a fellow member of Institute of Chartered Accountants of Pakistan. Prior to joining Meezan Bank, Mr. Tariq was associated with KPMG Taseer Hadi & Co. (a member firm of the KPMG Network of independent member firms affiliated with KPMG International).

Mr. Tariq has also conducted sessions on Islamic Finance as Trainer with IBA – Centre for Excellence in Islamic Finance.



MR. FURQUAN R. KIDWAI

INDEPENDENT DIRECTOR

Mr. Furquan R. Kidwai is the Founder & CEO of Dawaai (Pvt.) Limited. He is a technology entrepreneur who has built the largest health technology company in Pakistan over the past five years. Prior to this journey, Mr. Kidwai was an investment banker for over eight years in London and New York where, in his last role, was the Head of CEEMEA Financing as well as a Senior Vice President in the Fixed Income trading business at the Royal Bank of Scotland. Before joining RBS, Mr. Furquan worked as an Associate at Merrill Lynch and Lehman Brothers in their London and New York offices. He has also served as a member of the Board of Imperial College of Science, Technology and Medicine, London.

Mr. Furquan read International Relations for a Master's degree at Cambridge University. He also has an MSc in Financial Mathematics with specialization in Risk Management from Imperial College London and BEng in Computer Systems from Bristol University.



MS. DANISH ZUBERI

INDEPENDENT DIRECTOR

Ms. Danish is an Advocate of the High Court and advises corporates and family run businesses on a wide variety of corporate and commercial matters, taxation, oil and gas, competition, arbitration and mediation.

Ms. Danish commenced her career at the premier litigation set namely, Fazle Ghani, Advocates and thereafter established her independent practice. She was the General Counsel of Pakistan Petroleum Limited before taking up a partnership at Vellani & Vellani.

Ms. Danish has been certified by CEDR as a Mediator. She also has a keen interest in human rights law and has served on boards of various non-profit organizations.

Education

- ◆ LLB, University of Wales, Aberystwyth – 1994
- ◆ Barrister at Law – 1995



Al Meezan
Investment Management Ltd.



MR. MUHAMMAD ABDULLAH AHMED **NOMINEE DIRECTOR - MBL**

Mr. Abdullah is currently Senior Executive Vice President-Group Head of Corporate & Institutional Banking at Meezan Bank He has over 20 years of banking and treasury dealing experience. He has also previously worked at Bank of America NA, National Bank of Pakistan and KASB Bank before joining Meezan Bank in 2005.

Mr. Abdullah has a Bachelors and Masters in Business Administration from the Institute of Business Administration, University of Karachi. He is a fellow of the Association Cambiste Internationale (ACI) – The Financial Markets Association, Paris in financial markets trading and a fellow of the Institute of Bankers Pakistan. He is also a certified Financial Risk Manager (FRM) from the Global Association of Risk Professionals (GARP), USA.

Mr. Abdullah is an active member of the local Financial Markets Association of Pakistan (FMAP) and was elected to the executive committee as office bearer in 2000, 2008 and 2009, his last office being the General Secretary of the FMAP for the years 2009-2012. He is currently a member of the Pakistan Banks Association (PBA) sub-committee on Treasury and Capital Markets since 2010 and of the technical committee of the Financial Markets Association of Pakistan since 2012.



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DIRECTORS' REPORT – FUNDS UNDER MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the financial statements of the following open-end funds and a voluntary pension scheme for the period ended June 30, 2022.

Equity Funds

- Meezan Islamic Fund
- Al Meezan Mutual Fund
- KSE-Meezan Index Fund
- Meezan Pakistan Exchange Traded Fund
- Meezan Dedicated Equity Fund

Sector Specific Fund

- Meezan Energy Fund

Income Funds

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Daily Income Fund

Money Market Fund

- Meezan Cash Fund
- Meezan Rozana Amdani Fund

Shariah Compliant Fixed Rate/Return or Open end CIS as per SECP's Circular No:3 of 2022

- Meezan Paaidaar Munafa Plan

Balanced Fund

- Meezan Balanced Fund

Funds of Funds

- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III

Commodity Fund

- Meezan Gold Fund

Asset Allocation Fund

- Meezan Asset Allocation Fund (MAAF)

Pension Fund

- Meezan Tahaffuz Pension Fund



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Economic Review

Pakistan's economy grew strongly during the year with an impressive GDP growth rate of 6.0%, thanks to the monetary and fiscal stimulus measures taken during FY21. However, the growth was mired by a quick rise in twin deficits (fiscal and current account), which threatened the sustainability of growth. Current account deficit expanded rapidly, because of burgeoning imports amid multiyear high global fuel and commodity prices, which exerted immense pressure on the country's foreign exchange reserves and led to significant PKR depreciation against the USD. This set of events triggered the SBP to adopt aggressive monetary tightening, which was followed by similar fiscal tightening through higher taxation measures (announced in a Mini-Budget) to moderate the pace of domestic demand. As a result, by the end of fourth quarter of FY22, many high-frequency indicators – such as sales of petroleum, commercial vehicles and cement – significantly lost their growth momentum. In the second half of FY22, the National Accounts Committee (NAC) rebased the National Accounts from FY06 to FY16. With this revision, the final estimates of GDP growth of FY21 came out to be 5.7%. Due to the rebasing, the Per Capita Income for FY21 increased to USD 1,666. In dollar terms, the size of the economy reached USD 347 billion from USD 298 billion earlier.

Inflation averaged 12.1% for the year, up from 8.9% last year; the spike in inflation was particularly seen in the last quarter of FY22, with average inflation clocking at 16.2% for the quarter and June 2022 CPI ballooning to 13-year high of 21.3% YoY. One of the key reasons was removal of subsidy on petroleum products which also had second-round effects on core inflation. In order to stay ahead of the curve, amid recovery in aggregate demand and higher commodity prices due to international supply chain issues and Russia-Ukraine conflict, the SBP raised the Policy rate by a cumulative 675 basis points to 13.75% during the year. In early July-22, the Monetary Policy Committee again raised the policy rate, this time by 125bps to 15.0%. With discount rate now at 16.00%, this is the highest level since Feb-99, even higher than the peak 15.00% discount rate which we saw during FY09 crisis. This action continues the monetary tightening underway since Sep-21, which is aimed at ensuring a soft landing of the economy amid an exceptionally challenging and uncertain global environment.

On external side, the Current Account Deficit (CAD) swelled to USD 17.4 billion during the year from a deficit USD 2.8 billion during last year. While Exports sustained the upward trajectory, rising by 27% YoY to reach USD 32.5 billion; it was the staggering 33% YoY increase in Imports that worsened the Current Account balance and increased trade deficit by 38%. Apart from a sharp increase in international commodity prices, some one-offs such as import of vaccines, TERF financed machinery imports and wheat imports also contributed towards the surge in imports to reach USD 72.0 billion. Due to the rising pressure on the external account, the PKR depreciated by 30% against the USD during FY22 and closed at a level of PKR 205/USD by end of June 2022. Foreign exchange reserves of the SBP decreased to USD 9.8 billion as of June 30, 2022 from USD 17.3 billion at the start of the year; the level was equivalent to less than two months' import cover.

Notwithstanding the aforementioned slippages in the external account, the fiscal side initially exhibited significant improvement, where FBR tax collection grew by 29% YoY to Rs. 6.13 trillion during the year from Rs 4.65 trillion last year, majorly led by an overall rebounding economy and higher tax collection from surging imports. While initially there were minimal slippages on the expenditure side, the subsidy on petrol, diesel and electricity from Mar-22 to Jun-22 worsened the country's fiscal deficit to estimated 7.1%, higher than the target of 6.3%. This also proved to be a bone of contention in the revival of IMF program under which government had earlier agreed gradual increase in levy/taxes on petroleum products. In the second half of FY22, country saw heated political environment and uncertainty which eventually led to change in government in April-22. Necessary but unpopular decisions have been taken recently in order to ensure the resumption of IMF program.



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Money Market Review

During the period under review, the central bank raised the policy rate by 675bps to 13.75% from 7.0%, to consolidate demand, control inflationary pressures and manage external imbalances to arrest the sharply depreciating rupee. Due to the hike in policy rate, T-bill yields rose in the range of 749bps to 770bps. By the end of year, 3, 6, and 12 months T-bill closed at 14.98%, 15.15% and 15.30% respectively, while PIB yields stood at 13.45% (3 Years), 12.93% (5 Years) and 12.92% (10 Years). KIBOR rates witnessed an increase in the range of 765bps to 771 bps, whereby 3-months, 6-months and 12-months KIBOR rates were up by 771bps, 766bps and 765bps, clocking in at 15.16%, 15.35% and 15.73%, respectively. On the liquidity front, the money market remained stable due to regular short- and medium-term Open Market operations (OMO) from SBP, which ensured that the overnight rates remain close to the policy rate. During the year, the government borrowed Rs. 17.13 trillion through T-Bills against the maturity of Rs. 18.19 trillion. Moreover, the government accepted Rs. 3.06 trillion through long term PIBs (Fixed + Floater) against the maturity of Rs. 313 billion.

Description	30-Jun-21	30-Jun-22	Change [YoY]
KIBOR 3 Months	7.45%	15.16%	771
KIBOR 6 Months	7.69%	15.35%	766
KIBOR 12 Months	8.08%	15.73%	765
T-Bill 3 Months	7.28%	14.98%	770
T-Bill 6 Months	7.53%	15.15%	762
T-Bill 12 Months	7.81%	15.30%	749
PIB 3 Year	8.99%	13.45%	446
PIB 5 Year	9.49%	12.93%	344
PIB 10 Year	9.94%	12.92%	298
US\$ Inter Bank	157.54	204.85	47.30
US\$ Open Market	158.00	205.00	47.00

In the market for Shariah Compliant instruments, GoP Ijarah prices showed downward trend, especially in fixed rate Ijarah due to the sharp increase in interest rates. The table below summarizes details of Ijarah/Sukuk:



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Floating Rate Ijarahs

Ijarah	Type	Coupon	Next Reset	Issue Size (bn)	Maturity	Reval			Change
						30-Jun-21	30-Jun-22	YTM	
XX	Floater	13.46%	30-Oct-22	76.39	30-Apr-25	97.12	96.96	15.08%	-0.16
XXI	Floater	14.60%	29-Nov-22	74.62	29-May-25	100.63	100.03	14.80%	-0.60
XXII	Floater	14.85%	24-Dec-22	47.24	24-Jun-25	100.60	99.68	14.99%	-0.92
XXIII	Floater	10.45%	29-Jul-22	186.91	29-Jul-25	100.50	99.50	14.82%	-1.00
XXIV	Floater	14.85%	9-Dec-22	227.26	9-Dec-25	100.92	99.78	14.91%	-1.14
XXV	Floater	12.15%	6-Oct-22	190.53	6-Oct-26	N/A	99.70	15.45%	N/A
XXVI	Floater	14.61%	29-Oct-22	562.97	29-Oct-26	N/A	99.93	15.59%	N/A
XXVII	Floater	13.53%	27-Oct-22	431.33	27-Apr-27	N/A	99.68	15.68%	N/A
PES I	Floater	11.83%	1-Sep-22	200.00	1-Mar-29	106.75	106.80	14.73%	0.05
PES II	Floater	14.77%	21-Nov-22	199.97	21-May-30	100.80	100.70	15.38%	-0.10
Total				2,197.21					

Fixed Rate Ijarahs

Ijarah	Type	Coupon	Next Reset	Issue Size (bn)	Maturity	Reval			Change
						30-Jun-21	30-Jun-22	YTM	
XXIII	Fixed	8.37%	N/A	44.60	29-Jul-25	99.48	93.48	10.91%	-6.00
XXIV	Fixed	9.45%	N/A	8.25	20-Jan-26	101.23	93.78	11.63%	-7.45
XXV	Fixed	9.70%	N/A	12.73	6-Oct-26	N/A	94.00	11.51%	N/A
XXVI	Fixed	11.40%	N/A	344.81	15-Dec-26	N/A	96.00	12.60%	N/A
XXVII	Fixed	12.49%	N/A	41.23	27-Apr-27	N/A	99.31	12.67%	N/A
Total				451.62					
				2,648.82					

The Central bank conducted GoP Ijarah Sukuk auctions regularly as the issues related to the availability of assets were resolved and new assets were added during the year to tap excess liquidity from the market at cheaper terms compared with that in the conventional market. Islamic market participants welcomed the auctions with heavy participation to increase their investment portfolios to better deploy their liquidity compared to available low money market rates. During the period under review, the central bank borrowed a total of Rs. 1.583 trillion from Islamic participants. Out of the total issuances, the government picked up Rs. 1.185 trillion by issuing floating rates and borrowed Rs. 398.77 billion through fixed-rate Ijarah Sukuk.

To enhance monetary policy transmission and to better manage market liquidity, the SBP introduced Shariah-compliant modaraba-based open market operations (OMO-Injections) and a standing ceiling financing facility (MFF) for Islamic Banking Institutions in December 2021. The corporate sector continued facing challenges in raising money through long tenor Sukuk; however, an increase in the issuance of shorter tenor instruments was witnessed during the year.

Equity Review

During the year, the stock market remained under pressure with the KMI-30 index shedding 10.3% to close at 68,766 points, while the KSE-100 index dropped by 12.3%, to reach at 41,541 points. The combination of a challenging macroeconomic backdrop and increasing political uncertainties dampened investor sentiment, while the market de-rated to multi-year low valuations. This was exacerbated by heavy foreign selling, triggered by the outflows due to MSCI downgrading status of Pakistan market from Emerging Market (EM) to Frontier Market (FM) index. Net foreign selling amounted to USD 298 million during the year, concentrated mainly in the second quarter. On the positive side, corporate earnings came in largely above market consensus expectations, while dividend payouts also staged a healthy rebound. The KSE-100 touched its peak level for the year in late August, at 48,112 points, but the aforementioned factors caused a course reversal.



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During the year, political noise was on the rise while IMF program faced interruptions, due to populist measures taken during the year amid high commodity prices, which raised concerns over the external account situation as import cover declined substantially. Earlier in the year, fourth wave of Covid-19, led by the highly virulent Delta variant, ravaged across Pakistan, taking the national positivity ratio to over 10% at peak. However, this phase was also well managed with proactive restrictions and ramping up of vaccination.

Total volumes traded in the KMI-30 index stocks fell by 59% YoY to 53 million shares, while volumes in the KSE-100 index stocks decreased by 56% to 115 million shares. Equities remained under pressure during the year due to challenging macroeconomic conditions and imposition of super tax which will impact corporate profitability. A tough budget for FY23 was presented to bring the IMF program on track along with decisions of raising petroleum prices and utility tariffs. Nonetheless, the equity market is still attractive versus fixed income securities, given cheap valuation despite interest rates being at multidecade high as the market is currently trading at even lower multiple than during the FY09 crisis.

The combined impact of tight local monetary conditions, strong dollar and elevated commodity prices was felt by emerging markets which is evident from the 27% decline YoY in the MSCI EM equity index, while MSCI World equity index also decreased by 16%. Post an impressive run up for the year, the Bloomberg Commodity Index finally succumbed to the rapidly strengthening dollar. The commodity index rose to its peak, registering a high of 74% during the year only to give up some of its gains during last month, to close the year by gaining 60%. The dollar index strengthened by 13% versus basket of developed currencies during the year, particularly leading to broad based pressures in EM currencies towards the year end.

US Federal Reserve aggressively tightened the benchmark rate to tame multi-decades high inflation in the US, which has been driven by demand resurgence post-COVID and supply bottlenecks that emerged post Russia-Ukraine conflict. The Fed Funds rate was raised from 0.25% to 1.75% in the last quarter of the year. The tight policy stance was replicated by central banks across the globe, as indicated by Bloomberg review of 77 central banks of which 52 tightened key benchmark rates. The rapidly changing geopolitical landscape, volatile commodity markets and domestic issues tested the decision-making capabilities of the governments in these countries. Looking ahead, the recent commodity cool-off will provide a much-needed breathing space to the economic managers in the region; however, sustainability of these trends is necessary in order for economic conditions to improve.

Major contributors to the Index:

Among the key sectors, Fertilizer and Chemicals were the best performing sectors. The top contributing stocks in the KMI-30 index during the year were:

Major Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Engro Fertilizers Ltd	1,771	55.73
Engro Polymer & Chemicals Ltd	1,318	127.65
Millat Tractors Ltd	1,247	52.98
Mari Petroleum Co Ltd	707	22.68

On the flip side, Refineries, Engineering and Cement sectors were amongst the key worst performing sectors. The key laggards in the KMI-30 index during the period were:

Major Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Lucky Cement Ltd	-4,002	-48.31
Unity Foods Ltd	-1,123	-56.14
DG Khan Cement Co Ltd	-1,009	-47.44
Pakistan Petroleum Ltd	-962	-20.35



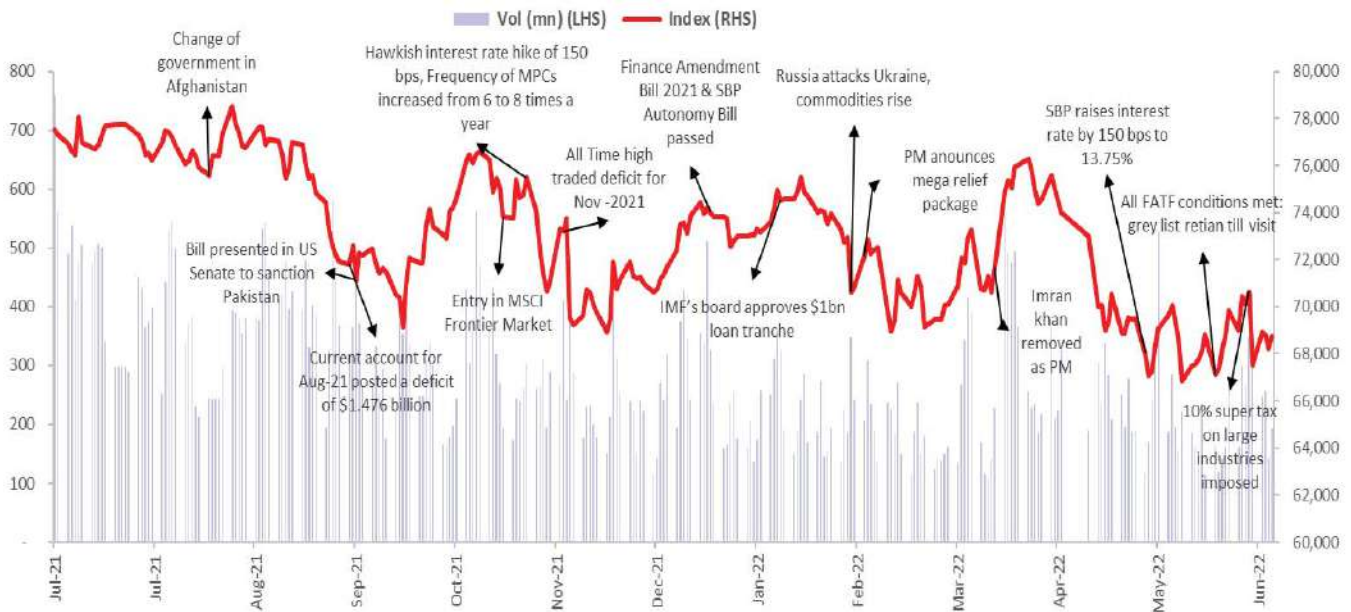
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Equity Flows

Foreigners remained net sellers during the year, generating a total net outflow of around USD 298 million. Foreign sell-off was mainly concentrated in the Commercial Banking (USD 201 million), Cement (USD 60 million) and Fertilizer sector (USD 51 million). In line with trends recently, Individuals continued to be buyers in the market with inflows of USD 157 million. This was followed by significant net buying by Banks and Companies of USD 115 million and USD 111 million, respectively. Broker Proprietary book were seller with a total net outflow of USD 20 million worth of securities, while Mutual Funds sell-off further accelerated in the last quarter after a relatively subdued first half of FY22 with a total liquidation of USD 128 million worth of securities.

The following graph shows the movement of the KMI-30 during the period and key driving factors:



Mutual Fund Industry Review

During the FY22, AUMs of the mutual fund industry increased by 19.3% to Rs. 1,255 billion. Shariah Compliant AUMs grew by 8.7% in FY22 to Rs. 481 billion, which brought the share of Shariah Compliant funds down to 38.3% in the overall mutual fund industry. Al Meezan’s share in the Mutual Funds industry stood at 15.5% while amongst the Shariah Compliant Funds, it held 40.0% market share as of June 30, 2022. Meezan Tahaffuz Pension Fund’s market share in the Pension Fund category stood at 34.4% while amongst the Shariah Compliant Funds, it held 52.6% market share at FY22 end.



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The change in AUMs of industry in FY22 over FY21 is as under:

	FY21	FY22	Change
	(Rs. In Billion)		(%)
<u>Sovereign, Money Market and Income Funds</u>			
Shariah Compliant Funds	301	370	22.8
Conventional Funds	425	627	47.4
Total Funds	727	997	37.2
<u>Equity Funds (Including Index Tracker Funds)</u>			
Shariah Compliant Funds	87	66	(24.6)
Conventional Funds	159	121	(24.1)
Total Funds	246	186	(24.3)
<u>Capital Protected, balanced, and asset allocation Funds</u>			
Shariah Compliant Funds	28	20	(28.0)
Conventional Funds	13	10	(22.4)
Total Funds	41	30	(26.3)
<u>Commodity Funds</u>			
Shariah Compliant Funds	0.5	0.6	23.9
Total Funds	0.5	0.6	23.9
<u>Voluntary Pension Funds</u>			
Shariah Compliant Funds	25	27	6.3
Conventional Funds	13	14	9.3
Total Funds	38	41	7.3

Performance Review (Funds)

The table provided below depicts a summary of FY22 performance of funds under our management:



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Funds	Type	Net Assets Rs. in millions	Growth in Net Assets for FY22 (%)	Returns for FY22 (%)	Benchmark for FY22 (%)	
Equity Funds						
Al Meezan Mutual Fund (AMMF)	Equity	4,451	-9.50	-10.91	-10.25	
Meezan Islamic Fund (MIF)	Equity	23,822	-30.50	-11.27	-10.25	
KSE Meezan Index Fund (KMIF)	Equity	2,610	-3.20	-10.69	-10.25	
Meezan Energy Fund (MEF)	Equity	438	-25.05	-8.10	-10.25	
Meezan Dedicated Equity Fund (MDEF)	Equity	753	-25.85	-14.26	-10.25	
Fixed Income Funds						
Meezan Islamic Income Fund (MIIF)	Income	18,609	-31.70	8.63	3.34	
Meezan Cash Fund (MCF)	Money Market	13,485	-0.53	9.00	3.68	
Meezan Sovereign Fund (MSF)	Income	6,196	-37.66	8.27	3.34	
Meezan Daily Income Fund (MDIP-1)*	Income	30,649	-	10.58	3.39	
Meezan Rozana Amdani Fund (MRAF)	Money Market	72,760	-2.60	9.95	3.68	
Balanced Fund						
Meezan Balanced Fund (MBF)	Balanced	2,641	-43.97	-3.61	-3.11	
Exchange Traded						
Meezan Pakistan Exchange Traded Fund (MZNP-ETF)	Exchange Traded	94	138.45	-23.41	-22.37	
Fixed Term Fund						
Meezan Paidar Munafa Plan-I (MFPF-I)**	Open End Islamic CIS as per SECP's Circular No.3 of 2022	1,936	-	13.61	3.46	
Fund of Funds						
Meezan Financial Planning Fund of Fund						
Aggressive	Fund of Fund	290	-16.54	-5.35	-6.88	
Moderate		100	-31.46	0.44	-3.54	
Conservative		141	-37.22	4.08	-0.09	
MAAP-I		84	-46.55	-3.36	-7.33	
Meezan Strategic Allocation Fund						
MSAP-I		383	-43.17	-6.25	-7.23	
MSAP-II		322	-28.90	-6.61	-7.28	
MSAP-III		214	-57.21	-7.41	-7.29	
MSAP-IV		105	-50.64	-6.78	-7.29	
MSAP-V		49	-21.97	-7.52	-7.26	
MSAP-MCPP-III		196	-25.99	5.13	1.32	
Meezan Strategic Allocation Fund - II						
MSAP-II -MCPPIV	623	-18.80	-0.79	-2.21		
MSAP-II -MCPPIV	63	-33.37	6.02	1.63		
MSAP-II -MCPPIV	65	-30.03	9.52	3.65		
MSAP-II -MCPPIV	40	-61.97	7.30	2.62		
Meezan Strategic Allocation Fund - III						
MSAP-II -MCPPIV	427	326.97	1.37	-1.17		
Commodity Fund						
Meezan Gold Fund (MGF)	Commodity	604	23.89	24.83	22.71	
Asset Allocation Fund						
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	850	-49.16	-19.10	-8.39	
Pension Fund Scheme						
Meezan Tahaffuz Pension Fund	Pension Fund Scheme					
Equity sub Fund		4,593	-16.67	-9.93		
Debt sub Fund		5,012	15.64	8.34		
Money Market sub Fund		4,307	27.45	8.26		
Gold Sub Fund		167	23.44	23.88		

* Launched MDIP-1 (Sep 13, 2021) & **MFPF-I (Jun 08, 2022)



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Performance Review (Funds)

Meezan Islamic Fund

The net assets of Meezan Islamic Fund (MIF) at year end stood at Rs. 23,822 million compared to Rs. 34,274 million at the end of last year, a decline of 30.50%. The net asset value (NAV) per unit at year end was Rs. 56.23 in comparison to Rs. 63.38 per unit at end of last year translating into negative return of 11.27% compared to the benchmark return of negative 10.25%.

Al Meezan Mutual Fund

The net assets of Al Meezan Mutual Fund (AMMF) at year end stood at Rs. 4,451 million compared to Rs. 4,918 million at the end of last year, a decline of 9.50%. The net asset value (NAV) per unit at year end was Rs. 15.72 in comparison to Rs. 17.65 per unit at end of last year translating into negative return of 10.91% compared to the benchmark return of negative 10.25%.

KSE Meezan Index Fund

The net assets of KSE Meezan Index Fund (KMIF) at year end stood at Rs. 2,610 million compared to Rs. 2,697 million at the end of last year, a decline of 3.20%. The net asset value (NAV) per unit at year end was Rs. 65.08 in comparison to Rs. 72.87 per unit at end of last year translating into negative return of 10.69% compared to the benchmark return of negative 10.25%.

Meezan Dedicated Equity Fund

The net assets of Meezan Dedicated Equity Fund (MDEF) at year end stood at Rs. 753 million compared to Rs. 1,015 million at the end of last year, a decline of 25.85%. The net asset value (NAV) per unit at year end was Rs. 40.22 in comparison to Rs. 46.91 per unit at end of last year translating into negative return of 14.26% compared to the benchmark return of negative 10.25%.

Meezan Energy Fund

The net assets of Meezan Energy Fund (MEF) at year end stood at Rs. 438 million compared to Rs. 584 million at the end of last year, a decline of 25.05%. The net asset value (NAV) per unit at year end was Rs. 31.52 in comparison to Rs. 34.30 per unit at end of last year translating into negative return of 8.10% compared to the benchmark return of negative 10.25%.

Meezan Pakistan Exchange Traded Fund

The net assets of Meezan Pakistan Exchange Traded Fund (MPETF) at year end stood at Rs. 94 million compared to Rs. 39 million at the end of last year, increased by 138.45%. The net asset value (NAV) per unit at year end was Rs. 7.92 in comparison to Rs. 10.34 per unit at end of last year translating into negative return of 23.41% compared to the benchmark return of negative 22.37%.

Meezan Asset Allocation Fund

The net assets of Meezan Asset Allocation Fund (MAAF) at year end stood at Rs. 850 million compared to Rs. 1,672 million at the end of last year, a decline of 49.16%. The net asset value (NAV) per unit at year end was Rs. 40.01 in comparison to Rs. 49.46 per unit at end of last year translating into negative return of 19.10% compared to the benchmark return of negative 8.39%.



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Meezan Balanced Fund

The net assets of Meezan Balanced Fund (MBF) at year end stood at Rs. 2,641 million compared to Rs. 4,713 million at the end of last year, a decline of 43.97%. The net asset value (NAV) per unit at year end was Rs. 15.62 in comparison to Rs. 16.20 per unit at end of last year translating into negative return of 3.61% compared to the benchmark return of negative 3.11%.

Meezan Islamic Income Fund

The net assets of Meezan Islamic Income Fund (MIIF) at year end stood at Rs. 18,609 million compared to Rs. 27,246 million at the end of last year, a decrease of 31.70%. The net asset value (NAV) per unit at year end was Rs. 51.53 (Ex-Dividend) compared to Rs. 51.47 per unit at end of last year translating into an annualized return of 8.63% as compared to its benchmark annualized return of 3.34%. At period end, the fund was 21.53% invested in Islamic Corporate Sukuks, 2.97% in Commercial Papers, 56.63% in GoP Ijarah / Govt. Guaranteed Sukuks and 18.49% of the net assets were placed with Islamic Banks or windows of Islamic banks.

Meezan Sovereign Fund

The net assets of Meezan Sovereign Fund (MSF) at year end stood at Rs. 6,196 million compared to Rs. 9,939 million at the end of last year, a decrease of 37.66%. The net asset value (NAV) per unit at year end was Rs. 51.67 (Ex-Dividend) as compared to Rs. 51.59 per unit at end of last year, translating into an annualized return of 8.27% compared to the benchmark annualized return of 3.34%. At period end, the fund was 94% invested in GoP Ijarah/Govt. Guaranteed Sukuks, and 6% of the net assets were placed with Islamic Banks or windows of Islamic banks.

Meezan Cash Fund

The net assets of Meezan Cash Fund (MCF) at year end stood at Rs. 13,485 million compared to Rs. 13,557 at the end of last year, a decline of 0.53%. The net asset value (NAV) per unit at year end was Rs. 50.61 (Ex-Dividend) as compared to Rs. 50.54 per unit at end of last year, translating into an annualized return of 9.00% as compared to the benchmark annualized return of 3.68%. At period end, 20% of the fund was placed in Islamic Corporate Sukuks and 80% of the net assets were placed with Islamic Banks or windows of Islamic banks.

Meezan Rozana Amdani Fund

The net assets of Meezan Rozana Amdani Fund (MRAF) at year end stood at Rs. 72,760 million compared to Rs. 74,704 million at the end of last year, a decline of 2.60%. The net asset value (NAV) per unit at year end was Rs. 50.00, translating into an annualized return of 9.95% as compared to the benchmark annualized return of 3.68%. At period end 5.94% of the fund was placed in Islamic Corporate Sukuks, 3.71% of the fund was placed in Term Deposit Receipts, and 89.20% of the net assets were placed with Islamic Banks or windows of Islamic banks.

Meezan Daily Income Fund

Meezan Daily Income Fund – MDIP – I

Meezan Daily Income Fund – MDIP – I was launched on September 13, 2021. The net assets of the plan at year end stood at Rs. 30,649 million. The net asset value (NAV) per unit at year end was Rs. 50.00. During the period plan provides an annualized return of 10.58% as compared to the benchmark annualized return of 3.39%. At period end, the plan was 14% invested in Islamic Corporate Sukuks, 10% of the fund was placed in Term Deposit Receipts, 75% of the net assets were placed with Islamic Banks or windows of Islamic banks.



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Meezan Fixed Term Fund

Meezan Paaidaar Munafa Plan - I

Meezan Paaidaar Munafa Plan – I was launched on June 08, 2022. The net assets of the plan at year end stood at Rs. 1,936 million. The net asset value (NAV) per unit at year end was Rs. 50.02 (Ex-Dividend). During the period plan provides an annualized return of 13.61% as compared to the benchmark annualized return of 3.46%. At period end, the plan was 99% was placed in Term Deposit Receipts and 1% of the net assets were placed with Islamic Banks or windows of Islamic banks.

Meezan Financial Planning Fund of Funds

Aggressive Allocation Plan

The net assets of the plan at year end stood at Rs. 290 million compared to Rs. 348 million at the end of last year, a decline of 16.54%. The net asset value (NAV) per unit at year end was Rs. 74.27 in comparison to Rs. 78.47 per unit at end of last year translating into negative return of 5.35% compared to the benchmark return of negative 6.88%.

Moderate Allocation Plan

The net assets of the plan at year end stood at Rs. 100 million compared to Rs. 146 million at the end of last year, a decline of 31.46%. The net asset value (NAV) per unit at year end was Rs. 71.38 in comparison to Rs. 71.47 per unit at end of last year translating into positive return of 0.44% compared to the benchmark return of negative 3.54%.

Conservative Allocation Plan

The net assets of the plan at year end stood at Rs. 141 million compared to Rs. 224 million at the end of last year, a decline of 37.22%. The net asset value (NAV) per unit at year end was Rs. 68.55 in comparison to Rs. 68.44 per unit at end of last year translating into positive return of 4.08% compared to the benchmark return of negative 0.09%.

Meezan Asset Allocation Plan-I

The net assets of the plan at year end stood at Rs. 84 million compared to Rs. 156 million at the end of last year, a decline of 46.46%. The net asset value (NAV) per unit at year end was Rs. 61.46 in comparison to Rs. 63.60 per unit at end of last year translating into negative return of 3.36% compared to the benchmark return of negative 7.33%.

Meezan Strategic Allocation Fund

Meezan Strategic Allocation Plan-I

The net assets of the plan at year end stood at Rs. 383 million compared to Rs. 674 million at the end of last year, a decline of 43.17%. The net asset value (NAV) per unit at year end was Rs. 43.89 in comparison to Rs. 46.81 per unit at end of last year translating into negative return of 6.25% compared to the benchmark return of negative 7.23%.

Meezan Strategic Allocation Plan-II

The net assets of the plan at year end stood at Rs. 322 million compared to Rs. 452 million at the end of last year, a decline of 28.90%. The net asset value (NAV) per unit at year end was Rs. 43.39 in comparison to Rs. 46.46 per unit at end of last year translating into negative return of 6.61% compared to the benchmark return of negative 7.28%.



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Meezan Strategic Allocation Plan-III

The net assets of the plan at year end stood at Rs. 214 million compared to Rs. 501 million at the end of last year, a decline of 57.21%. The net asset value (NAV) per unit at year end was Rs. 41.93 in comparison to Rs. 45.28 per unit at end of last year translating into negative return of 7.41% compared to the benchmark return of negative 7.29%.

Meezan Strategic Allocation Plan-IV

The net assets of the plan at year end stood at Rs. 105 million compared to Rs. 213 million at the end of last year, a decline of 50.64%. The net asset value (NAV) per unit at year end was Rs. 43.14 in comparison to Rs. 46.28 per unit at end of last year translating into negative return of 6.78% compared to the benchmark return of negative 7.29%.

Meezan Strategic Allocation Plan-V

The net assets of the plan at year end stood at Rs. 49 million compared to Rs. 63 million at the end of last year, a decline of 21.97%. The net asset value (NAV) per unit at year end was Rs. 50.01 in comparison to Rs. 54.08 per unit at end of last year translating into negative return of 7.52% compared to the benchmark return of negative 7.26%.

Meezan Capital Preservation Plan-III

The net assets of the plan at year end stood at Rs. 196 million compared to Rs. 265 million at the end of last year, a decline of 25.99%. The net asset value (NAV) per unit at year end was Rs. 54.32 in comparison to Rs. 54.77 per unit at end of last year translating into positive return of 5.13% compared to the benchmark return of positive 1.32%.

Meezan Strategic Allocation Fund -II

Meezan Capital Preservation Plan-IV

The net assets of the plan at year end stood at Rs. 623 million compared to Rs. 767 million at the end of last year, a decline of 18.80%. The net asset value (NAV) per unit at year end was Rs. 55.31 in comparison to Rs. 55.75 per unit at end of last year translating into negative return of 0.79% compared to the benchmark return of negative 2.21%.

Meezan Capital Preservation Plan-V

The net assets of the plan at year end stood at Rs. 63 million compared to Rs. 94 million at the end of last year, a decline of 33.37%. The net asset value (NAV) per unit at year end was Rs. 53.56 in comparison to Rs. 54.29 per unit at end of last year translating into positive return of 6.02% compared to the benchmark return of positive 1.63%.

Meezan Capital Preservation Plan-VI

The net assets of the plan at year end stood at Rs. 65 million compared to Rs. 93 million at the end of last year, a decline of 30.03%. The net asset value (NAV) per unit at year end was Rs. 53.83 in comparison to Rs. 53.85 per unit at end of last year translating into positive return of 9.52% compared to the benchmark return of positive 3.65%.

Meezan Capital Preservation Plan-VII

The net assets of the plan at year end stood at Rs. 40 million compared to Rs. 104 million at the end of last year, a decline of 61.97%. The net asset value (NAV) per unit at year end was Rs. 52.73 in comparison to Rs. 52.88 per unit at end of last year translating into positive return of 7.30% compared to the benchmark return of positive 2.62%.



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Meezan Capital Preservation Plan-VIII

The plan was matured on August 27, 2021.

Meezan Strategic Allocation Fund -III

Meezan Capital Preservation Plan-IX

The net assets of the plan at year end stood at Rs. 427 million compared to Rs. 100 million at the end of last year, increased by 326.97%. The net asset value (NAV) per unit at year end was Rs. 57.81 in comparison to Rs. 57.52 per unit at end of last year translating into positive return of 1.37% compared to the benchmark return of negative 1.17%.

Meezan Gold Fund (MGF)

The net assets of Meezan Gold Fund (MGF) at year end stood at Rs. 604 million compared to Rs. 488 million at the end of last year, increased by 23.89%. The net asset value (NAV) per unit at year end was Rs. 103.91 (Ex-Dividend) in comparison to Rs. 83.64 per unit at end of last year translating into positive return of 24.83% compared to the benchmark return of positive 22.71%.

Meezan Tahaffuz Pension Fund (MTPF)

MTPF comprises of four sub-funds, namely Equity sub-fund, Debt sub-fund, Money Market sub-fund and Gold sub-fund. During the year, the equity sub-fund provided a negative return of 9.93% and gold sub-fund provided a return of 23.88%, while the debt and money market sub-funds provided annualized returns of 8.34% and 8.26% respectively. Performance review for each sub fund is given as under:

Equity Sub Fund

The net assets of Equity sub fund at year end stood at Rs. 4,593 million compared to Rs. 5,511 million at the end of last year, a decrease of 16.67%. The net asset value (NAV) per unit of the plan at year end was Rs. 485.55 in compare to Rs. 539.09 per unit at end of last year.

Debt Sub Fund

The net assets of Debt sub fund at year end stood at Rs. 5,012 million compared to Rs. 4,334 million at the end of last year, increased by 15.64%. The net asset value (NAV) per unit of the plan at year end was Rs. 304.67 in compare to Rs. 281.23 per unit at end of last year.

Money Market Sub Fund

The net assets of Money Market sub fund at year end stood at Rs. 4,307 million compared to Rs. 3,379 million at the end of last year, increased by 27.45%. The net asset value (NAV) per unit of the plan at year end was Rs. 293.06 in compare to Rs. 270.70 per unit at end of last year.

Gold Sub Fund

The net assets of Gold sub fund at year end stood at Rs. 167 million compared to Rs. 135 million at the end of last year, increased by 23.44%. The net asset value (NAV) per unit of the plan at year end was Rs. 196.92 in compare to Rs. 158.96 per unit at end of last year.

Outlook

The government has initiated much needed belt tightening measures in order to reduce fiscal deficit in FY23, while turning primary balance in surplus which is expected to result in GDP growth moderating to 3-4% in FY23. Amid elevated international commodity prices and increase in local energy prices, SBP inflation forecasts have been revised upwards to hover in range of 18-20% in FY23 and subsequently declining sharply during FY24 driven by tight policies, normalization of global commodity prices, and beneficial base effects. Although further tightening cannot be ruled out, we don't see policy rate rising too much from current



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high level of 15.0% as economic slowdown is underway while commodity prices have started coming down, but further drop is possible if any resolution on Ukraine situation arises. Current account deficit is projected to drop gradually in FY23 and more so in FY24, provided commodity cycle continues to cool down. On the fixed income side, Sukuk issuances are expected to continue as the government is adamant to increase the share of Islamic debt in the overall domestic debt. Furthermore, we also expect the corporate sector to continue raising funds through Sukuk and Islamic Commercial Papers.

For the equity market, we expect the renewal and eventual completion of the IMF program as the key trigger for FY23. It will help Pakistan to achieve a much-needed fiscal discipline and help in building of FX reserves. Positive outlook for the market remains on back of robust corporate earnings growth and very attractive valuations with P/E of 4.0x compared to its long-term average P/E of 8.2x. Although the short-term equity market performance is likely to remain under pressure until forex reserve situation improves. In the medium term, however, following tough economic actions and likely decrease in commodity cycle, interest rates are likely to revert back to long term mean, which shall lift equity market returns.

Auditors

S.R. No	Name of Fund	Name of auditors as of June 30, 2022	Status of appointment for the year ending June 30, 2023
1	MEEZAN ISLAMIC FUND	M/s A.F. Ferguson & Co., Chartered Accountants	According to Regulation 38 (2) (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations") an auditor is not eligible for re-appointment for being statutory auditors of the fund for consecutive five years. Hence, M/s EY Ford Rhodes, Chartered Accountants have been recommended by Board Audit Committee to be the auditors of the Funds.
2	MEEZAN SOVEREIGN FUND		
3	AL MEEZAN MUTUAL FUND		
4	MEEZAN BALANCED FUND		
5	MEEZAN ISLAMIC INCOME FUND		
6	MEEZAN CASH FUND		
7	KSE-MEEZAN INDEX FUND		
8	MEEZAN FINANCIAL PLANNING FUND OF FUNDS		
9	MEEZAN GOLD FUND		
10	MEEZAN ASSET ALLOCATION FUND		
11	MEEZAN ENERGY FUND		
12	MEEZAN STRATEGIC ALLOCATION PLAN		
13	MEEZAN STRATEGIC ALLOCATION FUND - II		
14	MEEZAN DEDICATED EQUITY FUND		
15	MEEZAN STRATEGIC ALLOCATION FUND - III		
16	MEEZAN PAKISTAN EXCHANGE TRADED FUND		
17	MEEZAN DAILY INCOME FUND		
18	MEEZAN ROZANA AMDANI FUND		
19	MEEZAN FIXED TERM FUND	The fund is a newly launched fund.	M/s EY Ford Rhodes, Chartered Accountants have been recommended by Board Audit Committee to be the auditors of the Meezan Fixed Term Fund.
20	MEEZAN TAHAFFUZ PENSION FUND	M/s Yousuf Adil & Co., Chartered Accountants	M/s Yousuf Adil & Co., Chartered Accountants have been recommended by Board Audit Committee to be the auditors of the Meezan Tahaffuz Pension Fund.



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Board Meetings

Details of Board Meetings and attendance therein is given in the notes to the financial statements of the Funds.

Board Audit Committee (BAC)

During the year ended June 30, 2022, five BAC meetings were held, the attendance of the members in these meetings was as under;

Name of Directors	6-Aug -21	13-Sep-21	8-Oct-21	10-Feb-22	14-Apr-22
Mr. Feroz Rizvi	✓	✓	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓	✓	✓
Mr. Tariq Mairaj	✓	✓	✓	✓	✓

Board Risk Management Committee (BRMC)

During the year ended June 30, 2022, four BRMC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	6-Aug-21	8-Oct-21	8-Feb-22	13-Apr-22
Mr. Mubashar Maqbool	✓	✓	✓	✓
Mr. Moin M. Fudda	✓	✓	✓	✓
Mr. Furquan R. Kidwai	✓	✓	✓	✓

Human Resource & Remuneration Committee (HR&RC)

During the year ended June 30, 2022, four HR&RC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	5-Aug-21	10-Sep-21	8-Feb-22	13-Apr-22
Mr. Ariful Islam	✓	✓	✓	✓
Mr. Mubashar Maqbool	✓	✓	✓	✓
Mr. Moin M. Fudda	✓	✓	✓	✓
Mr. Furquan Kidwai	✓	✓	✓	✓
Mr. Mohammad Shoaib, CFA	✓	✓	-	✓



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Acknowledgement

We take this opportunity to thank our valued investors for reposing their faith in Al Meezan Investments, the largest asset management company in Pakistan. We also thank the regulator, the Securities and Exchange Commission of Pakistan and our Trustee, the Central Depository Company of Pakistan for their support. Likewise, we would like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board

Mohammad Shoaib, CFA
Chief Executive Officer
Date: August 16, 2022

Director



المیزان انویسٹمنٹ میجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2022 کو اختتام پذیر ہونے والی مدت کے لئے درج ذیل اوپن اینڈ فنڈز اور رضا کارپنشن اسکیم کے مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہا ہے۔

ایکویٹی فنڈز

میزان اسلامک فنڈ

المیزان میوچل فنڈ

کے ایس ای۔ میزان انڈیکس فنڈ

میزان پاکستان ایکس چینج ٹریڈڈ فنڈ

میزان ڈیڈ ویکیٹیڈ ایکویٹی فنڈ

سیکٹرا اسپیسیفک فنڈ

میزان انرجی فنڈ

انکم فنڈز

میزان اسلامک انکم فنڈ

میزان سوورن فنڈ

میزان ڈیلی انکم فنڈ

منی مارکیٹ فنڈ

میزان کیش فنڈ

میزان روزانہ آمدنی فنڈ

تالیع شریعہ فلکسڈ ریٹ / آمدنی یا اوپن اینڈ CIS بمطابق SECP's Circular No: 3 of 2022
میزان پائیدار منافع پلان

بیلنسڈ فنڈ

میزان بیلنسڈ فنڈ

فنڈ آف فنڈز

میزان فنانشل پلاننگ فنڈ آف فنڈز

میزان اسٹریٹجک ایلوکیشن فنڈ

میزان اسٹریٹجک ایلوکیشن فنڈ-II

میزان اسٹریٹجک ایلوکیشن فنڈ-III

کموڈٹی فنڈ

میزان گولڈ فنڈ

ایسیٹ ایلوکیشن فنڈ

میزان ایسیٹ ایلوکیشن فنڈ

اقتصادی جائزہ

پاکستانی معیشت میں دوران سال مستحکم بڑھوتی ہوئی اور خام قومی پیداوار میں نمو کی شرح 6.0% رہی جس کی وجہ سے مالی سال 2021 کے دوران لئے گئے اقتصادیات کو تحریک دلانے والے مالیاتی اور زرعی اقدامات ہیں۔ تاہم اس بڑھوتی پر جڑواں خساروں (مالی اور جاری کھاتے) کی وجہ سے گھن لگا، جنہوں نے اقتصادی بڑھوتی کے استحکام کو نقصان پہنچایا۔ تیل اور ایشیائے صرف کی قیمتوں میں بہت زیادہ اضافہ ہونے اور درآمدات میں بیش بہا اضافے کی وجہ سے کرنٹ اکاؤنٹ کا خسارہ تیزی سے بڑھا۔ اس صورتحال نے ملک کے زرمبادلہ پر شدید دباؤ ڈالا جس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بہت زیادہ کمی دیکھنے میں آئی۔ ان واقعات نے اسٹیٹ بینک آف پاکستان کو جارحانہ زرعی پابندیاں لگانے پر مجبور کیا جس کے بعد (منی بجٹ میں اعلان کر کے) ٹیکسوں کی وصولی کے اقدامات کے ذریعے اسی طرح کی مالیاتی پابندیاں لگائی گئیں تاکہ ملکی طلب کی رفتار کو اعتدال پر لایا جاسکے۔ نتیجتاً مالی سال 2022 کی چوتھی سہ ماہی کے اختتام تک بیڑولیم، کمرشل گاڑیوں اور سیمنٹ کی فروخت جیسے مرتعش اشاریوں نے نیچے کی جانب سفر کیا۔ مالی سال 2022 کی دوسری سہ ماہی میں نیشنل اکاؤنٹس کمیٹی نے ری پیٹنگ کے ذریعے مالی سال 2006 سے مالی سال 2016 قومی کھاتوں کا نیا معیار وضع کیا۔ مالی سال 2021 کے جی ڈی پی کی بڑھوتی کے حتمی تخمینے 5.7% ہوئے۔ ری پیٹنگ کی وجہ سے مالی سال 2021 کی فی کس آمدنی بڑھ کر 1,666 ڈالر ہو گئی۔ ڈالر کے نتیجے میں پاکستانی معیشت کا حجم 298 بلین ڈالر سے بڑھ کر 347 بلین ڈالر ہو گیا۔

اس سال مہنگائی کی اوسط 12.1% رہی جو گزشتہ برس 8.9% رہی تھی۔ مالی سال 2022 کی آخری سہ ماہی میں مہنگائی میں تیزی سے اضافہ دیکھنے میں آیا جب اس سہ ماہی کی مہنگائی کی اوسط 16.2% رہی اور جون 2022 کی CPI سال بہ سال بنیاد پر 21.3% کے ساتھ گزشتہ 13 برسوں کی بلند ترین شرح پر پہنچی۔ اس کی ایک اہم وجہ پیٹرولیم مصنوعات پر دی گئی سبسڈی واپس لینا تھی جو مہنگائی کی دوسری لہر کی صورت میں سامنے آئی۔ عالمی سپلائی چین کو درپیش ایٹھوڑوس، یوکرین تصادم کی وجہ سے طلب میں اضافے کی وجہ سے ایشیائے صرف کی قیمتیں بڑھ جانے کے ماحول میں گراف کو بلندی کی جانب رکھنے کی کوششیں کرتے ہوئے اسٹیٹ بینک آف پاکستان سال کے دوران پالیسی ریٹس میں اجتماع 675 بنیادی پوائنٹس کا اضافہ کر کے اسے 13.75% تک لے گیا۔ جولائی 2022 کی شروعات میں مانیٹری پالیسی کمیٹی نے ایک بار پھر پالیسی ریٹس میں 125bps کا اضافہ کر کے اسے 15.00% تک پہنچا دیا۔ ڈسکاؤنٹ ریٹ 16.00% ہو جانے کے ساتھ یہ فروری 1999 کے بعد سب سے زیادہ اضافہ ہے جو مالی سال 2009 کے بحران میں دیکھے جانے والے 15.00% ڈسکاؤنٹ ریٹ سے بھی زیادہ ہے۔ یہ واقعہ ستمبر 2021 سے مسلسل زرعی پابندیوں پر منتج ہو رہا ہے جس کا مقصد غیر معمولی طور پر چیلنجوں اور غیر یقینی کا شکار عالمی ماحول میں ملکی معیشت پر دباؤ کم کرنا ہے۔

جہاں تک بیرونی پہلو کا تعلق ہے تو کرنٹ اکاؤنٹ خسارہ (CAD) دوران سال 2.8 بلین ڈالر سے بڑھ کر 17.4 بلین ڈالر تک پہنچا۔ اگرچہ ہماری درآمدات نے بلندی کی جانب سفر جاری رکھا جس میں سال بہ سال بنیاد پر 27% بڑھوتی ہوئی اور مالیت 32.5 بلین ڈالر تک پہنچی، لیکن درآمدات میں 33% سال بہ سال بڑھوتی نے جاری کھاتے کے توازن کو بری طرح بگاڑا اور تجارتی خسارہ بڑھا کر 38% تک پہنچا دیا۔ ایشیائے صرف کی عالمی قیمتوں میں تیزی سے اضافے کے علاوہ ویکسین، TERF کے ذریعے مالیات کی فراہمی کے بعد درآمد کردہ مشینری اور گندم کی درآمدات جیسے عارضی اقدامات نے درآمدات کا حجم بڑھا کر 72.0 بلین ڈالر تک پہنچانے میں بڑا کردار ادا کیا۔ بیرونی کھاتے پر بڑھتے ہوئے دباؤ کی وجہ سے پاکستانی روپے کی قدر میں مالی سال 2022 کے دوران 30% تک کمی واقع ہوئی جو جون 2022 کے اختتام پر 205 روپے بعض 1 امریکی ڈالر پر بند ہوئی۔ اسٹیٹ بینک کے غیر ملکی زرمبادلہ کے ذخائر میں بھی کمی آئی اور غیر ملکی زرمبادلہ کے ذخائر سال کے شروع میں 17.3 بلین ڈالر سے کم ہو کر 30 جون 2022 کو صرف 9.8 بلین ڈالر رہ گئے۔ یہ کمی دو ماہ کے درآمدی بل کے مساوی تھی۔

بیرونی کھاتے میں متذکرہ بالا کمی کے باوجود مالیاتی پہلو نے ابتدائی طور پر بہتری دکھائی اور سال کے دوران FBR نے سال بہ سال بنیاد پر 29% زیادہ ٹیکس اکٹھا کیا جو گزشتہ سال 4.65 ٹریلین روپے سے بڑھ کر مالی سال 2022 کے دوران 6.13 ٹریلین روپے تک پہنچا جس کی بڑی وجہ معیشت میں مجموعی بہتری آنا اور بڑھتی ہوئی درآمدات سے حاصل ہونے والے ٹیکس تھے۔ شروع میں اخراجات میں کسی حد تک اضافہ ہوا لیکن مارچ 2022 تا جون 2022 پیٹرول، ڈیزل اور بجلی پر دی گئی سبسڈی نے ملک کے مالیاتی خسارے کو تخمیناً 7.1% تک پہنچایا جو 6.3% مقرر کردہ ٹارگٹ سے زیادہ تھا۔ یہ واقعہ IMF کے پروگرام کی تجدید میں ایک بڑا تنازعہ ثابت ہوا جس کے تحت پاکستانی حکومت نے پیٹرولیم مصنوعات پر عائد لیوی/ٹیکسوں میں بتدریج اضافہ کرنے سے اتفاق کیا تھا۔ مالی سال 2022 کے دوران ملک کے سیاسی ماحول پر گرمی اور غیر یقینی چھائی رہی جس کے نتیجے میں اپریل 2022 میں حکومت کی تبدیلی عمل میں آئی۔ IMF پروگرام کو دوبارہ شروع کرنے کی غرض سے ضروری لیکن غیر مقبول یا سخت فیصلے لئے گئے ہیں۔

بازار زر کا جائزہ

زیر جائزہ مدت کے دوران مرکزی بینک نے پالیسی ریٹ میں مجموعی طور سے 675bps کا اضافہ کر کے اسے 7.0% سے بڑھا کر 13.75% تک پہنچایا تاکہ طلب کو مستحکم، مہنگائی کے دباؤ پر قابو پایا جاسکے اور روپے کی تیزی سے گرتی ہوئی قدر کو قابو میں لاکر بیرونی کھاتے میں شدید عدم توازن کو قابو میں لایا جاسکے۔ پالیسی ریٹ بڑھ جانے کے باعث T-bill کے ماہیاتی سال 2022 کے دوران KIBOR ریٹس نے 765bps سے 771bps کی حد میں بڑھوتی کا سامنا کیا جب کہ 3 ماہ، 6 ماہ اور 12 ماہ کے T-bill بالترتیب 14.98%، 15.15% اور 15.30% پر بند ہوئے۔ دوسری جانب PIB ماہیاتی سال کی شرح 13.45% (برائے 3 سال)، 12.93% (برائے 5 سال) اور 12.92% (برائے 10 سال) رہی۔ مالیاتی سال 2022 کے دوران KIBOR ریٹس نے 765bps سے 771bps کی حد میں بڑھوتی کا سامنا کیا جب کہ 3 ماہ، 6 ماہ اور 12 ماہ کے KIBOR ریٹس میں بھی 766bps، 771bps اور 766bps کی بڑھوتی ہوئی جو بالترتیب 15.16%، 15.35% اور 15.73% کی شرحوں تک پہنچے۔ سیالیت کے ضمن میں بازار زر میں استحکام دیکھنے میں آیا جو اسٹیٹ بینک کی جانب سے قلیل اور وسط مدتی اوپن مارکیٹ آپریشنز (OMO) جاری رکھنے کے باعث ملاحظہ کرنے سے یہ بات یقینی بنائی کہ بازار زر، پالیسی ریٹ کے قریب تر رہے۔ دوران سال حکومت نے 18.19 ٹریلین روپے کی میچورٹی کے مقابلے میں 17.13 ٹریلین روپے کے قرضے T-Bills کے ذریعے حاصل کئے۔ دوسری جانب 313 ملین روپے کی میچورٹی کے مقابلے میں حکومت نے طویل مدتی PIBs (فلوٹڈ + فلوٹر) کے ذریعے 3.06 ٹریلین روپے قبول کئے۔

Description	30-Jun-21	30-Jun-22	Change [YoY]
KIBOR 3 Months	7.45%	15.16%	771
KIBOR 6 Months	7.69%	15.35%	766
KIBOR 12 Months	8.08%	15.73%	765
T-Bill 3 Months	7.28%	14.98%	770
T-Bill 6 Months	7.53%	15.15%	762
T-Bill 12 Months	7.81%	15.30%	749
PIB 3 Year	8.99%	13.45%	446
PIB 5 Year	9.49%	12.93%	344
PIB 10 Year	9.94%	12.92%	298
US\$ Inter Bank	157.54	204.85	47.30
US\$ Open Market	158.00	205.00	47.00

تابع شریعہ انسٹرومنٹس کی مارکیٹ میں GoPIjarah خصوصاً فلوٹڈ ریٹ Ijarah کی قیمتوں میں کمی کا رجحان رہا جس کی وجہ شرح سود میں تیزی سے اضافہ تھا۔ ذیل میں دیا گیا جدول اجارہ/سلوک کی تفصیلات کا خلاصہ پیش کرتا ہے:

Floating Rate Ijarahs

Ijarah	Type	Coupon	Next Reset	Issue Size (bn)	Maturity	Reval			Change
						30-Jun-21	30-Jun-22	YTM	
XX	Floater	13.46%	30-Oct-22	76.39	30-Apr-25	97.12	96.96	15.08%	-0.16
XXI	Floater	14.60%	29-Nov-22	74.62	29-May-25	100.63	100.03	14.80%	-0.60
XXII	Floater	14.85%	24-Dec-22	47.24	24-Jun-25	100.60	99.68	14.99%	-0.92
XXIII	Floater	10.45%	29-Jul-22	186.91	29-Jul-25	100.50	99.50	14.82%	-1.00
XXIV	Floater	14.85%	9-Dec-22	227.26	9-Dec-25	100.92	99.78	14.91%	-1.14
XXV	Floater	12.15%	6-Oct-22	190.53	6-Oct-26	N/A	99.70	15.45%	N/A
XXVI	Floater	14.61%	29-Oct-22	562.97	29-Oct-26	N/A	99.93	15.59%	N/A
XXVII	Floater	13.53%	27-Oct-22	431.33	27-Apr-27	N/A	99.68	15.68%	N/A
PES I	Floater	11.83%	1-Sep-22	200.00	1-Mar-29	106.75	106.80	14.73%	0.05
PES II	Floater	14.77%	21-Nov-22	199.97	21-May-30	100.80	100.70	15.38%	-0.10
Total				2,197.21					

Fixed Rate Ijarahs

Ijarah	Type	Coupon	Next Reset	Issue Size (bn)	Maturity	Reval			Change
						30-Jun-21	30-Jun-22	YTM	
XXIII	Fixed	8.37%	N/A	44.60	29-Jul-25	99.48	93.48	10.91%	-6.00
XXIV	Fixed	9.45%	N/A	8.25	20-Jan-26	101.23	93.78	11.63%	-7.45
XXV	Fixed	9.70%	N/A	12.73	6-Oct-26	N/A	94.00	11.51%	N/A
XXVI	Fixed	11.40%	N/A	344.81	15-Dec-26	N/A	96.00	12.60%	N/A
XXVII	Fixed	12.49%	N/A	41.23	27-Apr-27	N/A	99.31	12.67%	N/A
Total				451.62					

2,648.82

مرکزی بینک نے GoP Ijarah Sukuk کی نیلامی جاری رکھی تاکہ اثاثہ جات کی دستیابی کے مسائل حل ہو سکیں اور روایتی مارکیٹ کی بہ نسبت نرم شرائط پر مارکیٹ کی اضافی لکویڈٹی حاصل کرنے کی غرض سے دوران سال سنے اثاثہ جات شامل کئے گئے۔ اسلامی مارکیٹ کے شرکاء نے ان نیلامیوں کو خوش آمدید کہتے ہوئے زری مارکیٹ میں رائج کم شرح کی بجائے اپنی نقدی کو بہتر طور پر کام میں لاکر اپنے سرمایہ کاری پورٹ فولیو کو بڑھانے کی غرض سے جوش و خروش سے تمام نیلامیوں میں شرکت کی۔ زیر جائزہ مدت کے دوران مرکزی بینک نے اسلامی شرکاء سے مجموعی طور سے 1.583 ٹریلین روپے کے قرضے لئے۔ جاری کئے گئے کل بونڈ کے عوض فلوئنگ ریٹ پر حکومت نے 1.185 ٹریلین روپے اسلامی شرکاء سے اٹھائے اور فکسڈ ریٹ اجارہ/سکوک کے ذریعے 398.77 ٹریلین روپے کے قرضے حاصل کئے۔

زری پالیسی کی ترسیل اور مارکیٹ کی لکویڈٹی کے بہتر انتظام کی خاطر اسٹیٹ بینک آپ پاکستان نے دسمبر 2021 میں تابع شریعہ مضاربہ پر مبنی اوپن مارکیٹ آپریشنز (OMO-Injections) اور اسلامی بینکاری اسٹیبلشمنٹ کے لئے اسٹیٹنگ سیلنگ فنڈنگ فیسلٹی (MFF) متعارف کروائے۔ طویل مدتی سکوک کے ذریعے رقم حاصل کرنے میں کارپوریٹ سیکٹر کو بدستور چیلنجوں کا سامنا رہا تاہم دوران سال قلیل مدتی انسٹرومنٹس کے اجراء میں اضافہ دیکھنے میں آیا۔

بازار حصص کا جائزہ

مالی سال 2022 کے دوران اسٹاک مارکیٹ دباؤ میں رہی اور KMI-30 انڈیکس میں 10.3% کی کمی واقع ہوئی جو 68,766 پوائنٹس پر بند ہوئی، جب کہ KSE-100 انڈیکس بھی 12.3% گر گیا جو 41,541 پوائنٹس پر بند ہوئی۔ مشکلات سے بھرپور کئی معیشت پس منظر اور بڑھتی ہوئی سیاسی غیر یقینیوں کے مجموعے نے سرمایہ کاروں کے جذبات پر اڑاؤ ڈال دی اور مارکیٹ کی قدر کاریاں کئی برسوں کی کم ترین سطح پر پہنچیں۔ صورت حال میں اور بھی ابتری غیر ملکی سرمایہ کاروں کی جانب سے تیزی سے فروخت کی وجہ سے بھی پیدا ہوئی جس کی وجہ ایمرجنگ مارکیٹ (EM) سے فرنیئر مارکیٹ (FM) انڈیکس تک پاکستان کی قدر کاری میں MSCI حیثیت میں زوال آنا تھی۔ دوران سال بیرونی سرمایہ کاروں کی جانب سے فروخت کئے گئے اسٹاک کا خالص حجم 298 ملین امریکی ڈالر مالیت کے اسٹاک کی خالص فروخت کی گئی جس میں سے زیادہ تر فروخت دوسری سہ ماہی میں عمل میں آئی۔ مثبت واقعہ یہ ہوا ہے کہ کارپوریٹ آمدنیاں مارکیٹ کی توقعات سے زیادہ ہوئیں جب کہ منافع منقسمہ کی ادائیگیاں بھی صحت مند رہیں۔ اگست کے آخر میں KSE-100 انڈیکس بھی اس مدت کی بلند ترین سطح تک پہنچی اور 48,112 پوائنٹس پر بند ہوئی لیکن متذکرہ بالا عوامل نے یہ سارے فوائد اٹانے دیئے۔

اس مدت کے دوران سیاسی ہنگامہ آرائی بڑھتی ہی رہی ہے اور ایشیا نے صرف کی بڑھتی ہوئی قیمتوں کے تناظر میں لئے گئے فیصلوں کے سبب آئی ایم ایف کا پروگرام بار بار تعطل کا شکار رہا۔ اس صورت حال نے بیرونی کھاتے کے متعلق تشویش پیدا کی کیوں کہ درآمدی تحفظ میں قابل ذکر کمی واقع ہوئی۔ سال کے شروع میں تیزی سے پھیلنے والے ڈیلٹا ویرینٹ کی صورت میں کووڈ 19 کی چوتھی لہر پاکستان میں بھی پھیلی جس دوران بلند ترین مثبت شرح 10% تک رہی۔ البتہ اس لہر پر بھی حکومت نے پیشگی پابندیاں لگا کر اور ویکسین لگانے کی رفتار تیز کر کے قابو پایا۔

اس مدت کے دوران KMI-30 انڈیکس میں کاروبار کے کل حجم میں سال بہ سال بنیاد پر 59% یعنی 53 ملین شیئرز کی کمی واقع ہوئی جب کہ KSE-100 انڈیکس میں اسٹاک کے کل حجم میں 56% یعنی 115 ملین شیئرز کی کمی واقع ہوئی۔ سال کے دوران ایکویٹی مارکیٹ دباؤ میں رہی جس کی وجہ میکرو اکنامک حالات اور سپر ٹیکس کا نفاذ تھا جو کارپوریٹ منافع کی صلاحیت کو داغ دار کرے گا۔ IMF پروگرام کو دوبارہ جاری کرنے کی غرض سے مالی سال 2023 کے لئے سخت بجٹ پیش کیا گیا جس میں پیٹرولیم کی قیمتوں اور یوٹیلٹی کی ٹیرفوں میں اضافے کے فیصلے کئے گئے۔ تاہم شرح سود کے کئی عشروں میں بلند ترین ہونے کے باوجود کہ حالیہ طور پر مارکیٹ مالی سال 2009 کے بحران کے دور سے بھی کم قیمتوں پر کاروبار کر رہی ہے، فکسڈ انکم تھمات کے مقابلے میں ایکویٹی مارکیٹ اب بھی پُرکشش ہے۔

سخت زری شرائط، مضبوط ڈالر اور ایشیا نے صرف کی قیمتوں میں اضافے کے مجموعی اثرات ایمرجنگ مارکیٹوں میں بھی محسوس کئے گئے جو MSCI EM ایکویٹی انڈیکس میں 27% کی سال بہ سال کمی سے ہو جانے سے ظاہر ہے جب کہ MSCI ورلڈ ایکویٹی انڈیکس میں بھی 16% کی کمی واقع ہوئی۔ سال کے دوران متاثر کن کارکردگی دکھانے کے بعد Bloomberg کموڈٹی انڈیکس بالآخر تیزی سے مضبوط ہوتے ڈالر کے سامنے ڈھیر ہوئی۔ کموڈٹی انڈیکس بلند یوں تک پہنچی اور سال کے دوران 74% کا اضافہ ظاہر کیا لیکن آخری مہینے کے دوران جو کچھ اس نے حاصل کیا تھا، اس میں سے کچھ گنوا دیا یا سال کا اختتام 60% ما حاصل پر ہوا۔ دوران سال دیگر کرنسیوں کے مقابلے میں ڈالر انڈیکس میں 13% مضبوطی آئی جو سال کے اختتام تک EM کرنسیوں پر وسیع البینا دباؤ پر منتج ہوئی۔

امریکا میں کئی عشروں سے جاری افراط زر کو قابو میں لانے کی غرض سے امریکی فیڈرل ریزرو نے جارحانہ انداز سے ٹینج مارک ریٹ پر پابندیاں لگائیں۔ اس پابندی کی وجہ COVID کے بعد اور روس یوکرین تصادم کے نتیجے میں پیدا ہونے والی سپلائی چین میں رکاوٹیں تھیں۔ فیڈرل فنڈز ریٹس میں سال کی آخری سہ ماہی میں 0.25% کا اضافہ ہوا جو 1.75% تک پہنچا۔ سخت پالیسی کے اس اقدام کی تقلید دنیا بھر کے مرکزی بینکوں نے کی۔ یہ صورت حال 77 بینکوں کے Bloomberg کے جائزے میں نظر آتی ہے جن میں سے 52 بینکوں نے اہم ٹینج مارک ریٹس پر سختیاں عائد کیں۔ تیزی سے بدلتے ہوئے جیو پالیٹیکل منظر نامے، کموڈٹی مارکیٹوں کی نزاکتوں، اور اندرونی الیشوز نے ان ممالک

کی حکومتوں کی فیصلہ سازی کی صلاحیتوں کا سخت آزمائش کی۔ آگے کی بات کی جائے تو کموڈٹی کی حالیہ قیمتوں میں استحکام آجانا خطے کے اقتصادی منتظمین کو سکون کا سانس لینے کا موقع فراہم کرے گا؛ تاہم اقتصادی حالات میں بہتری لانے کے لئے ضروری ہے کہ حالیہ رجحان جاری رہے۔

انڈیکس میں بڑے حصہ دار:

اہم سیکٹروں میں مصنوعی کھاد، اور کیمیکلز کے سیکٹر کا کردگی میں سب سے بہتر رہے۔ مالی سال 2022 کے دوران KMI-30 انڈیکس میں بڑے حصہ دار یہ تھے:

Major Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Engro Fertilizers Ltd	1,771	55.73
Engro Polymer & Chemicals Ltd	1,318	127.65
Millat Tractors Ltd	1,247	52.98
Mari Petroleum Co Ltd	707	22.68

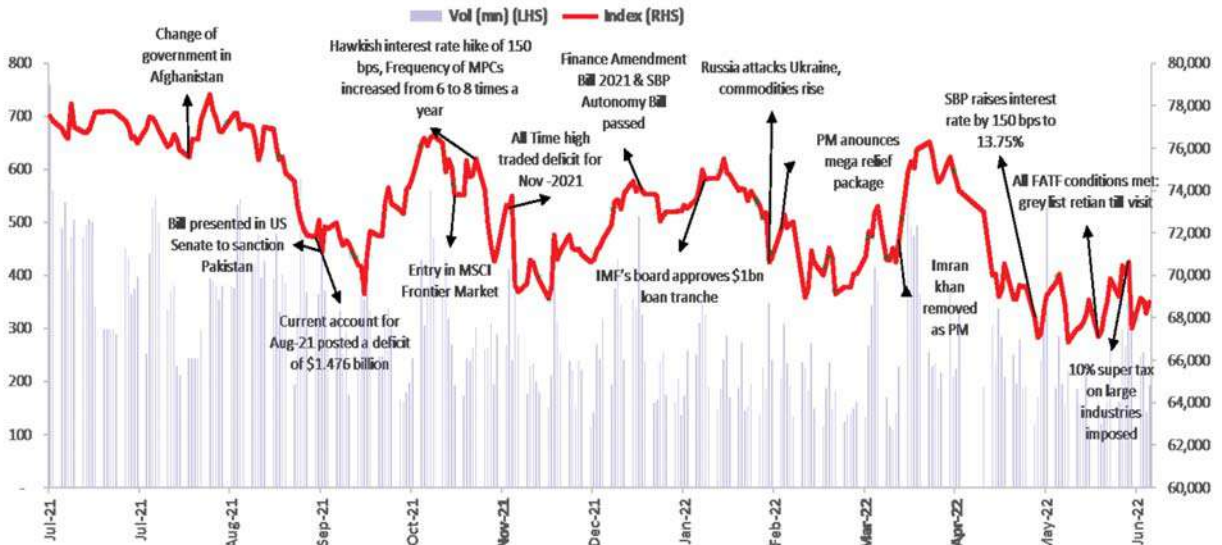
دوسری جانب ریفرنسز، انجینئرنگ، اور سیمنٹ کے سیکٹر بدترین کارکردگی دکھانے والوں میں شامل تھے۔ اس مدت کے دوران KMI-30 انڈیکس میں بدترین کارکردگی دکھانے والوں میں شامل یہ تھے:

Major Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Lucky Cement Ltd	-4,002	-48.31
Unity Foods Ltd	-1,123	-56.14
DG Khan Cement Co Ltd	-1,009	-47.44
Pakistan Petroleum Ltd	-962	-20.35

حصص میں بہاؤ

دوران سال غیر ملکی، ایک بار پھر خالص فروخت کنندگان رہے جنہوں نے لگ بھگ 298 بلین امریکی ڈالر کا سرمایہ باہر نکالا۔ غیر ملکیوں کی جانب سے زیادہ تر فروخت کمزور بیٹوں (201 بلین ڈالر)، سیمنٹ (60 بلین ڈالر) اور فریٹلائزر (51 بلین ڈالر) کے سیکٹروں سے عمل میں آئی۔ حالیہ روش کی مناسبت سے انفرادی سطح پر مارکیٹ کی اعانت جاری رکھی گئی اور 157 بلین ڈالر کا سرمایہ مارکیٹ میں لایا گیا۔ اسی مناسبت سے کمپنیوں اور بیٹوں کی جانب سے بالترتیب 111 بلین ڈالر اور 115 بلین ڈالر کی خالص خرید عمل میں آئیں۔ بروکرائٹاک فروخت کرتے رہے جنہوں نے 20 بلین ڈالر کے تمسکات مارکیٹ سے باہر نکالے جبکہ مالی سال 2022 کی پہلی ششماہی میں کچھ نرمی دکھانے کے بعد میوچل فنڈز کی فروخت بڑھی اور 128 بلین امریکی ڈالر کے تمسکات بھنائے گئے۔

درج ذیل گراف اس مدت کے دوران KMI-30 انڈیکس اور مہیز دینے والے دیگر عوامل کی حرکات کو ظاہر کرتا ہے:



میوچل فنڈ انڈسٹری کا جائزہ

مالی سال 2022 کے دوران میوچل فنڈز کی صنعت کے ایسیٹ انڈر مینجمنٹ (AUMs) میں 19.3% کا اضافہ ہوا جو 1,255 بلین روپے تک پہنچے، تابع شریعہ AUMs میں 8.7% کی بڑھوتی ہوئی جو 481 بلین روپے تک پہنچے اور اس کے بعد انڈسٹری میں تابع شریعہ میوچل فنڈز کا حصہ کم ہو کر 38.3% ہو گیا۔ میوچل فنڈز انڈسٹری میں ال

میزان کا حصہ 15.5% رہا؛ جب کہ تابع شریعہ فنڈز میں 30 جون 2022 تک اس کا حصہ 40.0% تھا۔ پنشن فنڈز کی کیٹیگری میں مارکیٹ میں میزان تحفظ پنشن فنڈ کا حصہ 34.4% رہا جب کہ تابع شریعہ فنڈز میں مالی سال 2022 کے اختتام تک مارکیٹ میں اس کا حصہ 52.6% رہا تھا۔
مالی سال 2021 کے مقابلے میں مالی سال 2022 میں AUM انڈسٹری میں تبدیلیوں کا احوال ذیل میں پیش کیا جا رہا ہے۔

	FY21	FY22	Change
	(Rs. In Billion)		(%)
Sovereign, Money Market and Income Funds			
Shariah Compliant Funds	301	370	22.8
Conventional Funds	425	627	47.4
Total Funds	727	997	37.2
Equity Funds (Including Index Tracker Funds)			
Shariah Compliant Funds	87	66	(24.6)
Conventional Funds	159	121	(24.1)
Total Funds	246	186	(24.3)
Capital Protected, balanced, and asset allocation Funds			
Shariah Compliant Funds	28	20	(28.0)
Conventional Funds	13	10	(22.4)
Total Funds	41	30	(26.3)
Commodity Funds			
Shariah Compliant Funds	0.5	0.6	23.9
Total Funds	0.5	0.6	23.9
Voluntary Pension Funds			
Shariah Compliant Funds	25	27	6.3
Conventional Funds	13	14	9.3
Total Funds	38	41	7.3

کارکردگی کا جائزہ (فنڈز)

درج ذیل جدول مالی سال 2022 کے دوران ہمارے زیر انتظام فنڈز کا خلاصہ پیش کرتا ہے:

Funds	Type	Net Assets Rs. in millions	Growth in Net Assets for FY22 (%)	Returns for FY22 (%)	Benchmark for FY22 (%)
Equity Funds					
Al Meezan Mutual Fund (AMMF)	Equity	4,451	-9.50	-10.91	-10.25
Meezan Islamic Fund (MIF)	Equity	23,822	-30.50	-11.27	-10.25
KSE Meezan Index Fund (KMIF)	Equity	2,610	-3.20	-10.69	-10.25
Meezan Energy Fund (MEF)	Equity	438	-25.05	-8.10	-10.25
Meezan Dedicated Equity Fund (MDEF)	Equity	753	-25.85	-14.26	-10.25
Fixed Income Funds					
Meezan Islamic Income Fund (MIIF)	Income	18,609	-31.70	8.63	3.34
Meezan Cash Fund (MCF)	Money Market	13,485	-0.53	9.00	3.68
Meezan Sovereign Fund (MSF)	Income	6,196	-37.66	8.27	3.34
Meezan Daily Income Fund (MDIP-1)*	Income	30,649	-	10.58	3.39
Meezan Rozana Amdani Fund (MRAF)	Money Market	72,760	-2.60	9.95	3.68
Balanced Fund					
Meezan Balanced Fund (MBF)	Balanced	2,641	-43.97	-3.61	-3.11
Exchange Traded					
Meezan Pakistan Exchange Traded Fund (MZNP-ETF)	Exchange Traded	94	138.45	-23.41	-22.37
Fixed Term Fund					
Meezan Paidar Munafa Plan-I (MFPF-I)**	Open End Islamic CIS as per SECP's Circular No.3 of 2022	1,936	-	13.61	3.46
Fund of Funds					
Meezan Financial Planning Fund of Fund					
Aggressive		290	-16.54	-5.35	-6.88
Moderate		100	-31.46	0.44	-3.54
Conservative		141	-37.22	4.08	-0.09
MAAP-I		84	-46.55	-3.36	-7.33
Meezan Strategic Allocation Fund					
MSAP-I		383	-43.17	-6.25	-7.23
MSAP-II		322	-28.90	-6.61	-7.28
MSAP-III		214	-57.21	-7.41	-7.29
MSAP-IV		105	-50.64	-6.78	-7.29
MSAP-V		49	-21.97	-7.52	-7.26
MSAP-MCIII		196	-25.99	5.13	1.32
Meezan Strategic Allocation Fund - II					
MSAP-II -MCIII-IV		623	-18.80	-0.79	-2.21
MSAP-II -MCIII-V		63	-33.37	6.02	1.63
MSAP-II -MCIII-VI		65	-30.03	9.52	3.65
MSAP-II -MCIII-VII		40	-61.97	7.30	2.62
Meezan Strategic Allocation Fund - III					
MSAP-II -MCIII-IX		427	326.97	1.37	-1.17
Commodity Fund					
Meezan Gold Fund (MGF)	Commodity	604	23.89	24.83	22.71
Asset Allocation Fund					
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	850	-49.16	-19.10	-8.39
Pension Fund Scheme					
Meezan Tahaffuz Pension Fund					
Equity sub Fund		4,593	-16.67	-9.93	
Debt sub Fund		5,012	15.64	8.34	
Money Market sub Fund		4,307	27.45	8.26	
Gold Sub Fund		167	23.44	23.88	

* Launched MDIP-1 (Sep 13, 2021) & **MFPF-I (Jun 08, 2022)

میزان اسلامک فنڈ

گزشتہ سال کے اختتام پر 34,274 ملین روپے کی بہ نسبت مالی سال 2022 کے اختتام تک میزان اسلامک فنڈ (MIF) کے خالص اثاثوں کی مالیت 23,822 ملین روپے رہی یعنی 30.50% کی ریکارڈ کی گئی۔ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 56.23 روپے تھے جب کہ گزشتہ مالی سال کے اختتام پر یہ قدر 63.38 روپے رہی تھی جو 10.25% کی بیخ مارک کمی کی بہ نسبت 11.27% منفی ریٹرن رہی۔

المیزان میوچل فنڈ

گزشتہ برس 4,918 ملین روپے کی بہ نسبت مالی سال 2022 کے اختتام پر المیزان میوچل فنڈ (AMMF) کے خالص اثاثوں کی مالیت 4,451 ملین روپے رہی یعنی میوچل فنڈ کے اثاثوں کی مالیت میں 9.50% کی کمی واقع ہوئی۔ گزشتہ برس کے اختتام پر اثاثہ جات کی فی یونٹ خالص قدر (NAVs) 17.65 روپے تھی جب کہ گزشتہ مالی سال کے اختتام پر یہ قدر 15.72 روپے رہی تھی جو زیر جائزہ سال کے اختتام پر 10.91% کی بیخ مارک کمی کی بہ نسبت 10.25% منفی ریٹرن رہی۔

کے ایس ای میزان انڈیکس فنڈ

زیر جائزہ سال کے اختتام پر KSE میزان انڈیکس فنڈ (KMIF) کے خالص اثاثہ جات کی مالیت 2,610 ملین روپے تھی جب کہ گزشتہ سال کے اختتام پر یہ مالیت 2,697 ملین روپے رہی تھی یعنی خالص اثاثوں کی مالیت میں 3.20% کی کمی واقع ہوئی۔ مالی سال 2022 کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 65.08 روپے تھی اور گزشتہ مالی سال کے اختتام پر فی یونٹ خالص قدر 72.87 روپے رہی تھی یعنی اس مدت کے دوران 10.69% کی بیخ مارک کمی ہوئی اور 10.25% منفی ریٹرن حاصل ہوئی۔

میزان ڈیڈیکلیٹڈ ایکویٹی فنڈ

زیر جائزہ برس کے اختتام پر میزان ڈیڈیکلیٹڈ ایکویٹی فنڈ (MDEF) کے خالص اثاثہ جات کی مالیت 753 ملین روپے تھی جب کہ گزشتہ مالی سال کے اختتام پر یہ مالیت 1,015 ملین روپے رہی تھی یعنی خالص اثاثوں کی مالیت میں 25.85% کی کمی واقع ہوئی۔ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 40.22 روپے تھے جب کہ گزشتہ مالی سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر 46.91 روپے رہی تھی یعنی اس مدت کے دوران 10.25% کی بیخ مارک کمی اور 14.26% کی منفی ریٹرن حاصل ہوئی۔

میزان انرجی فنڈ

میزان انرجی فنڈ (MEF) کے خالص اثاثوں کی مالیت سال کے اختتام پر 438 ملین روپے تھی جو گزشتہ مالی سال کے اختتام پر 584 ملین روپے رہی تھی یعنی خالص اثاثہ جات کی مالیت میں 25.05% کی کمی واقع ہوئی۔ زیر جائزہ سال کے ختم ہونے پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 31.52 روپے تھے جب کہ گزشتہ سال کے اختتام پر فی یونٹ خالص قدر 34.30 روپے رہی تھی یعنی اس مدت کے دوران 10.25% کی بیخ مارک کمی اور 8.10% کی منفی ریٹرن حاصل ہوئی۔

میزان پاکستان ایکسیج ٹریڈ فنڈ

مالی سال 2022 کے اختتام پر میزان پاکستان ایکسیج ٹریڈ فنڈ (MPETF) کے خالص اثاثوں کی مالیت 94 ملین روپے تھی جب کہ گزشتہ برس کے اختتام پر یہ مالیت 39 ملین روپے ریکارڈ کی گئی تھی۔ اس طرح اثاثوں کی مالیت میں 138.45% کا اضافہ ہوا۔ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 7.92 روپے تھی جب کہ گزشتہ برس کے اختتام پر اثاثوں کی فی یونٹ خالص قدر 10.34 روپے رہی تھی یعنی اس مدت کے دوران بیخ مارک ریٹرن، جس میں 22.37% کی کمی واقع ہوئی تھی، کی بہ نسبت 23.41% کی منفی ریٹرن حاصل ہوئی۔

میزان ایسیٹ ایلوکیشن فنڈ

سال کے اختتام پر میزان ایسیٹ ایلوکیشن فنڈ (MAAF) کے خالص اثاثوں کی مالیت 850 ملین روپے تھی جب کہ پچھلے سال کے ختم ہونے پر یہ مالیت 1,672 ملین روپے ریکارڈ کی گئی تھی۔ اس طرح اثاثوں کی مالیت میں 49.16% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 40.01 روپے تھی جب کہ گزشتہ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر 49.46 روپے رہی تھی یعنی اس مدت کے دوران بیخ مارک ریٹرن، جس میں 8.39% کی کمی واقع ہوئی تھی، کی بہ نسبت 19.10% کی منفی ریٹرن حاصل ہوئی۔

میزان بیلنسڈ فنڈ

میزان بیلنسڈ فنڈ (MBF) کے خالص اثاثہ جات کی مالیت سال کے اختتام پر 2,641 ملین روپے تھی جو گزشتہ مالی سال کے اختتام پر 4,713 ملین روپے تھی جس میں 43.97% کی کمی ریکارڈ کی گئی۔ پچھلے سال کے آخر میں 16.20 روپے کی بہ نسبت اثاثوں کی فی یونٹ خالص قدر (NAVs)، زیر جائزہ سال کے اختتام پر 15.62 روپے

تھی اس طرح %3.11 کم ہونے والے منفی بیچ مارک ریٹرن کی بہ نسبت %3.61 کی منفی ریٹرن حاصل ہوئی۔

میزان اسلامک انکم فنڈ

میزان اسلامک انکم فنڈ (MIIF) کے خالص اثاثہ جات سال ختم ہونے پر 18,609 ملین روپے مالیت کے تھے جب کہ گزشتہ برس کے اختتام پر ان کی مالیت 27,246 ملین روپے رہی تھی لہذا ان کی مالیت میں %31.70 کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 51.53 روپے تھی جب کہ گزشتہ برس کے اختتام پر اثاثوں کی فی یونٹ خالص قدر 51.47 روپے رہی تھی جو %8.63 کے سالانہ بیچ مارک کی بہ نسبت %3.34 سالانہ ریٹرن رہی۔ مدت کے اختتام پر اس فنڈ کا %21.53 اسلامک کارپوریٹ سکوک، %2.97 کمرشل پیپرز، %56.63 حکومت پاکستان کے اجارہ/سرکاری ضمانت والے سکوک، اور خالص اثاثوں کا %18.49 اسلامک بینکوں یا اسلامی بینکوں کی ونڈوز میں رکھا گیا۔

میزان سوورن فنڈ

میزان سوورن فنڈ (MSF) کے خالص اثاثہ جات کی مالیت زیر جائزہ سال کے اختتام پر 6,196 ملین روپے تھی جو گزشتہ مالی سال کے اختتام پر 9,939 ملین روپے رہی تھی یعنی ان کی مالیت میں %37.66 کمی واقع ہوئی۔ زیر جائزہ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 51.67 روپے (Ex-Dividend) تھی جو گزشتہ سال کے اختتام پر 51.59 روپے رہی تھی اور %3.34 کے سالانہ بیچ مارک ریٹرن کی بہ نسبت %8.27 سالانہ ریٹرن رہی۔ مدت کے اختتام پر اس فنڈ کا %94 حصہ حکومت پاکستان کے اجارہ/سرکاری ضمانت والے سکوک میں لگایا گیا جب کہ خالص اثاثوں کا %6 اسلامک بینکوں یا اسلامی بینکوں کی ونڈوز میں رکھا گیا۔

میزان کیش فنڈ

میزان کیش فنڈ (MCF) کے خالص اثاثہ جات کی مالیت زیر جائزہ سال کے اختتام پر 13,485 ملین روپے تھی جو گزشتہ مالی سال کے اختتام پر 13,557 ملین روپے رہی تھی یعنی ان کی مالیت میں %0.53 کمی واقع ہوئی۔ زیر جائزہ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 51.61 روپے (Ex-Dividend) تھی جو گزشتہ سال کے اختتام پر 50.54 روپے رہی تھی اور %3.68 کے سالانہ بیچ مارک ریٹرن کی بہ نسبت %9.00 سالانہ ریٹرن رہی۔ مدت کے اختتام پر اس فنڈ کا %20 حصہ اسلامی کارپوریٹ سکوک اور خالص اثاثوں کا %80 اسلامک بینکوں یا اسلامی بینکوں کی ونڈوز میں رکھا گیا۔

میزان روزانہ آمدنی فنڈ

گزشتہ سال ختم ہونے پر 74,704 ملین روپے کی بہ نسبت زیر جائزہ سال کے اختتام پر میزبان روزانہ آمدنی فنڈ (MRAF) کے خالص اثاثہ جات 72,760 روپے مالیت کے تھے یعنی مالیت میں %2.60 کمی واقع ہوئی تھی۔ سال کے اختتام پر اثاثوں کی فی یونٹ خالص قدر (NAVs) 50.00 روپے تھی۔ اس مدت کے دوران اس فنڈ نے %3.68 کے بیچ مارک سالانہ ریٹرن کے مقابلے میں %9.95 سالانہ ریٹرن فراہم کیا۔ مدت کے اختتام پر اس فنڈ کا %5.94 حصہ اسلامی کارپوریٹ سکوک، فنڈ کا %3.71 ٹرم ڈپازٹ ریٹس، اور خالص اثاثوں کا %89.20 اسلامک بینکوں یا اسلامی بینکوں کی ونڈوز میں رکھا گیا۔

میزان ڈیلی انکم فنڈ

میزان ڈیلی انکم فنڈ - MDIP-I

میزان ڈیلی انکم فنڈ - MDIP-I، مورخہ 13 ستمبر 2021 کو جاری کیا گیا تھا۔ زیر جائزہ سال کے ختم ہونے پر اس پلان کے خالص اثاثہ جات کی مالیت 30,649 ملین روپے تھی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 50.00 روپے تھی۔ زیر جائزہ مدت کے دوران اس پلان نے %3.39 کے بیچ مارک سالانہ ریٹرن کی بہ نسبت %10.58 سالانہ ریٹرن فراہم کیا۔ مدت کے اختتام پر اس پلان کا %14 اسلامی کارپوریٹ سکوک، فنڈ کا %10 ٹرم ڈپازٹ رسیدوں میں اور خالص اثاثوں کا %75 اسلامی بینکوں یا اسلامی بینکوں کی ونڈوز میں رکھا گیا۔

میزان فکسڈ ٹرم فنڈ

میزان پائیدار منافع پلان - I

میزان پائیدار منافع پلان - I، مورخہ 08 جون 2022 کو جاری کیا گیا تھا۔ زیر جائزہ سال کے ختم ہونے پر اس پلان کے خالص اثاثہ جات کی مالیت 1,936 ملین روپے تھی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 50.02 (Ex-Dividend) روپے تھی۔ زیر جائزہ مدت کے دوران اس پلان نے %3.46 کے بیچ مارک سالانہ ریٹرن کی بہ نسبت %13.61 سالانہ ریٹرن فراہم کیا۔ مدت کے اختتام پر اس پلان کا %99 ٹرم ڈپازٹ رسیدوں میں اور خالص اثاثوں کا %11 اسلامی بینکوں

یا اسلامی بینکوں کی ونڈوز میں رکھا گیا۔

میزان فنانشل پلاننگ فنڈ آف فنڈز ایگریسیو ایلوکیشن پلان

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 290 ملین روپے تھی جو گزشتہ برس کے ختم ہونے پر 348 ملین روپے رہی تھی لہذا %16.54 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 74.27 روپے تھی جو پچھلے سال کے اختتام پر 78.47 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %6.88 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %5.35 سالانہ کا منفی ریٹرن فراہم کیا۔

موڈریٹ ایلوکیشن پلان

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 100 ملین روپے تھی جو گزشتہ برس کے اختتام پر 146 ملین روپے رہی تھی یعنی %31.46 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 71.38 روپے تھی جو پچھلے سال کے اختتام پر 71.47 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %3.54 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %0.44 سالانہ کا مثبت ریٹرن فراہم کیا۔

کنزرویٹو ایلوکیشن پلان

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 141 ملین روپے تھی جو گزشتہ برس کے اختتام پر 224 ملین روپے رہی تھی یعنی %37.22 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 68.55 روپے تھی جو پچھلے سال کے اختتام پر 68.44 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %0.09 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %4.08 سالانہ کا مثبت ریٹرن فراہم کیا۔

میزان ایسیٹ ایلوکیشن پلان - I

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 84 ملین روپے تھی جو گزشتہ برس کے اختتام پر 156 ملین روپے رہی تھی یعنی %46.46 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 61.64 روپے تھی جو پچھلے سال کے اختتام پر 63.60 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %7.33 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %3.36 سالانہ کا منفی ریٹرن فراہم کیا۔

میزان اسٹریٹجک ایلوکیشن فنڈ

میزان اسٹریٹجک ایلوکیشن پلان - I

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 383 ملین روپے تھی جو گزشتہ برس کے اختتام پر 674 ملین روپے رہی تھی یعنی %43.17 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 43.89 روپے تھی جو پچھلے سال کے اختتام پر 46.81 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %7.23 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %6.25 سالانہ کا منفی ریٹرن فراہم کیا۔

میزان اسٹریٹجک ایلوکیشن پلان - II

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 322 ملین روپے تھی جو گزشتہ برس کے اختتام پر 452 ملین روپے رہی تھی یعنی %28.90 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 43.39 روپے تھی جو پچھلے سال کے اختتام پر 46.46 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %7.28 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %6.61 سالانہ کا منفی ریٹرن فراہم کیا۔

میزان اسٹریٹجک ایلوکیشن پلان - III

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 214 ملین روپے تھی جو گزشتہ برس کے اختتام پر 501 ملین روپے رہی تھی یعنی %57.21 کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAVs) 41.93 روپے تھی جو پچھلے سال کے اختتام پر 45.28 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے %7.29 کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت %7.41 سالانہ کا منفی ریٹرن فراہم کیا۔

میزان اسٹریٹجک ایلوکیشن پلان - IV

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 105 ملین روپے تھی جو گزشتہ برس کے اختتام پر 213 ملین روپے رہی تھی یعنی %50.64 کی کمی واقع

ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 43.14 روپے تھی جو پچھلے سال کے اختتام پر 46.28 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 7.29% کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت 6.78% سالانہ منفی ریٹرن فراہم کیا۔

میزان اسٹریٹجک ایلوکیشن پلان - V

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 49 ملین روپے تھی جو گزشتہ برس کے اختتام پر 63 ملین روپے رہی تھی یعنی 21.97% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 50.01 روپے تھی جو پچھلے سال کے اختتام پر 54.08 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 7.26% کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت 7.52% سالانہ منفی ریٹرن فراہم کیا۔

میزان کپیٹل پریزرویشن پلان - III

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 196 ملین روپے تھی جو گزشتہ برس کے اختتام پر 265 ملین روپے رہی تھی یعنی 25.99% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 54.32 روپے تھی جو پچھلے سال کے اختتام پر 54.77 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 1.32% کے بیچ مارک سالانہ مثبت ریٹرن کی بہ نسبت 5.13% سالانہ مثبت ریٹرن فراہم کیا۔

میزان اسٹریٹجک ایلوکیشن فنڈ - II

میزان کپیٹل پریزرویشن پلان - IV

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 623 ملین روپے تھی جو گزشتہ برس کے اختتام پر 767 ملین روپے رہی تھی یعنی 18.80% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 55.31 روپے تھی جو پچھلے سال کے اختتام پر 55.75 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 2.21% کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت 0.79% سالانہ منفی ریٹرن فراہم کیا۔

میزان کپیٹل پریزرویشن پلان - V

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 63 ملین روپے تھی جو گزشتہ برس کے اختتام پر 94 ملین روپے رہی تھی یعنی 33.37% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 53.56 روپے تھی جو پچھلے سال کے اختتام پر 54.29 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 1.63% کے بیچ مارک سالانہ مثبت ریٹرن کی بہ نسبت 6.02% سالانہ مثبت ریٹرن فراہم کیا۔

میزان کپیٹل پریزرویشن پلان - VI

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 65 ملین روپے تھی جو گزشتہ برس کے اختتام پر 93 ملین روپے رہی تھی یعنی 30.03% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 53.83 روپے تھی جو پچھلے سال کے اختتام پر 53.85 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 3.65% کے بیچ مارک سالانہ مثبت ریٹرن کی بہ نسبت 9.52% سالانہ مثبت ریٹرن فراہم کیا۔

میزان کپیٹل پریزرویشن پلان - VII

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 40 ملین روپے تھی جو گزشتہ برس کے اختتام پر 104 ملین روپے رہی تھی یعنی 61.97% کی کمی واقع ہوئی۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 52.73 روپے تھی جو پچھلے سال کے اختتام پر 52.88 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 2.62% کے بیچ مارک سالانہ مثبت ریٹرن کی بہ نسبت 7.30% سالانہ مثبت ریٹرن فراہم کیا۔

میزان کپیٹل پریزرویشن پلان - VIII

یہ پلان 27 اگست 2021 کو میچور ہوا تھا۔

میزان اسٹریٹجک ایلوکیشن فنڈ - III

میزان کپیٹل پریزرویشن پلان - IX

زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی مالیت 427 ملین روپے تھی جو گزشتہ برس کے اختتام پر 100 ملین روپے رہی تھی یعنی 326.97% کا اضافہ واقع ہوا۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 57.81 روپے تھی جو پچھلے سال کے اختتام پر 57.52 روپے رہی تھی لہذا زیر جائزہ مدت کے

دوران اس پلان نے 1.17% کے بیچ مارک سالانہ منفی ریٹرن کی بہ نسبت 1.37% سالانہ کا مثبت ریٹرن فراہم کیا۔

میزان گولڈ فنڈ (MFG)

زیر جائزہ سال کے اختتام پر میزبان گولڈ فنڈ (MFG) کے خالص اثاثوں کی مالیت 604 ملین روپے تھی جو گزشتہ برس کے اختتام پر 488 ملین روپے رہی تھی یعنی 23.89% کا اضافہ واقع ہوا۔ سال کے اختتام پر اس فنڈ کے اثاثوں کی فی یونٹ خالص قدر (NAV) 103.91 (Ex-Dividend) روپے تھی جو پچھلے سال کے اختتام پر 83.64 روپے رہی تھی لہذا زیر جائزہ مدت کے دوران اس پلان نے 22.71% کے بیچ مارک سالانہ مثبت ریٹرن کی بہ نسبت 24.83% سالانہ کا مثبت ریٹرن فراہم کیا۔

میزان تحفظ پنشن فنڈ (MTPF)

MTPF چار ذیلی فنڈ یعنی ایکویٹی سب فنڈ، ڈیبٹ سب فنڈ، منی مارکیٹ سب فنڈ اور گولڈ سب فنڈ نامی چار ذیلی فنڈز پر مشتمل ہے۔ زیر جائزہ سال کے اختتام پر ایکویٹی سب فنڈ نے 9.93% کا منفی ریٹرن فراہم کیا اور گولڈ سب فنڈ نے 23.88% کا ریٹرن دیا۔ جب کہ ڈیبٹ اور منی مارکیٹ سب فنڈز نے بالترتیب 8.34% اور 8.26% کا سالانہ ریٹرن دیا۔ ان میں سے ہر فنڈ کی انفرادی کارکردگی کا جائزہ ذیل میں لیا گیا ہے۔

ایکویٹی ذیلی فنڈ

سال کے اختتام پر اس ذیلی فنڈ کے خالص اثاثہ جات کی مالیت 4,593 ملین روپے تھی جو گزشتہ برس کے اختتام پر 5,511 ملین روپے تھی۔ اس طرح زیر جائزہ مدت کے دوران ایکویٹی سب فنڈ کی مالیت میں 16.67% کی کمی آئی۔ سال کے اختتام پر اس پلان کے خالص اثاثوں کی فی یونٹ قدر (NAV) 485.55 روپے تھی جو گزشتہ برس کے ختم ہونے پر 539.09 روپے رہی تھی۔

ڈیبٹ ذیلی فنڈ

اس ذیلی فنڈ کے خالص اثاثہ جات کی مالیت زیر جائزہ سال کے اختتام پر 5,012 ملین روپے تھی جو گزشتہ سال ختم ہونے پر 4,334 ملین روپے تھی۔ اس طرح زیر جائزہ مدت کے دوران ایکویٹی سب فنڈ کی مالیت میں 15.64% کا اضافہ ہوا۔ سال کے اختتام پر اس پلان کے خالص اثاثوں کی فی یونٹ قدر (NAV) 304.67 روپے تھی جو گزشتہ سال ختم ہونے پر 281.23 روپے رہی تھی۔

منی مارکیٹ ذیلی فنڈ

سال کے اختتام پر منی مارکیٹ ذیلی فنڈ کے خالص اثاثہ جات کی مالیت 4,307 ملین روپے تھی جو گزشتہ برس کے اختتام پر 3,379 ملین روپے رہی تھی یعنی زیر جائزہ مدت کے دوران منی مارکیٹ سب فنڈ کی مالیت میں 27.45% اضافہ ہوا۔ زیر جائزہ سال کے ختم ہونے پر اس پلان کے خالص اثاثوں کی فی یونٹ قدر (NAV) 293.06 روپے تھی جو پچھلا سال ختم ہونے پر 270.70 روپے رہی تھی۔

گولڈ ذیلی فنڈ

گولڈ ذیلی فنڈ کے خالص اثاثہ جات کی مالیت زیر جائزہ سال ختم ہونے پر 167 ملین روپے تھی جو گزشتہ برس ختم ہونے پر 135 ملین روپے رہی تھی۔ یعنی زیر جائزہ مدت کے دوران گولڈ ذیلی فنڈ میں 23.44% اضافہ ہوا۔ زیر جائزہ سال کے اختتام پر اس پلان کے خالص اثاثوں کی فی یونٹ قدر (NAV) 196.92 روپے تھی جو پچھلے سال کے آخری دن پر 158.96 روپے رہی تھی۔

توقعات

مالی سال 2023 میں مالیاتی خسارے میں کمی لانے اور پرائمری بیلنس کورسز پلس میں بدلنے، کی غرض سے حکومت نے کئی ایک اقدامات اٹھائے ہیں۔ ان اقدامات کے نتیجے میں آئندہ مالی سال کے دوران جی ڈی پی میں بڑھوتی کی رفتار کم ہو کر 3% سے 4% ہو جانے کی توقع ہے۔ اجناس کی عالمی قیمتیں بڑھنے اور ملک میں توانائی کی قیمتوں میں اضافے کے تناظر میں اسٹیٹ بینک آف پاکستان کی تخمینہ کردہ مہنگائی کی شرح پر نظر ثانی کی گئی ہے اور اندازہ لگایا گیا ہے کہ مالیاتی سال 2023 کے دوران مہنگائی کی شرح 18% سے 20% رہے گی جس کے بعد سخت پالیسیوں، عالمی مارکیٹ میں قیمتیں معمول پر آنے اور مفید بنیادی اثرات کے سبب مالیاتی سال 2024 میں مہنگائی میں تیزی سے کمی بھی آئے گی۔ اگرچہ مزید سخت پالیسیوں کے نفاذ کے امکان کو رد نہیں کیا جاسکتا لیکن ہم نہیں سمجھتے کہ پالیسی ریٹ 15% کی حالیہ بلند ترین شرح سے اوپر لے جایا جائے گا کیوں کہ اقتصادیات کی تیزی میں کمی آ رہی ہے اور اجناس کی قیمتوں میں بھی کمی آنا شروع ہو گئی ہے۔ یوکرین کے حالات میں بہتری آنے سے ان قیمتوں میں مزید کمی آنے کا امکان ہے۔ اندازہ لگایا گیا ہے کہ کرنٹ اکاؤنٹ خسارے میں مالی سال 2023 میں دھیرے دھیرے کمی آئے گی اور 2024 میں بھی کمی آنے کا رجحان رہے گا بشرطیکہ اجناس کے چکر (کموڈٹی سائیکل) کی رفتار میں کمی بدستور جاری رہے۔ جہاں تک فیکسڈ انکم کا تعلق ہے تو توقع ہے کہ سلوک کا اجراء جاری رہے گا کیوں کہ حکومت اپنے مجموعی ملکی قرضوں میں

اسلامی قرضوں کا حصہ بڑھانا چاہتی ہے۔ مزید برآں ہمیں یہ بھی توقع ہے کہ کارپوریٹ سیکٹرسکوک اور اسلامی کمرشل پیپرز کے ذریعے فنڈز اکٹھا کرنے کا عمل جاری رکھے گا۔

ایکویٹی مارکیٹ کے بارے میں ہمیں توقع ہے کہ آئی ایم ایف کے پروگرام کی تجدید بھی ہوگی اور تکمیل بھی جو کہ مالی سال 2023 کے دوران بہتری کو ہمیز دے گا۔ یہ پروگرام پاکستان کے لئے انتہائی ضروری اقتصادی نظم و ضبط پیدا کرے گا اور غیر ملکی زرمبادلہ کے ذخائر کی صورت حال میں بھی بہتری لائے گا۔ مارکیٹ کا مثبت پہلو تا حال مضبوط کارپوریٹ آمدنیوں میں بڑھوتی اور 8.2x کی طویل مدتی اوسط P/E کے مقابلے میں 4.0x P/E کی پُککشش قدر کارپوریٹ کی مرہون منت ہے۔ اگرچہ قلیل مدت میں ایکویٹی مارکیٹ کی کارکردگی کا غیر ملکی زرمبادلہ کے ذخائر کی صورت حال میں بہتری آنے تک دباؤ میں رہنے کا امکان ہے۔ تاہم وسط مدت میں سخت اقتصادی اقدامات کی پیروی اور اجناسی چکر کی رفتار میں کمی آنے کے امکانات کے تناظر میں امکان ہے کہ شرح سود طویل مدت کی اوسط پر واپس آئے گی جو ایکویٹی مارکیٹ کی آمدنیوں میں اضافے پر متوجہ ہوگی۔

S.R. No	Name of Fund	Name of auditors as of June 30, 2022	Status of appointment for the year ending June 30, 2023
1	MEEZAN ISLAMIC FUND	M/s A.F. Ferguson & Co., Chartered Accountants	According to Regulation 38 (2) (h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations") an auditor is not eligible for re-appointment for being statutory auditors of the fund for consecutive five years. Hence, M/s EY Ford Rhodes, Chartered Accountants have been recommended by Board Audit Committee to be the auditors of the Funds.
2	MEEZAN SOVEREIGN FUND		
3	AL MEEZAN MUTUAL FUND		
4	MEEZAN BALANCED FUND		
5	MEEZAN ISLAMIC INCOME FUND		
6	MEEZAN CASH FUND		
7	KSE-MEEZAN INDEX FUND		
8	MEEZAN FINANCIAL PLANNING FUND OF FUNDS		
9	MEEZAN GOLD FUND		
10	MEEZAN ASSET ALLOCATION FUND		
11	MEEZAN ENERGY FUND		
12	MEEZAN STRATEGIC ALLOCATION FUND		
13	MEEZAN STRATEGIC ALLOCATION FUND - II		
14	MEEZAN DEDICATED EQUITY FUND		
15	MEEZAN STRATEGIC ALLOCATION FUND - III		
16	MEEZAN PAKISTAN EXCHANGE TRADED FUND		
17	MEEZAN DAILY INCOME FUND		
18	MEEZAN ROZANA AMDANI FUND		
19	MEEZAN FIXED TERM FUND	The fund is a newly launched fund.	M/s EY Ford Rhodes, Chartered Accountants have been recommended by Board Audit Committee to be the auditors of the Meezan Fixed Term Fund.
20	MEEZAN TAHAFFUZ PENSION FUND	M/s Yousuf Adil & Co., Chartered Accountants	M/s Yousuf Adil & Co., Chartered Accountants have been recommended by Board Audit Committee to be the auditors of the Meezan Tahaffuz Pension Fund.

بورڈ کے اجلاس

منعقد ہونے والے بورڈ کے اجلاسوں اور ان میں حاضری کی تفصیلات فنڈز کے مالیاتی گوشواروں کے نوٹس میں دے دیئے گئے ہیں۔

بورڈ آڈٹ کمیٹی (BAC)

مورخہ 30 جون 2022 کو اختتام پذیر ہونے والے سال کے دوران بورڈ آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے۔ ان اجلاسوں میں ممبروں کی حاضری بمطابق ذیل رہی۔

Name of Directors	6-Aug -21	13-Sep-21	8-Oct-21	10-Feb-22	14-Apr-22
Mr. Feroz Rizvi	✓	✓	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓	✓	✓
Mr. Tariq Mairaj	✓	✓	✓	✓	✓

بورڈ رسک مینجمنٹ کمیٹی (BRMC)

مورخہ 30 جون 2022 کو اختتام پذیر ہونے والے سال کے دوران بورڈ رسک مینجمنٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں ممبروں کی حاضری بمطابق ذیل رہی۔

Name of Director	6-Aug-21	8-Oct-21	8-Feb-22	13-Apr-22
Mr. Mubashar Maqbool	✓	✓	✓	✓
Mr. Moin M. Fudda	✓	✓	✓	✓
Mr. Furquan R. Kidwai	✓	✓	✓	✓

ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR&RC)

مورخہ 30 جون 2022 کو اختتام پذیر ہونے والے سال کے دوران ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے چار اجلاس منعقد ہوئے۔ ان اجلاسوں میں ممبروں کی حاضری بمطابق ذیل رہی۔

Name of Director	5-Aug-21	10-Sep-21	8-Feb-22	13-Apr-22
Mr. Ariful Islam	✓	✓	✓	✓
Mr. Mubashar Maqbool	✓	✓	✓	✓
Mr. Moin M. Fudda	✓	✓	✓	✓
Mr. Furquan Kidwai	✓	✓	✓	✓
Mr. Mohammad Shoaib, CFA	✓	✓	-	✓

اظہار تشکر

ہم اس موقع پر پاکستان کی سب سے بڑی ایسیٹ مینجمنٹ کمپنی ال میزان انوسٹمنٹس پر بھروسہ قائم رکھنے پر اپنے قابل قدر سرمایہ کاروں کا تہہ دل سے شکریہ ادا کرتے ہیں۔ ان کے علاوہ ہم ضابطہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور ہمارے ٹرسٹی، دی سینٹرل ڈپازیریٹی کمیٹی آف پاکستان کی مدد کے بھی انتہائی مشکور ہیں۔ اسی طرح ہم میزان بینک کے شریعہ سپروائزر بورڈ کے اراکین کے بھی تہہ دل سے مشکور ہیں کہ انہوں نے فنڈز کے انتظام کے شرعی اصول واضح کرتے ہوئے ہمیں مسلسل اعانت فراہم کی ہے۔

برائے وجہ جانب بورڈ

ڈائریکٹر

محمد شعیب، سی ایف اے

چیف ایگزیکٹو آفیسر

بتاریخ 16 اگست، 2022



Al Meezan
Investment Management Ltd.

NANGA PARBAT

Any peak can be conquered if you
just keep climbing.

Height 8,126 meters,
belongs to the range Himalaya



MEEZAN ISLAMIC FUND (MIF)

Meezan Islamic Fund seeks to optimize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and dividend income.



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 Bank Limited -Islamic Banking

Habib Metropolitan Bank Limited - Islamic Banking
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Samba Bank Limited
Sindh Bank Limited
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



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Islamic Fund (MIF)

Type of Fund

Open end equity fund

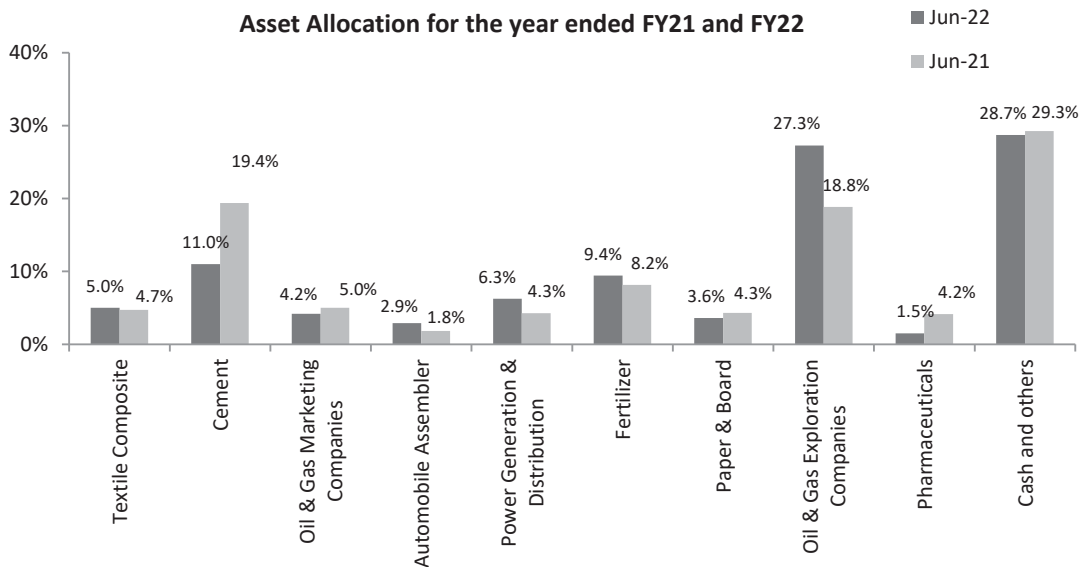
Objective

The objective of MIF is to provide optimum returns to the investors from investment in Shariah Compliant stocks for the given level of risk, while abiding by all applicable rules and regulations. Total return refers to the returns from capital gains (realized and unrealized), dividend income and other income from Shariah Compliant investments

Strategy, Investment Policy and Asset Allocation

The performance of MIF is linked directly to the performance of equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposures near troughs.

During the year, the fund increased its equity exposure to a maximum of 98.77%. However, it maintained an average exposure close to 96.21% in equities during the year, while closing the period at around 97.72%. 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.

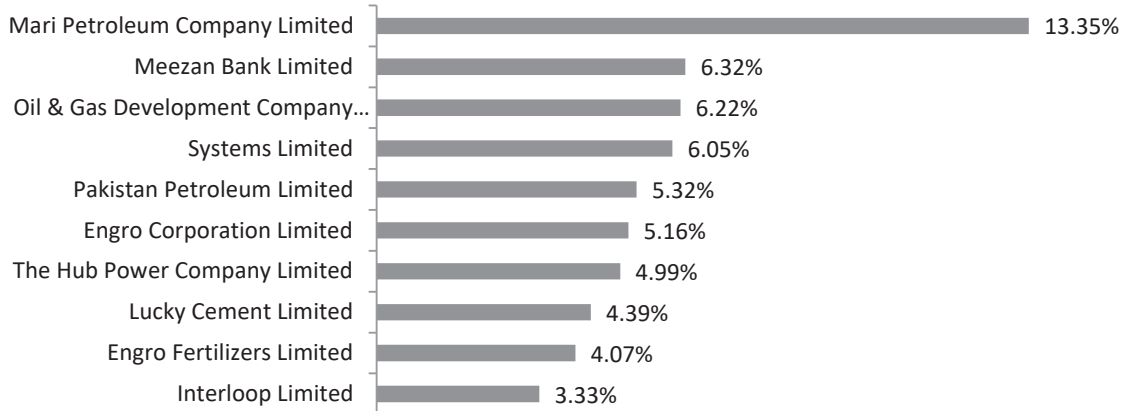




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Top Holdings



Performance Review

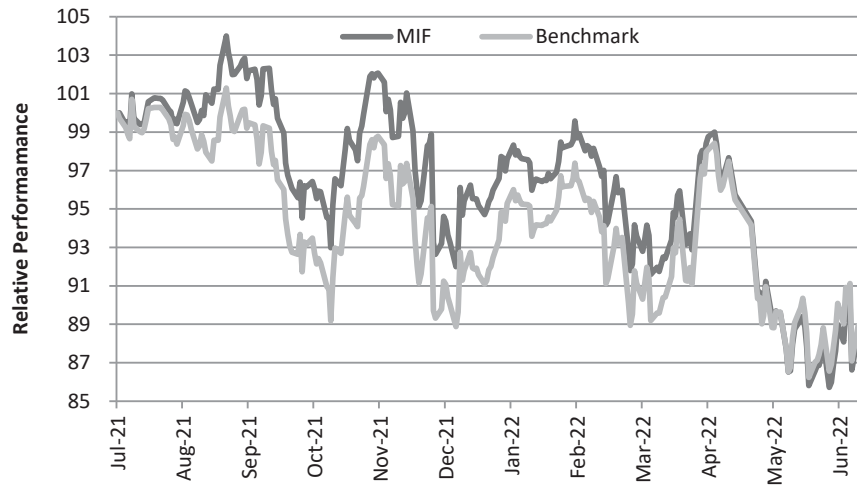
During FY22, Meezan Islamic Fund (MIF) provided a negative return of 11.27% to its investors and KSE Meezan Index (KMI 30) - Benchmark depreciated by 10.25% to close at 68,766 pts.

	<u>MIF</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2021 –Rs.	63.38	76,622
Net Asset Value (NAV) as on June 30, 2022 –Rs.	56.23	68,766
Change (Points)	-7.14	-7,855
Return During the Period	-11.27%	-10.25%

MIF posted a total loss of Rs. 2,650 million in the fiscal year 2022 as compared to a total income of Rs. 9,749 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 1,004 million and Rs. 3,726 million respectively. Dividend income contributed Rs. 1,957 million to income, while profit on saving accounts with banks amounted to Rs. 117 million. After accounting for expenses of Rs. 619 million, the Fund posted a net loss of Rs. 3,269 million. The net assets of the Fund as at June 30, 2022 were Rs. 23,822 million as compared to Rs. 34,274 million at the end of year depicting a decrease of 31%. The net asset value per unit as at June 30, 2022 was Rs. 56.2315 as compared to Rs. 63.3761 per unit as on June 30, 2021



Pure. Profit.



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. 47 million was accrued as charity payable.

Distributions

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

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MIF amounting to Rs. 532.12 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 MIF by 1.57%. 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	20,977
10,000 - 49,999	2,481
50,000 - 99,999	428
100,000 - 499,999	316
500,000 and above	72
Total	24,274



Pure. Profit.



Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	25	25	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 (Rs. '000) (ex-distribution)	23,821,524.00	34,274,023.00	24,072,183.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	56.2315	63.3761	46.7710
Offer price per unit as at June 30, (Rs.) (ex-distribution)	57.5024	64.8084	47.8280
Highest offer price per unit (Rs.)	68.1579	66.9236	62.4251
Lowest offer price per unit (Rs.)	56.1787	48.9781	38.0213
Highest redemption price per unit (Rs.)	65.4446	65.4446	61.0455
Lowest redemption price per unit (Rs.)	54.9372	47.8957	37.1811
Distribution (%)			
Interim	N/A	N/A	N/A
Final	N/A	N/A	5
Date of distribution			
Interim	N/A	N/A	N/A
Final	N/A	N/A	June 30, 2020
Income distribution (Rupees in '000)	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	1,236,296
Total return (%)	(11.27)	35.50	2.81
	One Year	Two Year	Three Year
Average annual return as at June 30, 2022 (%)	-11.27%	9.65%	7.32%

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 Islamic Fund

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

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

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

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

- i. We have reviewed and approved the modes of investments of MIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MIF 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)
Lucky Cement Ltd.	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28
Mari Petroleum	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Engro Corporation Ltd.	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	272.42



Engro Corporation Ltd.	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	272.42
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37 ***	86.2
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Systems Limited	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.

** 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 MIF 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 MIF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC 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 Islamic 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 Islamic Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic 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 23,278.367 million and balances with banks aggregated to Rs 1,208.150 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; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

MS

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



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

AF



- 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: AR202210081nz8SPyx0w



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

	2022	2021
Note	(Rupees in '000)	
Assets		
Balances with banks	5 1,208,150	2,061,391
Investments	6 23,278,367	32,886,340
Receivable against sale of investments	33,457	34,569
Receivable against conversion of units	57,085	145,285
Dividend receivable	7,762	84,683
Advance, deposits and other receivable	7 14,009	189,717
Total assets	24,598,830	35,401,985
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	8 31,021	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	9 2,326	3,314
Payable to the Securities and Exchange Commission of Pakistan	10 6,039	6,201
Payable against redemption and conversion of units	416,758	85,604
Payable against purchase of investments	186	70,503
Payable to Meezan Bank Limited	214	1,035
Accrued expenses and other liabilities	11 320,762	868,818
Total liabilities	777,306	1,127,962
Net assets	<u>23,821,524</u>	<u>34,274,023</u>
Unit holders' fund (as per statement attached)	<u>23,821,524</u>	<u>34,274,023</u>
Contingencies and commitments	12	
Number of units in issue	<u>423,632,865</u>	<u>540,803,980</u>
	(Rupees)	
Net asset value per unit	<u>56.2315</u>	<u>63.3761</u>

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

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

	2022	2021
Note	(Rupees in '000)	
Income		
Dividend income	1,956,865	1,442,120
Profit on bank balances	116,751	125,778
Other income	6,683	-
Net realised (loss) / gain on sale of investments	(1,004,161)	1,858,907
	1,076,138	3,426,805
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2 (3,725,929)	6,322,470
Total (loss) / income	<u>(2,649,791)</u>	<u>9,749,275</u>
Expenses		
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1 603,864	620,088
Sindh Sales Tax on remuneration of the Management Company	8.2 78,502	80,611
Allocated expenses	8.3 33,212	32,024
Selling and marketing expenses	8.4 301,932	185,182
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 31,193	32,004
Sindh Sales Tax on remuneration of the Trustee	9.2 4,055	4,161
Annual fee to the Securities and Exchange Commission of Pakistan	10 6,039	6,201
Auditors' remuneration	13 791	721
Fees and subscription	3,712	2,610
Legal and professional charges	698	160
Brokerage expense	30,364	57,167
Bank and settlement charges	2,952	4,189
Charity expense	11.1 46,892	37,987
(Reversal of provision) / provision for Sindh Workers Welfare Fund (SWWF)	11.2 (525,426)	173,723
Total expenses	<u>618,780</u>	<u>1,236,828</u>
Net (loss) / income for the year before taxation	<u>(3,268,571)</u>	<u>8,512,447</u>
Taxation	-	-
Net (loss) / income for the year after taxation	<u><u>(3,268,571)</u></u>	<u><u>8,512,447</u></u>
Allocation of net income for the year		
Net income for the year after taxation	-	8,512,447
Income already paid on units redeemed	-	(2,272,229)
	<u>-</u>	<u>6,240,218</u>
Accounting income available for distribution		
- Relating to capital gains	-	6,240,218
- Excluding capital gains	-	-
	<u>-</u>	<u>6,240,218</u>

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



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

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	(3,268,571)	8,512,447
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u><u>(3,268,571)</u></u>	<u><u>8,512,447</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

	2022			2021				
	Capital value	Undistribut ed income	Over distribution	Total	Capital value	(Accumulate d loss) / Undistribut ed income	Over distribution	Total
	(Rupees in '000)			(Rupees in '000)				
Net assets at the beginning of the year	30,603,590	3,670,433	-	34,274,023	26,641,970	(1,860,387)	(709,398)	24,072,185
Issue of 401,062,742 units (2021: 766,372,501 units)								
- Capital value (at net asset value per unit at the beginning of the year)	25,417,792	-	-	25,417,792	35,844,008	-	-	35,844,008
- Element of (loss) / income	(500,606)	-	-	(500,606)	9,051,895	-	-	9,051,895
Total proceeds on issuance of units	24,917,186	-	-	24,917,186	44,895,903	-	-	44,895,903
Redemption of 518,233,857 units (2021: 740,250,681 units)								
- Capital value (at net asset value per unit at the beginning of the year)	32,843,641	-	-	32,843,641	34,622,265	-	-	34,622,265
- Element of (income) / loss	(742,527)	-	-	(742,527)	6,312,018	2,272,229	-	8,584,247
Total payments on redemption of units	32,101,114	-	-	32,101,114	40,934,283	2,272,229	-	43,206,512
Total comprehensive (loss) / income for the year	-	(3,268,571)	-	(3,268,571)	-	7,803,049	709,398	8,512,447
Distribution during the year	-	-	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(3,268,571)	-	(3,268,571)	-	7,803,049	709,398	8,512,447
Net assets at the end of the year	23,419,662	401,862	-	23,821,524	30,603,590	3,670,433	-	34,274,023
Undistributed income / (accumulated loss) brought forward								
- Realised loss		(2,652,037)				(1,065,399)		
- Unrealised income / (loss)		6,322,470				(794,988)		
		<u>3,670,433</u>				<u>(1,860,387)</u>		
Accounting income available for distribution								
- Relating to capital gains		-				6,240,218		
- Excluding capital gains		-				-		
		-				6,240,218		
Transfer to over distribution		-				(709,398)		
Net loss for the year after taxation		(3,268,571)				-		
Undistributed income carried forward		<u>401,862</u>				<u>3,670,433</u>		
Undistributed income carried forward								
- Realised income / (loss)		4,127,791				(2,652,037)		
- Unrealised (loss) / income		(3,725,929)				6,322,470		
		<u>401,862</u>				<u>3,670,433</u>		
				(Rupees)				(Rupees)
Net asset value per unit at the beginning of the year				<u>63.3761</u>				<u>46.7710</u>
Net asset value per unit at the end of the year				<u>56.2315</u>				<u>63.3761</u>

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

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

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN ISLAMIC 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		(3,268,571)	8,512,447
Adjustment for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	3,725,929	(6,322,470)
		457,358	2,189,977
Decrease / (increase) in assets			
Investments - net		5,882,044	(3,182,823)
Receivable against sale of investments		1,112	39,220
Dividend receivable		76,921	(32,369)
Advance, deposits and other receivable		175,708	(176,298)
		6,135,785	(3,352,270)
(Decrease) / increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		(61,466)	59,810
Payable to Central Depository Company of Pakistan Limited - Trustee		(988)	965
Payable to the Securities and Exchange Commission of Pakistan		(162)	1,177
Payable to Meezan Bank Limited		(821)	381
Payable against purchase of investments		(70,317)	(88,323)
Accrued expenses and other liabilities		(548,056)	50,403
		(681,810)	24,413
Net cash generated from / (used in) operating activities		5,911,333	(1,137,880)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		25,005,386	44,833,474
Payment against redemption and conversion of units		(31,769,960)	(43,237,063)
Dividend paid		-	(152,480)
Net cash (used in) / generated from financing activities		(6,764,574)	1,443,931
Net (decrease) / increase in cash and cash equivalents during the year		(853,241)	306,051
Cash and cash equivalents at the beginning of the year		2,061,391	1,755,340
Cash and cash equivalents at the end of the year	5	1,208,150	2,061,391

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN ISLAMIC 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 Islamic Fund (the Fund) was established under a Trust Deed executed under the Trust Act, 1882 between Al Meezan Investment Management Limited, as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 4, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah e Faisal, Karachi, 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). Consequently, the Fund is required to be registered under the Sindh Trust Act. Accordingly, on September 2, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. 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. The investment objectives and policies are explained in the Fund's Offering Document.

1.3 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as a Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).

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

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.2 and 6).

3.5 Accounting convention

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

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Equity

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.

4.2.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

4.2.4 Regular way contracts

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

4.2.5 Derecognition

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

4.3 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 value and subsequently stated at amortised cost.

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

4.4 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.

4.5 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.

4.6 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.

4.7 Issue and redemption of units

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

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

4.8 Distribution to unit holders

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

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

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

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

4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend; and
- Profit on balances with banks is recognised on an accrual basis.

4.11 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.

4.12 Taxation

Current

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

Deferred

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

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

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

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

4.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) for 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.

4.14 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	1,201,534	2,050,598
	Current accounts		6,616	10,793
			1,208,150	2,061,391

5.1 This includes balance amounting to Rs. 132.143 million (2021: Rs. 162.177 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 3.00% to 16.40% (2021: 1.5% to 7.32%) per annum.

6	INVESTMENTS	Note	2022	2021
			(Rupees in '000)	
Investment at 'fair value through profit or loss'				
	Shares of listed companies - 'ordinary shares'	6.1	23,278,367	32,886,340

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales 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	Paid-up capital of investee company (with face value of investment)
						(Number of shares)	(Rupees in '000)	(%)			
Automobile assembler											
Gandhara Industries Limited	-	130,000	-	7,000	123,000	36,921	19,430	(17,491)	0.08	0.08	0.29
Gandhara Nissan Limited	-	303,800	-	80,000	223,800	26,922	13,289	(13,633)	0.06	0.06	0.39
Millat Tractors Limited	590,110	30,268	363,130	194,280	789,228	492,770	688,672	195,902	2.89	2.96	0.98
Pak Suzuki Motor Company Limited	50,000	50,000	-	100,000	-	-	-	-	-	-	-
									3.03	3.10	
Automobile parts and accessories											
Agriauto Industries Limited (note 6.1.1)	140,700	-	-	-	140,700	38,607	18,854	(19,753)	0.08	0.08	0.98
Panther Tyres Limited	202,090	1,250,000	290,418	1,229,000	513,508	31,835	16,638	(15,197)	0.07	0.07	0.31
									0.15	0.15	

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales 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	Paid-up capital of investee company (with face value of investment)
	(Number of shares)				(Rupees in '000)				%		
Chemicals											
Engro Polymer & Chemicals Limited	16,475,221	1,935,000	-	11,702,000	6,708,221	321,920	534,176	212,256	2.24	2.29	0.74
Dynea Pakistan Limited (Note 6.1.1)	293,000	10,000	-	-	303,000	67,231	52,710	(14,521)	0.22	0.23	3.21
ICI Pakistan Limited	919,535	20,200	-	110,850	828,885	718,206	600,569	(117,637)	2.52	2.58	0.90
Ghani Global Holdings Limited	3,550	-	-	3,550	-	-	-	-	-	-	-
Nimir Resins Limited (Note 6.1.1)	375,000	-	-	375,000	-	-	-	-	-	-	-
Sitara Chemicals Industries Limited	30,500	15,000	-	-	45,500	15,306	14,105	(1,201)	0.06	0.06	0.21
									5.04	5.16	
Cement											
Attock Cement Pakistan Limited	425,400	113,500	-	15,600	523,300	89,569	34,799	(54,770)	0.15	0.15	0.38
Cherat Cement Company Limited	3,335,000	430,000	-	220,000	3,545,000	618,567	329,827	(288,740)	1.38	1.42	1.82
D.G. Khan Cement Company Limited	2,953,649	2,741,991	-	5,241,200	454,440	38,705	28,403	(10,302)	0.12	0.12	0.10
Fauji Cement Company Limited	5,129,500	1,122,500	-	929,500	5,322,500	118,225	75,420	(42,805)	0.32	0.32	0.39
Kohat Cement Company Limited	5,354,750	519,800	-	141,700	5,732,850	1,171,805	746,016	(425,789)	3.13	3.20	2.85
Lucky Cement Limited	4,365,992	497,174	-	2,513,022	2,350,144	1,984,156	1,078,810	(905,346)	4.53	4.63	0.73
Pioneer Cement Limited	-	650,000	-	-	650,000	68,071	39,215	(28,856)	0.16	0.17	0.29
Power Cement Limited	639,500	-	-	639,500	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	18,186,814	5,869,000	-	10,486,964	13,568,850	583,574	371,108	(212,466)	1.56	1.59	1.24
									11.35	11.60	
Paper and Board											
Cherat Packaging Limited	161,847	-	-	-	161,847	32,193	18,276	(13,917)	0.08	0.08	0.38
Century Paper & Board Mills Limited	3,972,600	191,100	599,640	308,500	4,454,840	468,384	275,309	(193,075)	1.16	1.18	2.20
Roshan Packages Limited	3,332,500	-	-	-	3,332,500	109,773	49,521	(60,252)	0.21	0.21	2.35
Security Papers Limited	41,000	-	-	41,000	-	-	-	-	-	-	-
Packages Limited	1,649,425	36,390	-	306,100	1,379,715	751,433	550,313	(201,120)	2.31	2.36	1.54
									3.75	3.83	
Technology and communication											
Avanceon Limited	4,519,156	1,313,164	-	4,451,500	1,380,820	107,583	107,580	(3)	0.45	0.46	0.54
Airlink communication Limited	-	6,695,500	215,212	5,278,000	1,632,712	108,594	65,945	(42,649)	0.28	0.28	0.41
Octopus Digital Limited	-	115,207	-	50,000	65,207	3,611	4,650	1,039	0.02	0.02	0.05
NetSol Technologies Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited "A"	3,873,000	-	-	3,873,000	-	-	-	-	-	-	-
TPL Trakker Limited	605,000	-	-	605,000	-	-	-	-	-	-	-
World call Telecom Limited	1,600,000	1,000,000	-	2,600,000	-	-	-	-	-	-	-
Systems Limited	2,440,560	166,807	2,194,633	288,960	4,513,040	1,276,755	1,488,671	211,916	6.25	6.40	3.27
									7.00	7.16	
Refinery											
Attock Refinery Limited	100,000	430,000	-	315,000	215,000	31,984	37,793	5,809	0.16	0.16	0.20
Cnergyco PK Limited (Formerly Byco petroleum Limited)	21,600,000	40,080,000	-	17,217,500	44,462,500	447,636	237,430	(210,206)	1.00	1.02	0.83
National Refinery Limited	-	474,000	-	237,000	237,000	55,289	59,859	4,570	0.25	0.26	0.30
									1.41	1.44	
Commercial Banks											
Meezan Bank Limited (a related party of the Fund)	14,130,816	794,667	2,113,106	3,276,445	13,762,144	1,397,782	1,554,847	157,065	6.53	6.68	0.85
BankIslami Pakistan Limited	14,692,500	3,950,000	-	1,241,500	17,401,000	202,061	209,508	7,447	0.88	0.90	1.57
									7.41	7.58	
Oil and Gas Marketing Companies											
Attock Petroleum Limited	798,334	-	-	-	798,334	256,289	256,513	224	1.08	1.10	0.80
Hascol Petroleum Limited* (note 6.1.3)	40,861	-	-	1,669	39,192	350	165	(185)	0.00	-	0.00
Hi-Tech Lubricants Limited	50,000	250,000	10,000	310,000	-	-	-	-	-	-	-
Shell Pakistan Limited	265,400	-	-	265,400	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.1.3)	5,622,901	385,000	-	2,680,232	3,327,669	745,697	571,827	(173,870)	2.40	2.46	0.71
Sui Northern Gas Pipelines Limited	4,175,800	2,383,712	-	550,000	6,009,512	288,334	205,585	(82,749)	0.86	0.88	0.95
									4.34	4.44	

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales 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	Paid-up capital of investee company (with face value of investment)
	(Number of shares)				(Rupees in '000)				%		
Oil and Gas Exploration Companies											
Oil and Gas Development											
Company Limited	17,615,813	6,700,484	-	4,869,426	19,446,871	1,816,265	1,529,885	(286,380)	6.42	6.57	0.45
Pakistan Oilfields Limited	2,110,607	-	-	663,596	1,447,011	569,920	587,212	17,292	2.47	2.52	0.51
Pakistan Petroleum Limited	16,464,880	3,676,464	-	750,700	19,390,644	1,656,436	1,309,062	(347,374)	5.50	5.62	0.71
Mari Petroleum Company Limited (note 6.1.3)	1,794,247	250,230	-	156,380	1,888,097	2,922,923	3,284,798	361,875	13.79	14.11	1.42
									28.17	28.82	
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	69,050	-	-	9,000	60,050	47,581	39,311	(8,270)	0.17	0.17	0.06
AGP Limited	3,242,300	74,100	-	3,316,400	-	-	-	-	-	-	-
GlaxoSmithkline Consumer Healthcare Products Limited	364,656	4,500	-	90,000	279,156	69,810	66,531	(3,279)	0.28	0.29	0.24
Ferozsons Laboratories Limited	24,000	-	-	24,000	-	-	-	-	-	-	-
IBL Healthcare Limited	-	255,700	51,140	-	306,840	25,032	15,953	(9,079)	0.07	0.07	0.47
Highnoon Laboratories Limited (note 6.1.3)	131,759	-	13,175	-	144,934	79,055	76,796	(2,259)	0.32	0.33	0.38
The Searle Company Limited (note 6.1.3)	3,527,044	70,000	801,673	2,786,648	1,612,069	299,337	175,748	(123,589)	0.74	0.75	0.52
									1.57	1.61	
Power Generation and Distribution											
The Hub Power Company Limited	13,178,273	8,346,809	-	3,532,074	17,993,008	1,417,986	1,226,583	(191,403)	5.15	5.27	1.39
K - Electric Limited (6.1.1)	110,064,000	900,000	-	7,950,000	103,014,000	430,214	313,163	(117,051)	1.31	1.35	0.37
									6.46	6.62	
Fertilizer											
Fauji Fertilizer Bin Qasim Limited	-	3,568,000	-	1,050,000	2,518,000	65,685	50,964	(14,721)	0.21	0.22	0.20
Engro Corporation Limited (note 6.1.2)	6,519,719	319,767	-	1,906,396	4,933,090	1,451,381	1,268,248	(183,133)	5.32	5.45	0.86
Engro Fertilizers Limited	13,834,619	1,500,000	-	4,033,512	11,301,107	800,136	1,001,730	201,594	4.21	4.30	0.85
									9.74	9.97	
Engineering											
Agha Steels Industries Limited	3,138,910	-	137,020	3,275,930	-	-	-	-	-	-	-
Aisha Steel Mills Limited	4,100,000	6,372,500	-	10,472,500	-	-	-	-	-	-	-
Amreli Steel Limited	-	1,936,000	-	1,936,000	-	-	-	-	-	-	-
International Industries Limited	2,221,440	76,205	-	1,612,073	685,572	138,591	71,114	(67,477)	0.30	0.31	0.52
Ittefaq Iron Industries Limited	5,181,500	211,000	-	5,392,500	-	-	-	-	-	-	-
International Steel Limited	3,308,107	-	-	3,308,107	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	4,237,520	2,501,700	832,098	1,127,000	6,444,318	582,075	371,450	(210,625)	1.56	1.60	1.92
KSB Pumps Company Limited	38,700	-	-	800	37,900	8,409	5,012	(3,397)	0.02	0.02	0.29
									1.88	1.93	
Food and Personal Care Products											
Al-Shaheer Corporation Limited (note 6.1.3)	62,711	-	-	-	62,711	1,250	567	(683)	0.00	0.00	0.02
At-Tahur Limited	632,049	1,633,000	271,805	300,000	2,236,854	56,374	42,657	(13,717)	0.18	0.18	1.13
National Foods Limited (note 6.1.1)	254,150	-	63,537	-	317,687	58,205	45,995	(12,210)	0.19	0.20	0.14
The Organic Meat Company Limited	-	950,000	95,000	1,045,000	-	-	-	-	-	-	-
Unity Foods Limited	7,888,000	1,857,116	436,506	9,915,939	265,683	5,603	5,332	(271)	0.02	0.02	0.02
									0.40	0.40	
Glass and Ceramics											
Ghani Global Glass Limited	460,000	-	-	460,000	-	-	-	-	-	-	-
Shabbir Tiles and Ceramics Limited (Note 6.1.1)	2,395,000	900,000	-	-	3,295,000	109,101	48,206	(60,895)	0.20	0.21	1.01
Tariq Glass Industries Limited	-	248,393	-	-	248,393	24,604	25,786	1,182	0.11	0.11	0.18
Ghani Glass Limited	1,253,200	-	-	-	1,253,200	60,404	51,168	(9,236)	0.21	0.22	0.15
									0.53	0.54	
Textile Composite											
Feroze1888 Mills Limited	1,382,600	8,500	82,986	-	1,474,086	145,486	92,027	(53,459)	0.39	0.40	0.37
Interloop Limited	13,250,500	775,000	415,515	997,897	13,443,118	916,590	820,030	(96,560)	3.44	3.52	1.50
Kohinoor Textile Mills Limited (note 6.1.3)	1,332,014	1,500,000	-	75,500	2,756,514	204,312	137,826	(66,486)	0.58	0.59	0.92
Nishat Mills Limited	5,383,500	360,000	-	3,255,201	2,488,299	232,738	183,909	(48,829)	0.77	0.79	0.71
									5.18	5.30	
Leather & Tanneries											
Service Global Footwear Limited	1,021,325	-	-	205,000	816,325	47,208	32,800	(14,408)	0.14	0.14	0.40

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / Right issue / Subdivision of shares	Sales 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	Paid-up capital of investee company (with face value of investment)	
	(Number of shares)				(Rupees in '000)				%			
Miscellaneous												
Pakistan Aluminum Beverage Cans Limited	-	2,174,942	-	1,825,942	349,000	10,695	11,004	309	0.05	0.05	0.10	
Synthetic Products Enterprises Limited (note 6.1.1)	1,040,525	-	1,207,009	-	2,247,534	44,752	31,667	(13,085)	0.13	0.14	1.13	
									0.18	0.19		
Right Certificates												
Textile Composite												
Feroze 1888 Mills Limited	-	-	82,986	82,986	-	-	-	-	-	-	-	
Food and Personal Care Products												
Unity Foods Limited	-	-	436,506	436,506	-	-	-	-	-	-	-	
Total as at June 30, 2022					367,753,029	27,004,296	23,278,367	(3,725,929)				
Total as at June 30, 2021					390,664,729	26,563,870	32,886,340	6,322,470				

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Agriauto Industries Limited, Dynea Pakistan Limited, Shabbir Tiles and Ceramics Limited, Nimir Resins Limited, Synthetic Products Enterprises Limited (nominal value changed from Rs 10 to Rs 5 during the period) and National Foods Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.1.2** Investments include 1,060,000 shares of Engro Corporation Limited, having market value of Rs 272.52 million as at June 30, 2022 (2021: Rs 312.29 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.

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

As at June 30, 2022, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 48.964 million (2021: Rs 62.612 million).

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

Net assets (Rs)	Fee
- Up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher
- Over Rs 1,000 million	Rs 2 million plus 0.1% per annum of net assets exceeding Rs 1,000 million

- 9.2 During the year, an amount of Rs 4.055 million (2021: Rs 4.161 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 4.168 million (2021: Rs 4.050 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 (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)	2021
Auditors' remuneration payable		515	480
Printing charges payable		-	483
Shariah advisor fee payable		1,840	1,650
Charity payable	11.1	48,320	50,956
Brokerage payable		1,716	10,787
Capital gain tax payable		3,768	14,423
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	-	525,426
Zakat payable		129	139
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	32,607	32,607
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	231,867	231,867
		<u>320,762</u>	<u>868,818</u>

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

During the year ended June 30, 2022, Non-Shariah Compliant income amounting to Rs 46.892 million (2021: Rs 37.987 million) was charged as an expense in the books of the Fund, and Rs 51.100 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount (Rupees in '000)
1	Alamgir Welfare Trust International	6,000
2	Baitussalam Welfare Trust	6,200
3	Behbud Association Karachi	400
4	ChildLife Foundation	5,000
5	Chippa Welfare Association	300
6	Family Educational Services Foundation	500
7	Fatima Kidney Care Hospital	300
8	IBA Centre for Excellence in Islamic Finance	4,500
9	Idara AL Khair	1,500
10	Ihsan Trust	8,300
11	Indus Hospital	4,000
12	Jamiyat Punjabi Saudagran e Delhi	400
13	Okara Patient Welfare Organization	200
14	Pakistan Association of the Blind	500
15	Pakistan Disabled Foundation	1,000
16	Shaukat Khanum Memorial Cancer Hospital & Research Centre	6,000
17	Sindh Institute of Urology & Transplantation (SIUT)	1,000
18	Saylani Welfare Trust	1,000
19	The Garage School	1,000
20	The Hunar Foundation	500
21	The Patients behbud Society for the Aga Khan University Hospital	2,000
22	Trust Jamiat Talim ul Quran	500
		<u>51,100</u>

- 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these 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% 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 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 264.474 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.62 (2021: Re 0.49) 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	561	533
Fee for half yearly review of condensed interim financial statements	190	150
Out of pocket expenses	40	38
	<u>791</u>	<u>721</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.79% (2021: 3.99%) which includes 0.31% (2021: 0.36%) representing government levies on the Fund such as 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 an 'Equity Scheme'.



15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

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

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

The details of 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)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	7,906	3,738
Sindh Sales Tax on remuneration of the Management Company	1,027	486
Allocated expenses payable	144	3,124
Selling and marketing expenses payable	21,249	82,065
Sales load payable	615	2,720
Sindh Sales Tax on sales load payable	80	354
Investment of 437,592 units (2021: 2,005,066 units)	24,606	127,073
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	2,058	2,933
Sindh Sales Tax payable on remuneration of the Trustee	268	381
Security deposit	100	100
Investment of 2,125,742 units (2021: 2,125,742 units)	119,534	134,721

Balances	2022	2021
	(Rupees in '000)	
Meezan Bank Limited		
Bank balance	132,143	162,187
Profit receivable	303	125
Sales load payable	190	916
Sindh Sales Tax on sales load payable	24	119
Shariah advisor fee payable	1,840	1,650
Investment in 13,762,144 shares (2021: 14,130,816 shares)	1,554,847	1,630,837
Investment of 12,475,049 units (2021: 12,475,049 units)	701,491	790,620
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 189,837 units (2021: 189,837 units)	10,675	12,031
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 3,876,672 units (2021: 4,122,205 units)	217,991	261,249
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 853,646 units (2021: 1,187,441 units)	48,002	75,255
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 631,840 units (2021: 898,279 units)	35,529	56,929
Meezan Strategic Allocation Fund - MSAP - I		
Investment of 840,906 units (2021: 2,730,594 units)	47,285	173,054
Meezan Strategic Allocation Fund - MSAP - II		
Investment of 2,283,025 units (2021: 1,579,575 units)	128,378	100,107
Meezan Strategic Allocation Fund - MSAP - III		
Investment of 324,453 units (2021: 2,541,472 units)	18,244	161,069
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of nil units (2021: 22,509 units)	-	1,427
Meezan Strategic Allocation Fund - MSAP - V		
Investment of 14,424 units (2021: 26,286 units)	811	1,666
Directors and executives of the Management Company		
Investment of 3,751,087 units (2021: 12,989,655 units)	210,929	823,234
Transactions during the year		
	2022	2021
	(Rupees in '000)	
Al Meezan Investment Management Limited		
- Management Company		
Remuneration of the Management Company	603,864	620,088
Sindh Sales Tax on remuneration of the Management Company	78,502	80,611
Allocated expenses	33,212	32,024
Selling and marketing expenses	301,932	185,182
Issuance of 5,511,594 units (2021: 12,337,696 units)	346,499	718,363
Redemption of 7,079,068 units (2021: 15,330,278 units)	434,797	892,796

Transactions during the year

	2022	2021
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	31,193	32,004
Sindh Sales Tax on remuneration of the Trustee	4,055	4,161
CDS charges	791	1,422
Meezan Bank Limited		
Profit on balances maintained with the Bank	2,457	1,277
Bonus issue of 2,113,106 shares (2021: 1,258,209 shares)	-	-
Purchase of 794,667 shares (2021: 2,362,000 shares)	109,183	206,019
Sale of 3,276,445 shares (2021: 1,564,490 shares)	452,212	161,653
Shariah advisor fee	3,684	2,582
Dividend income	90,738	113,540
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Units issued: 506,155 units (2021: 4,403,476 units)	30,639	283,230
Units redeemed: 751,688 units (2021: 5,115,273 units)	46,275	320,608
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Units issued: 444,918 units (2021: 1,715,548 units)	27,756	107,984
Units redeemed: 778,713 units (2021: 1,941,046 units)	47,575	119,628
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Units issued: 305,731 units (2021: 1,366,523 units)	18,543	87,219
Units redeemed: 572,170 units (2021: 1,348,577 units)	34,025	83,392
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: 47,581 units (2021: 1,148,071 units)	3,000	66,200
Units redeemed: 47,581 units (2021: 3,132,666 units)	2,844	184,862
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 523,279 units (2021: 4,804,288 units)	33,048	287,088
Units redeemed: 2,412,967 units (2021: 7,391,638 units)	147,350	459,548
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 2,703,370 units (2021: 2,683,555 units)	174,546	163,817
Units redeemed: 1,999,920 units (2021: 4,228,665 units)	118,330	255,462
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 227,046 units (2021: 3,001,605 units)	14,300	189,147
Units redeemed: 2,444,065 units (2021: 9,505,939 units)	151,850	552,842
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 395,055 units (2021: 790,609 units)	23,000	45,252
Units redeemed: 417,564 units (2021: 7,913,117 units)	24,202	430,252
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 23,827 units (2021: 126,685 units)	1,500	7,195
Units redeemed: 35,689 units (2021: 2,306,230 units)	2,170	128,885
Directors and executives of the Management Company		
Units issued: 4,564,282 units (2021: 5,273,270 units)	290,745	319,002
Units redeemed: 13,783,258 units (2021: 4,304,700 units)	781,561	243,251

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	1,208,150	-	1,208,150
Investments	-	23,278,367	23,278,367
Receivable against sale of investments	33,457	-	33,457
Receivable against conversion of units	57,085	-	57,085
Dividend receivable	7,762	-	7,762
Deposits and other receivable	14,009	-	14,009
	<u>1,320,463</u>	<u>23,278,367</u>	<u>24,598,830</u>
Financial liabilities			
Payable to Al Meezan Investment Management Limited			
- Management Company	31,021	-	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee	2,326	-	2,326
Payable against redemption and conversion of units	416,758	-	416,758
Payable against purchase of investments	186	-	186
Payable to Meezan Bank Limited	214	-	214
Accrued expenses and other liabilities	4,071	-	4,071
	<u>454,576</u>	<u>-</u>	<u>454,576</u>
	2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	2,061,391	-	2,061,391
Investments	-	32,886,340	32,886,340
Receivable against sale of investments	34,569	-	34,569
Receivable against conversion of units	145,285	-	145,285
Dividend receivable	84,683	-	84,683
Advance, deposits and other receivable	189,717	-	189,717
	<u>2,515,645</u>	<u>32,886,340</u>	<u>35,401,985</u>
Financial liabilities			
Payable to Al Meezan Investment Management Limited			
- Management Company	92,487	-	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	3,314	-	3,314
Payable against redemption and conversion of units	85,604	-	85,604
Payable against purchase of investments	70,503	-	70,503
Payable to Meezan Bank Limited	1,035	-	1,035
Accrued expenses and other liabilities	13,400	-	13,400
	<u>266,343</u>	<u>-</u>	<u>266,343</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 12.015 million (2021: Rs. 20.506 million).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio 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.

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:

As at June 30, 2022						
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to 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% - 16.40%	1,201,534	-	-	6,616	1,208,150
Investments		-	-	-	23,278,367	23,278,367
Receivable against sale of investments		-	-	-	33,457	33,457
Receivable against conversion of units		-	-	-	57,085	57,085
Dividend receivable		-	-	-	7,762	7,762
Deposits and other receivable		-	-	-	14,009	14,009
		1,201,534	-	-	23,397,296	24,598,830
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	31,021	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,326	2,326
Payable to Meezan Bank Limited		-	-	-	214	214
Payable against redemption and conversion of units		-	-	-	416,758	416,758
Payable against purchase of investments		-	-	-	186	186
Accrued expenses and other liabilities		-	-	-	4,071	4,071
		-	-	-	454,576	454,576
On-balance sheet gap (a)		1,201,534	-	-	22,942,720	24,144,254
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a + b)		1,201,534	-	-		
Cumulative profit rate sensitivity gap		1,201,534	1,201,534	1,201,534		

As at June 30, 2021						
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to 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% - 7.32%	2,050,598	-	-	10,793	2,061,391
Investments		-	-	-	32,886,340	32,886,340
Receivable against sale of investments		-	-	-	34,569	34,569
Receivable against conversion of units		-	-	-	145,285	145,285
Dividend receivable		-	-	-	84,683	84,683
Advance, deposits and other receivable		-	-	-	189,717	189,717
		2,050,598	-	-	33,351,387	35,401,985
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	92,487	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,314	3,314
Payable to Meezan Bank Limited		-	-	-	1,035	1,035
Payable against redemption and conversion of units		-	-	-	85,604	85,604
Payable against purchase of investments		-	-	-	70,503	70,503
Accrued expenses and other liabilities		-	-	-	13,400	13,400
		-	-	-	266,343	266,343
On-balance sheet gap (a)		2,050,598	-	-	33,085,044	35,135,642
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a + b)		2,050,598	-	-	-	-
Cumulative profit rate sensitivity gap		2,050,598	2,050,598	2,050,598	-	-

(ii) Currency risk

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

(iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 35% of net assets or index weight, which ever is higher, subject to maximum of 40%.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 232.784 million (2021: Rs. 328.863 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

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

18.2 Liquidity risk

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

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

As per the NBFC Regulations, 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 redemption requests during the year ended June 30, 2022.

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 balances with banks have been included in the maturity grouping of one month:

As at 30 June, 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	1,208,150	-	-	-	-	1,208,150
Investments	-	-	-	-	23,278,367	23,278,367
Receivable against sale of investments	33,457	-	-	-	-	33,457
Receivable against conversion of units	57,085	-	-	-	-	57,085
Dividend receivable	7,762	-	-	-	-	7,762
Deposits and other receivable	11,409	-	-	-	2,600	14,009
	1,317,863	-	-	-	23,280,967	24,598,830
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	31,021	-	-	-	-	31,021
Payable to Central Depository Company of Pakistan Limited - Trustee	2,326	-	-	-	-	2,326
Payable to Meezan Bank Limited	214	-	-	-	-	214
Payable against redemption and conversion of units	416,758	-	-	-	-	416,758
Payable against purchase of investments	186	-	-	-	-	186
Accrued expenses and other liabilities	-	4,071	-	-	-	4,071
	450,505	4,071	-	-	-	454,576
Net financial assets / (liabilities)	867,358	(4,071)	-	-	23,280,967	24,144,254

As at 30 June, 2021						
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	2,061,391	-	-	-	-	2,061,391
Investments	-	-	-	-	32,886,340	32,886,340
Receivable against sale of investments	34,569	-	-	-	-	34,569
Receivable against conversion of units	145,285	-	-	-	-	145,285
Dividend receivable	84,683	-	-	-	-	84,683
Advance, deposits and other receivable	187,117	-	-	-	2,600	189,717
	2,513,045	-	-	-	32,888,940	35,401,985

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	92,487	-	-	-	-	92,487
Payable to Central Depository Company of Pakistan Limited - Trustee	3,314	-	-	-	-	3,314
Payable to Meezan Bank Limited	1,035	-	-	-	-	1,035
Payable against redemption and conversion of units	85,604	-	-	-	-	85,604
Payable against purchase of investments	70,503	-	-	-	-	70,503
Accrued expenses and other liabilities	-	13,400	-	-	-	13,400
	252,943	13,400	-	-	-	266,343

Net financial assets / (liabilities)

	2,260,102	(13,400)	-	-	32,888,940	35,135,642
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18.3 Credit risk

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

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	1,208,150	1,208,150	2,061,391	2,061,391
Investments	23,278,367	-	32,886,340	-
Receivable against sale of investments	33,457	33,457	34,569	34,569
Receivable against conversion of units	57,085	57,085	145,285	145,285
Dividend receivable	7,762	7,762	84,683	84,683
Advance, deposits and other receivable	14,009	14,009	189,717	189,717
	24,598,830	1,320,463	35,401,985	2,515,645

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

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 related profit receivable thereon, dividend receivable and receivable against conversion of units and sale of investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	79.42	17.40
AA+	8.91	6.53
AA	0.10	8.11
A+	11.57	67.95
A	-	0.01
	<u>100.00</u>	<u>100.00</u>

18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are 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 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

ASSETS	2022		
	Level 1	Level 2	Level 3
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	23,278,367	-	-
	<u>23,278,367</u>	<u>-</u>	<u>-</u>
	2021		
	Level 1	Level 2	Level 3
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	32,886,340	-	-
	<u>32,886,340</u>	<u>-</u>	<u>-</u>

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Individuals	24,038	11,232,123	47.14	25,097	20,004,540	58.37
Associated Companies /						
Directors	16	698,102	2.93	18	2,535,195	7.40
Insurance Companies	4	829,673	3.48	4	1,196,525	3.49
Banks and DFIs	3	842,373	3.54	2	158,781	0.46
Retirement Funds	100	6,271,029	26.33	117	5,498,504	16.04
Public Limited Companies	3	254,468	1.07	3	286,798	0.84
Others	122	3,693,756	15.51	134	4,593,680	13.40
	<u>24,286</u>	<u>23,821,524</u>	<u>100.00</u>	<u>25,375</u>	<u>34,274,023</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
Arif Habib Limited	8.35%	AKD Securities Limited	8.79%
AKD Securities Limited	8.05%	JS Global Capital Limited	8.16%
Akik Capital (Private) Limited	7.54%	Top Line Securities (Private) Limited	7.25%
JS Global Capital Limited	6.86%	BMA Capital Management Limited	6.54%
Top Line Securities (Private) Limited	5.79%	Arif Habib Limited	6.27%
Foundation Securities (Private) Limited	5.02%	Akik Capital (Private) Limited	6.27%
BMA Capital Management Limited	4.78%	Foundation Securities (Private) Limited	6.05%
EFG Hermes Pakistan Limited	4.52%	Fortune Securities Limited	4.94%
Optimus Capital Management (Private) Limited	4.37%	Ismail Iqbal Securities (Private) Limited	4.93%
Insight Securities (Private) Limited	4.25%	Next Capital Limited	4.76%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

The Fund manager of the Fund is Mr. Muhammad Asad. The Fund Manager is not managing any other 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	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

25 DATE OF AUTHORISATION FOR ISSUE

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

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



Al Meezan
Investment Management Ltd.

GASHERBRUM I HIDDEN PEAK, K5

A wise investor needs to be as resilient as a mountain climber to reach new heights.

Height 8,080 meters,
belongs to the range Baltoro Karakoram



AL MEEZAN MUTUAL FUND (AMMF)

Al Meezan Mutual Fund aims to optimize the total investment returns in the form of capital gains & dividend income, through prudent investment management.



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	Habib Metropolitan Bank Limited - Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	MCB Islamic Bank Limited
Askari Bank Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Bank Islami Pakistan Limited	Sindh Bank Limited
Dubai Islamic Bank Pakistan Limited	UBL Ameen - Islamic Banking
Faysal Bank Limited - 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



Pure. Profit.



REPORT OF THE FUND MANAGER Al Meezan Mutual Fund (AMMF)

Type of Fund

Open end equity fund

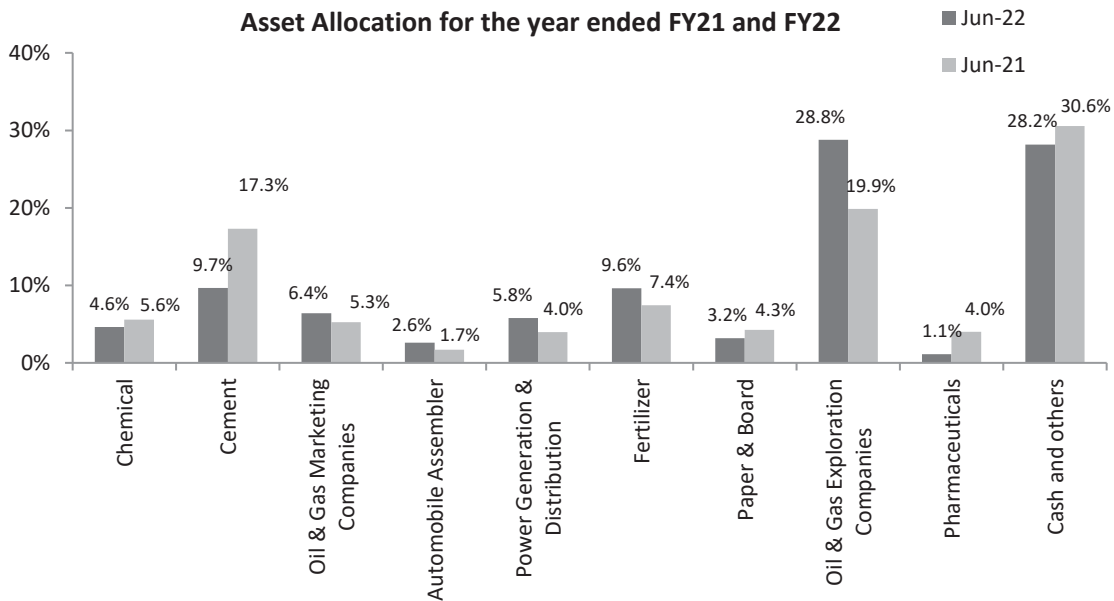
Objective

The objective of AMMF is to provide maximum total return to the shareholders by investing in “Shariah compliant” equity avenues for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

Strategy, Investment Policy and Asset Allocation

The performance of AMMF is directly linked to the performance of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposure near troughs.

AMMF started the year with a 94.56% exposure to equities, touched a maximum of 99.92% and minimum of around 93.54% during the fiscal year, on average remaining around 96.34% invested and while closing the year at 97.90% invested percentage. Exposure to Oil and Gas sector was sharply increased in wake of rising commodities and weak PKR. Simultaneously, anticipated economic slow-down triggered sharp reduction in cement exposures during FY22.

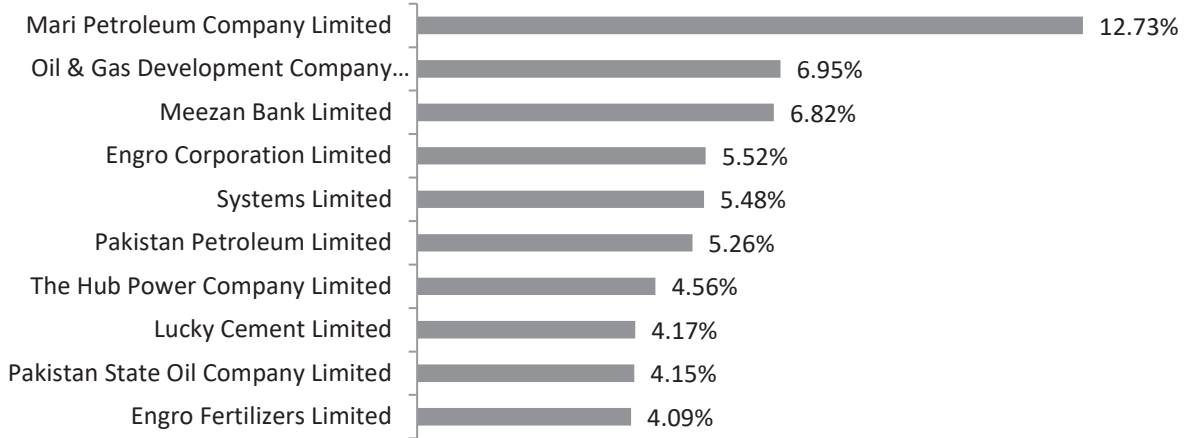




Pure. Profit.



Top Holdings

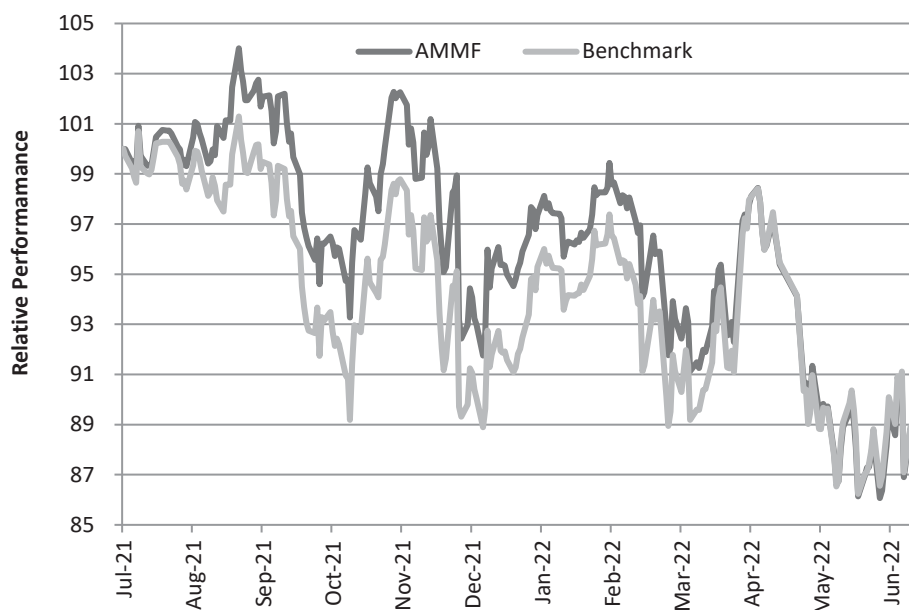


Performance Review

During FY22, Al Meezan Mutual Fund (AMMF) provided a negative return of 10.91% to its investors and the KSE Meezan Index (KMI 30) - Benchmark depreciated by 10.25% to close at 68,766 pts.

	<u>AMMF</u> <u>(NAV)</u>	<u>KMI-30</u> <u>(Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2021- Rs.	17.65	76,622
Net Asset Value (NAV) as on June 30, 2022- Rs.	15.72	68,766
Change (Points)	-1.93	-7,855
Return During the Period	-10.91%	-10.25%

AMMF posted a total loss of Rs. 463 million in the fiscal year 2022 as compared to a total income of Rs. 1,434 million last year. Total income comprised of realized loss and unrealized loss on investments of Rs. 215 million and Rs. 571 million respectively. Dividend income contributed Rs. 302 million to income, while profit on saving accounts with banks amounted to Rs. 18 million. After accounting for expenses of Rs. 111 million, the Fund posted a net loss of Rs. 573 million. The net assets of the Fund as at June 30, 2022 were Rs. 4,451 million as compared to Rs. 4,918 million last year depicting decrease of 9%. The net asset value per unit as at June 30, 2022 was Rs. 15.7208 as compared to Rs. 17.6466 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. 7.25 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2022

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by AMMF amounting to Rs. 78.53 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 AMMF by 1.65%. 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	3,956
10,000 - 49,999	556
50,000 - 99,999	135
100,000 - 499,999	137
500,000 and above	42
Total	4,826



Pure. Profit.



Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	19	19	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 (Rs. in '000) (ex-distribution)	4,450,543	4,917,841	3,913,337
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	15.7208	17.6466	13.3176
Offer price per unit as at June 30 (Rs.) (ex-distribution)	16.0761	18.0454	13.6185
Highest offer price per unit (Rs.)	18.9709	18.6562	17.4528
Lowest offer price per unit (Rs.)	15.6983	13.9437	10.7231
Highest redemption price per unit (Rs.)	18.5517	18.2439	17.0671
Lowest redemption price per unit (Rs.)	15.3514	13.6356	10.4862
Distribution (%)			
- Annual	N/A	N/A	N/A
- Interim	N/A	N/A	4.50
Dates of distribution	N/A	N/A	June 30, 2020
Income distribution (Rupees in '000)	N/A	N/A	128,690
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	-11%	33%	3%
	One year	Two year	Three year
Average annual return (%) as at June 30, 2022	-11%	11%	8%

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 – Al Meezan Mutual Fund

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

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Twenty seventh year of operations of Al Meezan Mutual Fund (AMMF) 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 Adviser*, 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 AMMF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of AMMF 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.	Oil & Gas Exploration Companies t	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Engro Corporation Ltd.	Fertilizer	34.78%	20.90%	3.32%	57.41%	(220.62)	272.42
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20



Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.7%	2.53%	26.13%	96.98***	79.04
Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84
Pakistan State Oil	Oil & Gas Marketing Companies	32.44%	0.00%	0.63%	39.97%	(133.30)	181.89

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.

** All interest based debts.

*** Shari'as 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 AMMF 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 AMMF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

AL MEEZAN MUTUAL 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 Al Meezan Mutual 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 Al Meezan Mutual Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Meezan Mutual 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 4,357.083 million and balances with banks aggregated to Rs 124.935 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.

ATB

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

**Other Information**

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

ATB



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

A. F. Ferguson & Co.
Chartered Accountants
Dated: September 21, 2022
Karachi
UDIN: AR202210081hJT5IM20D



**AL MEEZAN MUTUAL FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
Assets			
Balances with banks	5	124,935	296,501
Investments	6	4,357,083	4,650,421
Receivable against sale of investments		24,807	12,682
Receivable against conversion of units		14,127	36,375
Dividend receivable		1,276	21,910
Advance, deposits and other receivable	7	4,747	71,219
Total assets		4,526,975	5,089,108
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	5,622	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee	9	510	557
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	967	937
Payable to Meezan Bank Limited		10	101
Payable against purchase of investments		1,788	-
Payable against conversion and redemption of units		12,318	16,040
Dividend payable		4,917	4,917
Accrued expenses and other liabilities	11	50,300	135,530
Total liabilities		76,432	171,267
Net assets		4,450,543	4,917,841
Unit holders' fund (as per statement attached)		4,450,543	4,917,841
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue		283,099,100	278,685,368
		(Rupees)	
Net asset value per unit		15.7208	17.6466

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

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

Chief Executive Officer

Chief Financial Officer

Director

AL MEEZAN MUTUAL FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
Income			
Dividend income		302,059	211,032
Profit on saving account with banks		18,450	16,596
Other income		3,630	-
Realised (loss) / gain on sale of investments - net		(215,328)	405,305
		108,811	632,933
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(571,557)	801,276
Total income		(462,746)	1,434,209
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	96,736	93,684
Sindh Sales Tax on remuneration of the Management Company	8.2	12,576	12,179
Allocated expenses	8.3	5,320	4,832
Selling and marketing expenses	8.4	48,368	27,601
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,837	5,684
Sindh Sales Tax on remuneration of the Trustee	9.2	759	739
Annual fee to the Securities and Exchange Commission of Pakistan	10	967	937
Auditors' remuneration	13	798	796
Fees and subscription		556	507
Legal and professional charges		184	-
Brokerage expense		7,991	11,442
Bank and settlement charges		933	942
Charity expense	11.1	7,327	5,697
(Reversal of) / provision for Sindh Workers' Welfare Fund (SWWF)	11.3	(77,691)	25,383
Total expenses		110,661	190,423
Net (loss) / income for the year before taxation		(573,407)	1,243,786
Taxation	15	-	-
Net (loss) / income for the year after taxation		(573,407)	1,243,786
Allocation of net income for the year			
Net income for the year after taxation		-	1,243,786
Income already paid on units redeemed		-	(337,856)
		-	905,930
Accounting income available for distribution			
- Relating to capital gains		-	905,930
- Excluding capital gains		-	-
		-	905,930

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



AL MEEZAN MUTUAL FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	(573,407)	1,243,786
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<u>(573,407)</u>	<u>1,243,786</u>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

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

	2022				2021			
	Capital value	Undistributed income / (Accumulated losses)	Over distribution	Total	Capital value	(Accumulated losses) / Undistributed income	Over distribution	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year	4,144,037	773,804	-	4,917,841	4,045,463	(109,627)	(22,499)	3,913,337
Issuance of 222,100,181 units (2021: 272,540,828 units)								
- Capital value (at net asset value per unit at the beginning of the year)	3,919,313	-	-	3,919,313	3,629,590	-	-	3,629,590
- Element of (loss) / income	(68,147)	-	-	(68,147)	897,229	-	-	897,229
Total proceeds on issuance of units	3,851,166	-	-	3,851,166	4,526,819	-	-	4,526,819
Redemption of 217,686,450 units (2021: 287,702,201 units)								
- Capital value (at net asset value per unit at the beginning of the year)	3,841,426	-	-	3,841,426	3,831,503	-	-	3,831,503
- Element of (loss) / income	(96,369)	-	-	(96,369)	596,742	337,856	-	934,598
Total payments on redemption of units	3,745,057	-	-	3,745,057	4,428,245	337,856	-	4,766,101
Total comprehensive (loss) / income for the year	-	(573,407)	-	(573,407)	-	1,221,287	22,499	1,243,786
Distribution during the year	-	-	-	-	-	-	-	-
(Loss) / income for the year less distribution	-	(573,407)	-	(573,407)	-	1,221,287	22,499	1,243,786
Net assets at the end of the year	4,250,146	200,397	-	4,450,543	4,144,037	773,804	-	4,917,841
Accumulated losses brought forward								
- Realised (loss) / income		(27,472)				(77,132)		
- Unrealised income / (loss)		801,276				(32,495)		
		<u>773,804</u>				<u>(109,627)</u>		
Accounting income available for distribution								
- Relating to capital gains		-				905,930		
- Excluding capital gains		-				-		
		-				905,930		
Net loss for the year after taxation		(573,407)				-		
Adjustment of over distribution		-				(22,499)		
Undistributed income carried forward		<u>200,397</u>				<u>773,804</u>		
Undistributed income / (accumulated losses) carried forward								
- Realised income / (loss)		771,954				(27,472)		
- Unrealised (loss) / income		(571,557)				801,276		
		<u>200,397</u>				<u>773,804</u>		
		(Rupees)				(Rupees)		
Net assets value per unit at the beginning of the year	<u>17.6466</u>				<u>13.3176</u>			
Net assets value per unit at the end of the year	<u>15.7208</u>				<u>17.6466</u>			

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



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

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		(573,407)	1,243,786
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		571,557	(801,276)
		(1,850)	442,510
(Increase) / decrease in assets			
Investments - net		(278,219)	(66,783)
Dividend receivable		20,634	(12,594)
Receivable against sale of investments		(12,125)	4,179
Advance, deposits and other receivable		66,472	(68,194)
		(203,238)	(143,392)
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(7,563)	7,834
Payable to Central Depository Company of Pakistan Limited - Trustee		(47)	102
Payable to the Securities and Exchange Commission of Pakistan (SECP)		30	84
Payable to Meezan Bank Limited		(91)	81
Payable against purchase of investments		1,788	(9,988)
Accrued expenses and other liabilities		(85,230)	16,277
		(91,113)	14,390
Net cash (used in) / generated from operating activities		(296,201)	313,508
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		3,873,414	4,511,781
Payment against issuance and conversion of units		(3,748,779)	(4,773,779)
Dividend paid		-	(14,655)
Net cash generated from / (used in) financing activities		124,635	(276,653)
Net (decrease) / increase in cash and cash equivalents during the year		(171,566)	36,855
Cash and cash equivalents at the beginning of the year		296,501	259,646
Cash and cash equivalents at the end of the year	5	124,935	296,501

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

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

Chief Executive Officer

Chief Financial Officer

Director

**AL MEEZAN MUTUAL 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 Al Meezan Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Al Meezan Mutual Fund Limited (AMMFL) into an Open End Scheme under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

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

1.2 The objective of the Fund is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk, while abiding by the regulations and any other prevailing rules and regulations. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and near cash instruments. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

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

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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, (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

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

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, 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 that investments classified as financial asset 'at fair value through profit or loss' which are measured at their fair values.

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

a) Equity instruments

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

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

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

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

b) Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

4.3.3 Regular way contracts

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

4.3.4 Derecognition

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

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 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% 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% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

	Note	2022	2021	
----- Rupees in '000 -----				
5	BALANCES WITH BANKS			
Balances with banks in:				
	Savings accounts	5.1	114,745	285,161
	Current accounts		10,190	11,340
			<u>124,935</u>	<u>296,501</u>

5.1 These include a balance of Rs. 51.710 million (2021: Rs. 11.958 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates of profit ranging from 3% to 16.25% per annum (2021: 1.50% to 7.32% per annum).

	Note	2022	2021	
----- Rupees in '000 -----				
6	INVESTMENTS			
	Listed equity securities - at 'fair value through profit or loss'	6.1	<u>4,357,083</u>	<u>4,650,421</u>

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
						(Rupees in '000)		-----%			
Automobile Assembler											
Gandhara Industries Limited	2,200	42,500	-	15,000	29,700	7,404	4,692	(2,713)	0.11	0.11	0.07
Gandhara Nissan Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
Millat Tractors Limited	80,356	10,000	60,338	20,000	130,694	81,706	114,042	32,336	2.56	2.62	0.23
									2.67	2.73	0.30
Automobile Parts and Accessories											
Panther Tyres Limited	47,735	470,000	98,547	616,282	-	-	-	-	-	-	-

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
(Number of shares)						(Rupees in '000)		-%			
Cement											
Attock Cement Pakistan Limited **	400	-	-	-	400	72	27	(45)	0.0	0.00	-
Cherat Cement Company Limited	422,700	465,000	-	32,700	855,000	136,338	79,549	(56,788)	1.79	1.83	0.44
D.G. Khan Cement Company Limited	650,150	1,356,000	-	2,006,150	-	-	-	-	-	-	-
Fauji Cement Company Limited	60,000	750,000	-	810,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	650,820	116,000	-	27,500	739,320	150,510	96,208	(54,302)	2.16	2.21	0.37
Lucky Cement Limited	565,630	221,000	-	375,500	411,130	325,686	188,725	(136,961)	4.24	4.33	0.13
Power Cement Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	2,247,577	4,090,505	-	3,636,000	2,702,082	100,948	73,902	(27,046)	1.66	1.70	0.25
									9.85	10.06	1.19
Chemicals											
Dynea Pakistan Limited (note 6.1.1)	119,500	-	-	-	119,500	26,410	20,788	(5,621)	0.47	0.48	0.63
Engro Polymer and Chemicals Limited	2,487,041	371,000	-	2,035,000	823,041	40,189	65,539	25,350	1.47	1.50	0.09
ICI Pakistan Limited	150,179	20,600	-	40,950	129,829	110,992	94,068	(16,924)	2.11	2.16	0.14
Sitara Chemical Industries Limited	29,200	103,100	-	39,200	93,100	26,633	28,861	2,228	0.65	0.66	0.43
									4.70	4.80	1.29
Commercial Banks											
BankIslami Pakistan Limited	5,821,000	2,333,000	-	-	8,154,000	96,341	98,174	1,834	2.21	2.25	0.74
Meezan Bank Limited	2,143,955	697,359	291,593	400,000	2,732,907	296,503	308,764	12,261	6.94	7.09	0.19
									9.14	9.34	0.93
Engineering											
Agha Steel Industries Limited	672,000	200,000	24,850	896,850	-	-	-	-	-	-	-
Aisha Steel Mills Limited	1,325,000	1,100,000	-	2,425,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	1,305,000	-	1,305,000	-	-	-	-	-	-	-
International Industries Limited	354,300	65,000	-	419,300	-	-	-	-	-	-	-
International Steels Limited	289,500	-	-	289,500	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	640,000	600,000	-	1,240,000	-	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited	517,980	879,600	117,837	399,117	1,116,300	92,636	64,344	(28,292)	1.45	1.48	0.44
									1.45	1.48	0.44
Fertilizer											
Engro Corporation Limited (note 6.1.2)	976,790	215,000	-	220,161	971,629	283,499	249,796	(33,703)	5.61	5.73	0.17
Fauji Fertilizer Bin Qasim Limited	-	1,273,500	-	1,273,500	-	-	-	-	-	-	-
Engro Fertilizers Limited	1,277,500	960,800	-	150,000	2,088,300	153,890	185,107	31,217	4.16	4.25	0.16
									9.77	9.98	0.33
Food and Personal Care Products											
At-Tahir Limited	-	1,382,500	152,340	-	1,534,840	39,746	29,269	(10,477)	0.66	0.67	0.86
Al-Shaheer Corporation Limited **	12,997	-	-	-	12,997	259	117	(142)	0.00	0.00	0.01
National Foods Limited (note 6.1.1)	6,150	-	1,537	-	7,687	1,408	1,113	(296)	0.03	0.03	0.01
Unity Foods Limited	760,000	520,782	-	1,280,782	-	-	-	-	-	-	-
									0.69	0.70	0.88
Glass and Ceramics											
Ghani Glass Limited	702,625	-	-	204,500	498,125	24,010	20,338	(3,671)	0.46	0.47	0.09
Shabbir Tiles & Ceramics Limited (note 6.1.1)	770,000	125,500	-	895,500	-	-	-	-	-	-	-
									0.46	0.47	0.09
Leather and Tanneries											
Service Global Footwear Limited	234,224	-	-	234,224	-	-	-	-	-	-	-
									-	-	-
Miscellaneous											
Pakistan Aluminium Beverage Cans Limited	-	816,260	-	674,760	141,500	4,409	4,461	53	0.10	0.10	0.04
Synthetic Products Enterprises Ltd	545	-	-	545	-	-	-	-	-	-	-
									0.10	0.10	0.04

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market Value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Market value of total investments	Paid-up capital of investee company (with face value of investment)
									(Number of shares)	(Rupees in '000)	%
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	286,581	85,337	-	40,740	331,178	517,523	576,164	58,640	12.95	13.22	0.25
Oil and Gas Development Company Ltd	2,341,388	1,851,000	-	195,500	3,996,888	369,929	314,435	(55,495)	7.07	7.22	0.09
Pakistan Oilfields Limited	282,409	180,000	-	34,000	428,409	166,311	173,853	7,542	3.91	3.99	0.15
Pakistan Petroleum Limited	2,760,363	1,275,943	-	508,035	3,528,271	294,169	238,194	(55,975)	5.35	5.47	0.13
									29.27	29.90	0.62
Oil and Gas Marketing Companies											
Attock Petroleum Limited	39,138	27,100	-	-	66,238	20,708	21,283	575	0.48	0.49	0.07
Hascol Petroleum Limited (note 6.1.3) **	7,946	-	-	-	7,946	71	34	(37)	0.00	0.00	-
Pakistan State Oil Company Limited (note 6.1.3)	902,913	453,000	-	262,000	1,093,913	224,779	187,978	(36,801)	4.22	4.31	0.23
Hi-Tech Lubricants Limited	9,000	-	1,800	10,800	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,073,000	1,400,000	-	106,000	2,367,000	107,007	80,975	(26,032)	1.82	1.86	0.37
									6.52	6.66	0.67
Paper and Board											
Century Paper & Board Mills Limited	733,000	74,700	94,950	100,000	802,650	83,265	49,604	(33,661)	1.11	1.14	0.45
Cherat Packaging Limited	180	-	-	180	-	-	-	-	-	-	-
Packages Limited	221,928	34,500	-	17,750	238,678	127,996	95,199	(32,797)	2.14	2.18	0.27
Security Papers Limited	46,800	-	-	46,800	-	-	-	-	-	-	-
									3.25	3.32	0.72
Pharmaceuticals											
AGP Limited	476,250	-	-	476,250	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Limited	117,200	33,300	-	20,000	130,500	32,957	31,102	(1,855)	0.70	0.71	0.11
Hightnoon Laboratories Limited (note 6.1.3)	1,926	-	192	-	2,118	1,156	1,122	(33)	0.03	0.03	0.01
IBL HealthCare Limited	163,500	-	17,400	180,900	-	-	-	-	-	-	-
The Searle Company Limited (note 6.1.3)	414,420	36,900	113,826	392,000	173,146	32,063	18,876	(13,187)	0.42	0.43	0.08
									1.15	1.17	0.20
Power Generation and Distribution											
K-Electric Limited (note 6.1.1)	13,887,500	5,318,500	-	1,233,000	17,973,000	69,546	54,638	(14,908)	1.23	1.25	0.19
The Hub Power Company Limited	1,801,316	1,520,000	-	294,907	3,026,409	237,165	206,310	(30,854)	4.64	4.74	0.23
									5.86	5.99	0.42
Refinery											
Attock Refinery Limited	40,000	387,000	-	157,000	270,000	47,355	47,461	105	1.07	1.09	0.25
Cnergyco Pk Limited (formerly Byco Petroleum Pakistan Limited)	3,160,000	7,600,000	-	1,390,000	9,370,000	87,570	50,036	(37,534)	1.12	1.15	0.18
National Refinery Limited	-	186,500	-	74,500	112,000	29,405	28,288	(1,117)	0.64	0.65	0.14
Pakistan Refinery Limited	-	850,000	-	850,000	-	-	-	-	-	-	-
									2.83	2.89	0.57
Technology and Communication											
Air Link Communication Limited	-	1,123,000	33,525	827,500	329,025	21,832	13,289	(8,543)	0.30	0.30	0.08
Avanceon Limited	507,128	50,000	-	557,128	-	-	-	-	-	-	-
Octopus Digital Limited	-	74,836	-	74,836	-	-	-	-	-	-	-
Systems Limited	319,175	245,000	268,775	80,400	752,550	225,634	248,236	22,602	5.58	5.70	0.55
TPL Trakker Limited	72,000	-	-	72,000	-	-	-	-	-	-	-
									5.88	6.00	0.63
Textile Composite											
Interloop Limited	1,623,500	607,000	56,685	35,996	2,251,189	156,260	137,323	(18,937)	3.09	3.15	0.26
Kohinoor Textile Mills Limited	40,000	407,000	-	140,500	306,500	22,819	15,325	(7,494)	0.34	0.35	0.10
Nishat Mills Limited	628,100	197,700	-	470,500	355,300	32,623	26,260	(6,363)	0.59	0.60	0.10
Feroze1888 Mills Limited	199,700	11,982	-	-	211,682	20,911	13,215	(7,695)	0.30	0.30	0.06
									4.32	4.41	0.52
Rights certificates											
Textile Composite											
Feroze1888 Mills Limited	-	-	11,982	11982*	-	-	-	-	-	-	-
Total as at June 30, 2022						4,928,640	4,357,083	(571,557)	97.90	100.00	
Total as at June 30, 2021						3,849,145	4,650,421	801,276	94.58	100.00	

*Right shares exercised during the year.

** Nil figures due to rounding off difference

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of Dynea Pakistan Limited, National Foods Limited and Shabbir Tiles & Ceramics Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.1.2** 202,000 shares (June 30, 2021: 202,000 shares) of Engro Corporation Limited, having market value of Rs 51.93 million (June 30, 2021: Rs 59.51 million) as at June 30, 2022, have been pledged as collateral in favour of National Clearing Company Pakistan Limited against exposure margins and mark to market losses.
- 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 book closure of the issuing company.

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

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

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

As at June 30, 2022, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.7.434 million (2021: Rs 9.261 million).

	Note	2022	2021
		----- Rupees in '000 -----	
6.2 Unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1	4,357,083	4,650,421
Carrying value of investments	6.1	<u>(4,928,640)</u>	<u>(3,849,145)</u>
		<u>(571,557)</u>	<u>801,276</u>
7 ADVANCE, DEPOSITS AND OTHER RECEIVABLE			
Security deposit with Central Depository Company of Pakistan Limited		238	238
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against Initial Public Offer	7.1	-	66,836
Profit accrued on balances with banks		<u>2,009</u>	<u>1,645</u>
		<u>4,747</u>	<u>71,219</u>
7.1 This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.			

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022	2021
			----- Rupees in '000 -----	
	Remuneration payable	8.1	1,463	577
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	190	75
	Allocated expenses payable	8.3	29	450
	Sales load payable		86	181
	Sindh Sales Tax payable on sales load		11	24
	Selling and marketing expenses payable	8.4	3,843	11,878
			<u>5,622</u>	<u>13,185</u>

8.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2021: 2%) per annum of the average annual 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. 12.576 million (2021: Rs. 12.179 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 12.461 million (2021: Rs. 12.218 million) was paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, charged 0.11% of the average annual net assets of the scheme for allocation of such expenses to the Fund for the year ended June 30, 2022 (2021: 0.11%), subject to total expense charged being lower than actual expense incurred.

8.4 In accordance with Circular 11 dated July 5, 2019 issued by SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year.

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
1% of the average annual net assets	1% of the average annual net assets	0.4% of the average annual net assets

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			----- Rupees in '000 -----	
	Remuneration payable	9.1	452	493
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	58	64
			<u>510</u>	<u>557</u>

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

Net assets (Rs.)	Fee
- up to Rs 1,000 million	Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
- exceeding Rs.1,000 million	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 0.759 million (2021: Rs. 0.739 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. 0.765 million (2021: Rs. 0.727 million) was paid to the Trustee which acts as a collecting agent.

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

In accordance with the NBFC Regulations, a collective investment scheme classified as an "Equity scheme" is required to pay annual fee to the SECP.

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

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			----- Rupees in '000 -----	
	Auditors' remuneration payable		577	585
	Brokerage payable		710	5,236
	Shariah advisor fee payable		196	209
	Charity payable	11.1	7,251	9,024
	Capital gain tax payable		302	1,469
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of Management Company	11.2	37,524	37,524
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	3,732	3,732
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.3	-	77,691
	Zakat payable		8	60
			<u>50,300</u>	<u>135,530</u>

- 11.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, during the year ended June 30, 2022, Shariah non-compliant income amounting to Rs 7.327 million (2021 : Rs 5.697 million) was charged as charity expense and Rs 9.100 million was disbursed to following charitable / welfare organisations respectively:

S. No.	Charitable Organisations	2022	Charitable Organisations	2021
		Rupees in '000		Rupees in '000
1	The Patients behbud Society for AKUH	2,000	IBA Centre for Excellence in Islamic Finance	500
2	Medical Aid Foundation	2,000	Edhi Foundation	300
3	Cancer Care Hospital & Research Centre	1,000	Chippa Welfare Association	300
4	The Patients Behbud Society for AKUH	1,000	Afzaal Memorial Thalassemia Foundation	200
5	IBA Centre for Excellence in Islamic Finance	1,000	Dhoraji Youth Services Foundation	200
6	Behbud Association- Karachi	500		
7	Sargodhian Spirit Trust	400		
8	Jamal Noor Hospital	400		
9	Al Mustafa Trust	300		
10	Al-Mustafa Welfare Society	300		
11	Aiwan-e-Tijarat-o-Sanat hospital trust	200		
	Total	<u>9,100</u>	Total	<u>1,500</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 41.256 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.15 (2021: Re 0.15) per unit.

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

During the current 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 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.

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	636	641
Half yearly review fee	127	119
Out of pocket expenses	35	36
	<u>798</u>	<u>796</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.89% (2021: 4.07%) which includes 0.31% representing government levies on the Fund such as provision for Sales Taxes, Federal Excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity 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, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

- 16.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 16.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.
- 16.4** Detail of transactions with connected persons and balances with them are as follows:

Balances	2022	2021
	----- Rupees in '000 -----	
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable to the Management Company	1,463	577
Sindh Sales Tax payable on remuneration of the Management Company	190	75
Sales load payable	86	181
Sindh Sales Tax payable on sales load	11	24
Allocated expenses payable	29	450
Selling and marketing expenses payable	3,843	11,878
Investment of 17,879,458 units (2021: 24,508,118 units)	281,079	432,484
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit	238	238
Remuneration payable to the Trustee	452	493
Sindh Sales Tax on remuneration of the Trustee	58	64
Meezan Bank Limited		
Profit receivable on saving account	136	64
Balance with bank	51,710	11,958
Sales load payable	9	89
Sindh Sales Tax on sales load	1	12
Investment in 22,984,581 units (2021: 22,984,581 units)	361,336	405,599
Investment in 2,732,907 shares (2021: 2,143,955 shares)	308,764	247,434
Shariah Advisor fee payable	196	209
MSAF - Meezan Strategic Allocation Plan - I		
Investment of 7,821,802 units (2021: 9,530,913 units)	122,965	168,188
MSAF - Meezan Strategic Allocation Plan - II		
Investment of 3,453,209 units (2021: 11,986,975 units)	54,287	211,529
MSAF - Meezan Strategic Allocation Plan - IV		
Investment of 518,354 units (2021: 2,774,152 units)	8,149	48,954
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of 1,280,478 units (2021: 3,758,262 units)	20,130	66,320
MSAF - Meezan Strategic Allocation Plan - III		
Investment of 2,682,179 units (2021: 2,701,461 units)	42,166	47,672
MSAF - Meezan Strategic Allocation Plan - V		
Investment of 1,273,912 units (2021: 130,368 units)	20,027	2,301
Directors and executives of the Management Company		
Investment of 8,216,880 units (2021: 7,030,082 units)	129,176	124,057
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 16,895,690 units (2021: 16,895,690 units)	265,614	298,151
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Investment of 438,459 units (2021: 438,459)	6,893	7,737

Transactions during the year	For the year ended June 30,	
	2022	2021
	----- Rupees in '000 -----	
Al Meezan Investment Management Limited (Management Company)		
Remuneration to the Management Company	96,736	93,684
Sindh Sales Tax on remuneration of the Management Company	12,576	12,179
Allocated expenses	5,320	4,832
Selling and marketing expenses	48,368	27,601
Issuance of 2,406,039 units (2021: 2,282,882 units)	42,152	35,000
Redemption of 9,034,698 units (2021: 8,628,937 units)	150,000	145,500
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Remuneration of the Trustee	5,837	5,684
Sindh Sales Tax on remuneration of the Trustee	759	739
CDS charges	224	277
Meezan Bank Limited		
Profit on saving account	891	352
Purchase of 697,359 shares (2021: 1,005,000 shares)	92,343	100,872
Sale of 400,000 shares (2021: 365,000 shares)	57,348	39,067
Bonus shares: 291,593 shares (2021: 154,905)	-	-
Dividend income	14,764	15,505
Shariah Advisor fee	529	480
MSAF - Meezan Strategic Allocation Plan - I		
Issuance of 1,247,373 units (2021: 10,655,005 units)	20,000	188,725
Redemption of 2,956,484 units (2021: 10,989,924 units)	48,500	193,018
MSAF - Meezan Strategic Allocation Plan - II		
Issuance of 611,135 units (2021: 15,530,373 units)	11,000	274,991
Redemption of 9,144,900 units (2021: 16,187,399 units)	165,000	282,088
MSAF - Meezan Strategic Allocation Plan - IV		
Issuance of Nil units (2021: 3,497,426 units)	-	62,327
Redemption of 2,255,798 units (2021: 8,493,668 units)	39,680	143,378
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of Nil units (2021: 7,452,703 units)	-	131,376
Redemption of 2,477,784 units (2021: 7,077,440 units)	41,990	124,208
MSAF - Meezan Strategic Allocation Plan - III		
Issuance of 611,135 units (2021: 5,130,299 units)	11,000	89,359
Redemption of 630,417 units (2021: 2,992,304 units)	11,000	53,474
MSAF - Meezan Strategic Allocation Plan - V		
Issuance of 1,143,543 units (2021: 399,627 units)	20,000	6,968
Redemption of Nil units (2021: 430,249 units)	-	7,639
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Units issued: Nil (2021: 438,459)	-	7,000
Directors and executives of the Management Company		
Issuance of units 2,491,136 (2021: 4,947,551 units)	42,615	74,483
Redemption of 1,304,336 units (2021: 6,629,663 units)	22,192	109,808

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Financial assets		
Balances with banks	124,935	124,935
Investments	-	-
Receivable against sale of investments	4,357,083	4,357,083
Receivable against conversion of units	24,807	24,807
Dividend receivable	14,127	14,127
Advance, deposits and other receivable	1,276	1,276
	4,747	4,747
	<u>169,892</u>	<u>4,526,975</u>
Financial liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	5,622	5,622
Payable to the Central Depository Company of Pakistan Limited - Trustee	510	510
Payable to Meezan Bank Limited	10	10
Payable against conversion and redemption of units	12,318	12,318
Payable against purchase of investments	1,788	1,788
Dividend payable	4,917	4,917
Accrued expenses and other liabilities	1,483	1,483
	<u>26,648</u>	<u>26,648</u>
----- 2021 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
Financial assets		
Balances with banks	296,501	296,501
Investments	-	-
Receivable against sale of investments	4,650,421	4,650,421
Receivable against conversion of units	12,682	12,682
Dividend receivable	36,375	36,375
Advance, deposits and other receivable	21,910	21,910
	71,219	71,219
	<u>438,687</u>	<u>5,089,108</u>
Financial liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	13,185	13,185
Payable to the Central Depository Company of Pakistan Limited - Trustee	557	557
Payable to Meezan Bank Limited	101	101
Payable against conversion and redemption of units	16,040	16,040
Dividend payable	4,917	4,917
Accrued expenses and other liabilities	9,818	9,818
	<u>44,618</u>	<u>44,618</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance. Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by SECP. Risks managed and measured by the Fund are explained below:

18.1 Market risk

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

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

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 1.147 million (2021: Rs. 2.852 million).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio and KIBOR 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.

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:

Effective yield / profit rate (%)	2022				Total	
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk		
	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% - 16.25%	114,745	-	-	10,190	124,935
Investments		-	-	-	4,357,083	4,357,083
Receivable against sale of investments		-	-	-	24,807	24,807
Receivable against conversion of units		-	-	-	14,127	14,127
Dividend receivable		-	-	-	1,276	1,276
Advance, deposits and other receivable		-	-	-	4,747	4,747
		114,745	-	-	4,412,230	4,526,975
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	5,622	5,622
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	510	510
Payable to Meezan Bank Limited		-	-	-	10	10
Payable against conversion and redemption of units		-	-	-	12,318	12,318
Payable against purchase of investments		-	-	-	1,788	1,788
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	1,483	1,483
		-	-	-	26,648	26,648
On-balance sheet gap (a)		114,745	-	-	4,385,582	4,500,327
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		114,745	-	-		
Cumulative profit rate sensitivity gap		114,745	114,745	114,745		

----- 2021 -----						
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in '000 -----						
Financial assets						
Balances with banks	1.50% - 7.32%	285,161	-	-	11,340	296,501
Investments		-	-	-	4,650,421	4,650,421
Receivable against sale of investments		-	-	-	12,682	12,682
Receivable against conversion of units		-	-	-	36,375	36,375
Dividend receivable		-	-	-	21,910	21,910
Advance, deposits and other receivable		-	-	-	71,219	71,219
		285,161	-	-	4,803,947	5,089,108
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	13,185	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	557	557
Payable to Meezan Bank Limited		-	-	-	101	101
Payable against conversion and redemption of units		-	-	-	16,040	16,040
Payable against purchase of investments		-	-	-	-	-
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	9,818	9,818
		-	-	-	44,618	44,618
On-balance sheet gap (a)		285,161	-	-	4,759,329	5,044,490
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		285,161	-	-		
Cumulative profit rate sensitivity gap		285,161	285,161	285,161		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, total income of the Fund would increase / decrease by Rs 43.571 million (2021: Rs 46.504 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

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

18.2 Liquidity risk

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

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

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

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

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks 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	124,935	-	-	-	-	124,935
Investments	-	-	-	-	4,357,083	4,357,083
Receivable against sale of investments	24,807	-	-	-	-	24,807
Receivable against conversion of units	14,127	-	-	-	-	14,127
Dividend receivable	1,276	-	-	-	-	1,276
Advance, deposits and other receivable	2,009	-	-	-	2,738	4,747
	167,154	-	-	-	4,359,821	4,526,975
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	5,622	-	-	-	-	5,622
Payable to Central Depository Company of Pakistan Limited - Trustee	510	-	-	-	-	510
Payable to Meezan Bank Limited	10	-	-	-	-	10
Payable against conversion and redemption of units	12,318	-	-	-	-	12,318
Payable against purchase of investments	1,788	-	-	-	-	1,788
Dividend payable	4,917	-	-	-	-	4,917
Accrued expenses and other liabilities	7,961	773	-	-	-	8,734
	33,126	773	-	-	-	33,899
Net financial assets / (liabilities)	134,028	(773)	-	-	4,359,821	4,493,076

	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	296,501	-	-	-	-	-	296,501
Investments	-	-	-	-	-	4,650,421	4,650,421
Receivable against sale of investments	12,682	-	-	-	-	-	12,682
Receivable against conversion of units	36,375	-	-	-	-	-	36,375
Dividend receivable	21,910	-	-	-	-	-	21,910
Advance, deposits and other receivable	68,481	-	-	-	-	2,738	71,219
	435,949	-	-	-	-	4,653,159	5,089,108
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	13,185	-	-	-	-	-	13,185
Payable to Central Depository Company of Pakistan Limited - Trustee	557	-	-	-	-	-	557
Payable to Meezan Bank Limited	101	-	-	-	-	-	101
Payable against conversion and redemption of units	16,040	-	-	-	-	-	16,040
Payable against purchase of investments	-	-	-	-	-	-	-
Dividend payable	4,917	-	-	-	-	-	4,917
Accrued expenses and other liabilities	9,818	9,818	-	-	-	-	19,636
	44,618	9,818	-	-	-	-	54,436
Net financial assets / (liabilities)	391,331	(9,818)	-	-	-	4,653,159	5,034,672

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) -----			
Bank balances	124,935	124,935	296,501	296,501
Investments	4,357,083	-	4,650,421	-
Receivable against conversion of units	14,127	14,127	36,375	36,375
Dividend receivable	1,276	1,276	21,910	21,910
Receivable against sale of investments	24,807	24,807	12,682	12,682
Advance, deposits and other receivable	4,747	4,747	71,219	71,219
	4,526,975	169,892	5,089,108	438,687

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 4,357.0830 million (2021: Rs 4,650.418 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent control 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 profit accrued thereon, dividend receivable and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	42.32%	33.37%
AA+	40.66%	16.19%
AA	0.03%	0.49
A+	16.99%	1.05%
A	-	0.04%
	100%	100%

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

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 and June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2022		
	Level 1	Level 2	Level 3
Financial assets	(Rupees in '000)		
At fair value through profit or loss	4,357,083	-	-
	4,357,083	-	-
	2021		
	Level 1	Level 2	Level 3
Financial assets	(Rupees in '000)		
At fair value through profit or loss	4,650,421	-	-
	4,650,421	-	-

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	4,761	66,528,192	23.50	4,391	1,559,344	31.71
Associated Companies / Directors	13	82,888,896	29.28	13	1,804,612	36.70
Insurance Companies	2	34,075,837	12.04	1	161,350	3.28
Banks and DFIs	1	573,891	0.20	1	10,127	0.21
Retirement Funds	20	96,116,893	33.95	22	1,255,184	25.52
Public Limited Companies	-	-	-	-	-	-
Others	29	2,915,392	1.03	35	127,224	2.60
	4,826	283,099,101	100%	4,463	4,917,841	100%

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	8%	Invest & Finance Securities Limited	9%
Invest & Finance Securities Limited	8%	Standard Capital Securities (Private) Limited	8%
Aba Ali Habib Securities Pvt Ltd	7%	Taurus Securities Limited	7%
BMA Capital Management Limited	7%	AKD Securities Limited	6%
Optimus Capital Management (Private) Limited	6%	Alfalah Securities (Private) Limited	5%
Foundation Securities (Private) Limited	6%	BMA Capital Management Limited	4%
Top Line Securities (Pvt) Ltd	5%	Foundation Securities (Private) Limited	4%
AKD Securities Limited	4%	Optimus Capital Management (Private) Limited	4%
Intermarket Securities Limited	4%	Summit Capital Market	4%
Js Global Capital Limited	4%	Ismail Iqbal Securities (Private) Limited	4%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

23.2 the Fund manager of the Fund is Mr. Ahmed Hassan. Other funds being managed by the Fund Manager are as follows:

- Meezan Energy Fund; and
- Meezan Tahaffuz Pension 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. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	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. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	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



Al Meezan
Investment Management Ltd.

BROAD PEAK

Just like an able mountaineer, an investor
needs to be consistent.

Height 8,051 meters,
belongs to the range Baltoro Karakoram



KSE-MEEZAN INDEX FUND (KMIF)

KSE Meezan Index Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to closely track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. 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

Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



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

Type of Fund

Open end index tracker fund

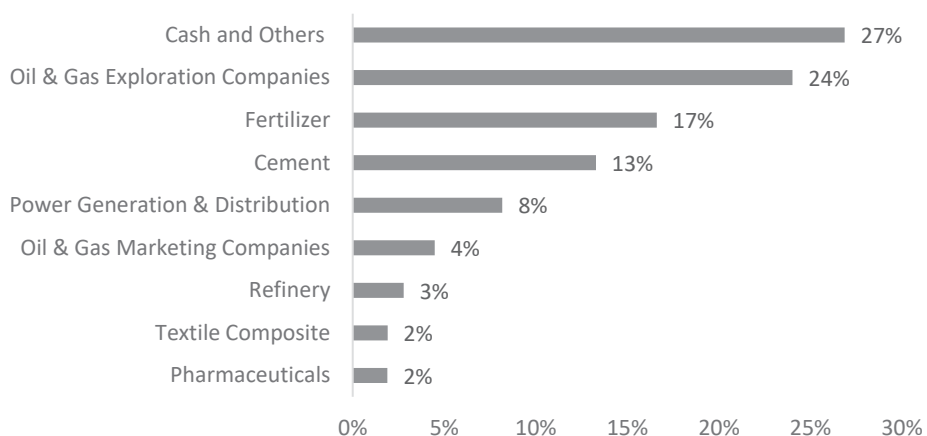
Objective

The objective of KMIF is to provide investors an opportunity to track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.

Strategy, Investment Policy and Asset Allocation

The performance of KMIF is linked directly to the performance of KSE-Meezan Index 30 (KMI 30). The Fund Manager, Al Meezan Investment Management Limited, manages the fund with an aim to closely track the returns of the index. The Fund Manager strives to completely match the weightages of the constituent stocks of the index. Top three sectors of index are, Oil and Gas (24%), Fertilizer (17%) and Cement (13%). Details below:

Asset Allocation for the year ended FY22



Performance Review

During FY22, KSE Meezan Index Fund (KMIF) provided a negative return of 10.69% to its investors while KSE Meezan Index (KMI 30) - Benchmark depreciated 10.25% to close at 68,766 pts.

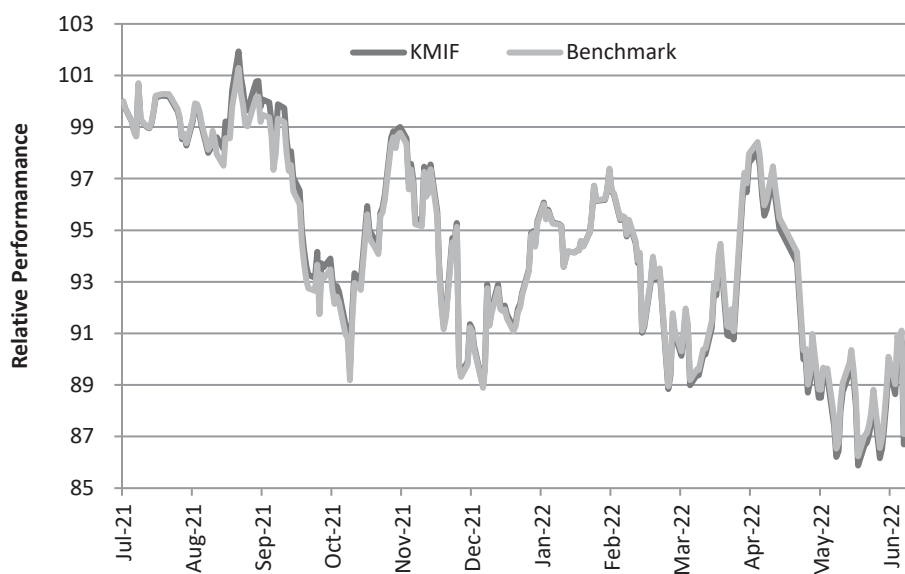
	KMIF	KMI-30 (Benchmark)
Net Asset Value (NAV) as on June 30, 2021	72.87	76,622
Net Asset Value (NAV) as on June 30, 2022	65.08	68,766
Change (Points)	-7.79	-7,855
Return During the Period	-10.69%	-10.25%



Pure. Profit.



KMIF posted a total loss of Rs. 283 million in the fiscal year 2022 as compared to a total income of Rs. 753 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 81 million and Rs. 415 million respectively. Dividend income contributed Rs. 207 million to income, while profit on saving accounts with banks amounted to Rs. 0.53 million. After accounting for expenses of Rs. 26 million, the Fund posted a net loss of Rs. 309 million. The net assets of the Fund as at June 30, 2022 were Rs. 2,610 million as compared to Rs. 2,697 million at the end of last year depicting a decrease of 3%. The net asset value per unit as at June 30, 2022 was Rs. 65.0795 as compared to Rs. 72.8711 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. 6 million was accrued as charity payable.

Distributions

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

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by KMIF amounting to Rs. 23.93 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 KMIF by 0.82%. 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	1,754
10,000 - 49,999	83
50,000 - 99,999	12
100,000 - 499,999	8
500,000 and above	8
Total	1,865



Pure. Profit.



Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	12	12	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 (Rs in '000) (ex-distribution)	2,610,096	2,696,504	1,857,173
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	65.0795	72.8711	53.4129
Offer price per unit as at June 30 (Rs.) (ex-distribution)	66.7130	74.7001	54.7536
Highest offer price per unit (Rs.)	77.0186	77.9982	70.6180
Lowest offer price per unit (Rs.)	64.8802	56.1718	41.3818
Highest redemption price per unit (Rs.)	75.1328	76.0884	68.8889
Lowest redemption price per unit (Rs.)	63.2916	54.7965	40.3686
Distribution (%)	N/A	N/A	N/A
Date of distribution	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	- 10.69	36.43	0.88
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2022	- 10.69	36.43	17.32

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 –KSE Meezan Index Fund

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

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

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

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance 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 KMIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of KMIF 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)	(ii)**	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	Share Price (B)
						Net Liquid Assets per Share (A)	
Engro Corporation Ltd.	Fertilizer	34.78%	20.90%	3.32%	57.41%	(220.62)	272.42
The Hub Power Co. Ltd.	Power Generation and Distribution	33.91%	3.85%	4.50%	58.76%	(42.73)	71.34
Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84



Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20
Lucky Cement Ltd.	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	0.09%	3.42%	36.35%	24.84	357.62
Pakistan Petroleum Limited	Oil & Gas Marketing Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.

** 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 KMIF 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 KMIF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

KSE MEEZAN INDEX 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 KSE Meezan Index 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 KSE Meezan Index Fund
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of KSE Meezan Index Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 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 2,609.402 million and balances with banks aggregated to Rs 16.481 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.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

ADT



- 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: AR202210081wDshEPqiU



**KSE MEEZAN INDEX FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

	Note	2022	2021
		-----Rupees in '000'-----	
Assets			
Balances with banks	5	16,481	22,649
Investments	6	2,609,402	2,697,866
Receivable against sale of investments		3,048	24,234
Receivable against conversion of units		368	1,182
Dividend receivable		260	4,155
Deposits and other receivables	7	2,695	2,684
Total assets		2,632,254	2,752,770
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	569	905
Payable to Central Depository Company of Pakistan Limited - Trustee	9	337	349
Payable to the Securities and Exchange Commission of Pakistan	10	559	489
Payable to Meezan Bank Limited		6	253
Payable against conversion and redemption of units		1,138	1,923
Payable against purchase of investments		-	12,393
Accrued expenses and other liabilities	11	19,549	39,954
Total liabilities		22,158	56,266
Net assets		2,610,096	2,696,504
Unit holders' fund (as per statement attached)		2,610,096	2,696,504
Contingencies and commitments	12		
Number of units in issue		40,106,278	37,003,744
		(Rupees)	
Net asset value per unit		65.0795	72.8711

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

	Note	2022	2021
		-----Rupees in '000'-----	
Income			
Dividend income		207,435	134,041
Profit on saving accounts with banks		527	639
Net realised (loss) / gain on sale of investments		(80,929)	209,906
Other income		4,980	4,494
		132,013	349,080
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(414,818)	404,023
Total (loss) / income		(282,805)	753,103
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	27,930	24,442
Sindh Sales Tax on remuneration of the Management Company	8.2	3,631	3,178
Allocated expenses	8.3	3,072	2,526
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,793	3,443
Sindh Sales Tax on remuneration of the Trustee	9.2	493	448
Annual fees to Securities and Exchange Commission of Pakistan	10	559	489
Brokerage expense		2,527	6,196
Auditors' remuneration	13	355	426
Fee and subscription		564	561
Legal and professional charges		184	-
Charity expense	11.2	6,006	3,327
Bank and settlement charges		562	633
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11.3	(23,931)	14,149
Total expenses		25,745	59,818
Net (loss) / income for the year before taxation		(308,550)	693,285
Taxation	15	-	-
Net (loss) / income for the year after taxation		(308,550)	693,285
Allocation of net income for the year			
Net income for the year after taxation		-	693,285
Income already paid on units redeemed		-	(319,439)
		-	373,846
Accounting income available for distribution			
- Relating to capital gains		-	373,846
- Excluding capital gains		-	-
		-	373,846

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

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

Chief Executive Officer

Chief Financial Officer

Director



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

	2022	2021
	-----Rupees in '000'-----	
Net (loss) / income for the year after taxation	(308,550)	693,285
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u><u>(308,550)</u></u>	<u><u>693,285</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director



**KSE MEEZAN INDEX 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 after taxation		(308,550)	693,285
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	414,818	(404,023)
		106,268	289,262
(Increase) / decrease in assets			
Investments - net		(326,354)	(460,788)
Receivable against sale of investments		21,186	-
Dividend receivable		3,895	4,122
Deposits and other receivables		(11)	(52)
		(301,284)	(456,718)
(Decrease) / increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		(336)	(1,183)
Payable to Central Depository Company of Pakistan Limited - Trustee		(12)	90
Payable to the Securities and Exchange Commission of Pakistan		70	147
Payable to Meezan Bank Limited		(247)	160
Payable against purchase of investments		(12,393)	(21,367)
Accrued expenses and other liabilities		(20,405)	18,488
		(33,323)	(3,665)
Net cash used in operating activities		(228,339)	(171,121)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		1,449,709	2,740,889
Payment against redemption and conversion of units		(1,227,538)	(2,593,469)
Net cash generated from financing activities		222,171	147,420
Net decrease in cash and cash equivalents during the year		(6,168)	(23,701)
Cash and cash equivalents at the beginning of the year		22,649	46,350
Cash and cash equivalents at the end of the year	5	16,481	22,649

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

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

Chief Executive Officer

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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 required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

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

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (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 and valuation of financial assets (notes 4.3 and 6).

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 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 Equity instruments

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

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

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

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

4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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 Regular way contracts

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

4.3.5 Derecognition

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

4.12 Expenses

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

4.13 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the 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 profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

4.15 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2022	2021
-----Rupees in '000'-----				
Balances with banks in:				
	Savings accounts	5.1	11,044	17,992
	Current accounts		5,437	4,657
			<u>16,481</u>	<u>22,649</u>

5.1 These include a balance of Rs. 4.787 million (2021: Rs. 12.487 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other balances in savings accounts have an expected profit ranging from 4.10% to 4.29% (2021: 1.5% to 2.50%) per annum.

6	INVESTMENTS	Note	2022	2021
-----Rupees in '000'-----				
At fair value through profit or loss				
	Investment in equity securities - listed	6.1	<u>2,609,402</u>	<u>2,697,866</u>

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2021	Purchases during the year	Rights / Bonus issue	Sales 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	Paid-up capital of investee company (with face value of investment)	Total market value of investments
						(Rupees in '000)		%			
----- Number of shares -----											

Sectors / companies

AUTOMOBILE ASSEMBLER

Honda Atlas Cars (Pakistan) Limited	80,100	19,300	-	99,400	-	-	-	-	-	-	-	-
Millat Tractors Limited	78,853	28,916	65,466	15,966	157,269	100,704	137,231	36,527	5.26	0.16	5.26	
Gandhara Industries Limited	35,700	37,500	-	33,900	39,300	8,412	6,208	(2,204)	0.24	0.09	0.24	
									5.50	0.25	5.50	

COMMERCIAL BANKS

Meezan Bank Limited (a related party of the fund)	995,813	323,685	164,017	163,703	1,319,812	139,959	149,112	9,153	5.71	0.08	5.71
									5.71	0.08	5.71

CABLE AND ELECTRICAL GOODS

Pak Elektron Limited	698,803	817,298	-	712,000	804,101	20,060	12,777	(7,283)	0.49	0.09	0.49
									0.49	0.09	0.49



Name of the investee company	As at July 1, 2021	Purchases during the year	Rights / Bonus issue	Sales 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	Paid-up capital of investee company (with face value of investment)	Total market value of investments
Number of shares						(Rupees in '000)		%			
CEMENT											
D.G. Khan Cement Company Limited	616,111	179,341	-	86,050	709,402	78,367	44,338	(34,029)	1.70	0.16	1.70
Fauji Cement Company Limited	2,131,875	664,000	-	328,000	2,467,875	54,215	34,970	(19,245)	1.34	0.18	1.34
Cherat Cement Company Limited	328,201	95,866	-	44,163	379,904	64,464	35,346	(29,118)	1.35	0.20	1.35
Lucky Cement Limited	318,493	93,267	-	44,340	367,420	303,176	168,660	(134,516)	6.46	0.11	6.46
Pioneer Cement Limited	-	436,254	-	65,822	370,432	27,617	22,348	(5,269)	0.86	0.16	0.86
Maple Leaf Cement Factory Limited	1,390,639	410,031	-	194,506	1,606,164	71,518	43,929	(27,589)	1.68	0.15	1.68
									13.39	0.96	13.40
CHEMICAL											
Engro Polymer & Chemicals Limited	894,271	283,290	-	145,445	1,032,116	52,333	82,187	29,854	3.15	0.11	3.15
									3.15	0.11	3.15
ENGINEERING											
International Industries Limited	203,800	62,185	-	29,449	236,536	46,755	24,536	(22,219)	0.94	0.18	0.94
International Steels Limited	429,713	131,464	-	66,023	495,154	43,932	29,392	(14,540)	1.13	0.11	1.13
									2.07	0.29	2.07
FERTILIZER											
Engro Corporation Limited	891,557	269,901	-	133,262	1,028,196	299,804	264,339	(35,465)	10.13	0.18	10.13
Engro Fertilizers Limited	1,690,607	502,902	-	243,453	1,950,056	141,710	172,853	31,143	6.62	0.15	6.62
									16.75	0.33	16.75
FOOD AND PERSONAL CARE											
Unity Foods Limited	1,535,536	784,188	-	712,287	1,607,437	62,474	32,261	(30,213)	1.24	0.13	1.24
									1.24	0.13	1.24
OIL AND GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited (note 6.1.3)	75,065	22,246	-	10,709	86,602	134,065	150,665	16,600	5.77	0.06	5.77
Oil & Gas Development Company Limited (note 6.1.2)	1,813,235	552,886	-	273,159	2,092,962	194,950	164,654	(30,296)	6.31	0.05	6.31
Pakistan Oilfields Limited	365,459	106,577	-	50,883	421,153	164,635	170,908	6,273	6.55	0.15	6.55
Pakistan Petroleum Limited (note 6.1.2)	1,874,578	570,050	-	283,299	2,161,329	183,118	145,911	(37,207)	5.59	0.08	5.59
									24.22	0.34	24.23
OIL AND GAS MARKETTING COMPANIES											
Hascol Petroleum Limited (note 6.1.3)	471	-	-	-	471	4	2	(2)	0.00	-	0.00
Pakistan State Oil Company Limited	593,789	173,426	-	82,167	685,048	148,523	117,719	(30,804)	4.51	0.15	4.51
Sui Northern Gas Pipelines Limited	802,507	138,569	-	941,076	-	-	-	-	-	-	-
									4.51	0.15	4.51
PHARMACEUTICALS											
The Searle Company Limited (note 6.1.3)	303,324	104,745	102,422	53,667	456,824	81,017	49,803	(31,214)	1.91	0.15	1.91
									1.91	0.15	1.91
POWER GENERATION & DISTRIBUTION											
The Hub Power Company Limited	2,736,859	821,352	-	404,207	3,154,004	246,281	215,008	(31,273)	8.24	0.24	8.24
									8.24	0.24	8.24
REFINERY											
Attock Refinery Limited	120,056	37,871	-	19,872	138,055	32,919	24,267	(8,652)	0.93	0.13	0.93
Energyco PK Limited (Formerly Byco Petroleum Limited)	-	6,183,810	-	1,014,874	5,168,936	32,310	27,602	(4,708)	1.06	0.10	1.06
National Refinery Limited	73,400	23,363	-	12,026	84,737	40,037	21,402	(18,635)	0.82	0.11	0.82
									2.81	0.34	2.81
TECHNOLOGY & COMMUNICATION											
Systems Limited (note 6.1.2)	229,000	93,672	262,862	48,262	537,272	156,734	177,225	20,491	6.79	0.19	6.79
Avanceon Limited	168,500	271,143	83,646	90,898	432,391	32,919	33,688	769	1.29	0.13	1.29
									8.08	0.32	8.08
TEXTILE COMPOSITE											
Azgard Nine Limited	-	1,449,500	-	260,000	1,189,500	14,243	12,228	(2,015)	0.47	0.25	0.47
Nishat Mills Limited	444,550	137,946	-	70,619	511,877	46,965	37,833	(9,132)	1.45	0.15	1.45
									1.92	0.40	1.92
TRANSPORT											
Pakistan International Bulk Terminal Limited	2,510,000	411,500	-	2,921,500	-	-	-	-	-	-	-
Total as at June 30, 2022						3,024,220	2,609,402	(414,818)			
Total as at June 30, 2021						2,293,843	2,697,866	404,023			

- 6.1.1** All shares have a face value of Rs 10 each.
- 6.1.2** Investments include 682,000 shares (2021: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs. 46.042 million as at June 30, 2022 (2021: Rs. 59.218 million), 80,000 shares (2021: 80,000 shares) of Oil & Gas Development Company Limited having market value of Rs. 6.294 million as at June 30, 2022 (2021: Rs. 7.602 million) and 100,000 shares (2021: nil) of Systems Limited having market value of Rs. 32.986 million as at June 30, 2022 (2021: nil), 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. 1.166 million (2021: Rs. 1.416 million).

	Note	2022	2021
		-----Rupees in '000'-----	
6.2	Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		
Market value of investments	6.1	2,609,402	2,697,866
Less: Carrying value of investments	6.1	3,024,220	2,293,843
		<u>(414,818)</u>	<u>404,023</u>
7	DEPOSITS AND OTHER RECEIVABLES		
Profit receivable on bank balances		92	81
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with the National Clearing Company of Pakistan Limited		2,500	2,500
		<u>2,695</u>	<u>2,684</u>

	Note	2022	2021
-----Rupees in '000'-----			
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	427	155
Sindh Sales Tax on management fee payable	8.2	56	20
Allocated expenses payable	8.3	16	251
Sales load payable		62	424
Sindh Sales Tax payable on sales load		8	55
		569	905

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2021: 1%) 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. 3.631 million (2021: Rs 3.178 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. 3.595 million (2021: Rs. 3.354 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 charges allocated expense 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) per annum of the average annual net assets of the scheme for allocation of such expenses to the Fund 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	298	289
Sindh Sales Tax payable on trustee fee	9.2	39	60
		337	349

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 0.493 million (2021: Rs. 0.448 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. 0.514 million (2021: Rs. 0.437 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			
Auditors' remuneration payable		230	279
Printing charges payable		-	124
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.1	5,741	5,741
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	497	497
Brokerage payable		365	3,193
Shariah advisor fee payable		259	263
Charity payable	11.2	5,949	4,942
Withholding tax payable		6,501	932
Provision for Sindh Workers' Welfare Fund	11.3	-	23,931
Zakat payable		7	52
		<u>19,549</u>	<u>39,954</u>

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 6.238 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.16 (2021: Re 0.17) per unit.

- 11.2** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes. During the year ended June 30, 2022, non-shariah compliant income amounting to Rs 6.006 million (2021: Rs. 3.327 million) was charged as an expense in the books of the Fund, and Rs. 5 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	The Hunar Foundation	1,500
2	Tabba Heart Institute	1,000
3	Cancer Foundation	1,000
4	Diya Pakistan	1,000
5	Patients Aid Foundation	300
6	PWA Civil Hospital	200
	Total	<u>5,000</u>

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

During the current 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.

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	230	230
Half yearly review of condensed interim financial statements	120	120
Fee for other certifications	-	60
Out of pocket expenses	5	16
	<u>355</u>	<u>426</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.78% (2021: 2.45%) which includes 0.18% (2021: 0.78%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Index Scheme.

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The fund has not recorded any tax liability as the Fund has incurred 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 (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

- 16.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. The management considers that the transactions between the related parties / connected persons are executed in accordance with the parameters defined in the Offering document, trust deed and NBFC regulations which are publicly available documents and hence, the transactions are considered to be on an arm's length basis.
- 16.3** Remuneration 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'-----	
Al Meezan Investment Management Limited (Management Company)		
Management fee payable	427	155
Sindh Sales Tax on management fee payable	56	20
Allocated expenses payable	16	251
Sales load payable	62	424
Sindh Sales Tax payable on sales load	8	55
Outstanding 16,134,283 units (2021: 13,952,768 units)	1,050,011	1,016,754
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	298	289
Sindh Sales Tax payable on trustee fee	39	60
Security Deposit	103	103
Meezan Bank Limited		
Bank balance	9,994	16,436
Profit receivable on saving accounts	13	25
Sales load payable	5	224
Sindh Sales Tax on sales load payable	1	29
Shariah advisor fee payable	259	263
Outstanding 2,113,224 units (2021: 2,113,224 units)	137,528	153,993
Investment in 1,319,812 shares (2021: 995,813 shares)	149,112	114,927
Directors, their close family members and key management personnel of the management company		
Outstanding 532,186 units (2021: 1,136,665 units)	34,634	82,830
Unitholders holding 10% or more units of the Fund		
Investment as at June 30, 2022: 13,929,284 units (2021: 9,725,890 units)	906,511	708,736
Al Meezan Investment Management Limited - Gratuity Fund		
Investment as at June 30, 2022: 133,559 units (2021: 133,559 units)	8,692	9,733
Meezan Strategic Allocation Fund MSAP-I		
Investment as at June 30, 2021: nil units (2021: 70,737 units)	-	5,155
Meezan Strategic Allocation Fund MSAP-II		
Investment as at June 30, 2022: 382,268 units (2021: 159,765 units)	24,878	11,642
Meezan Strategic Allocation Fund MSAP-III		
Investment as at June 30, 2022: 106,250 units (2021: 159,037 units)	6,915	11,589



	2022	2021
	-----Rupees in '000'-----	
Meezan Strategic Allocation Fund MSAP-IV		
Investment as at June 30, 2022: 13,634 units (2021: 13,634 units)	<u>887</u>	<u>994</u>
Meezan Strategic Allocation Fund MSAP-V		
Investment as at June 30, 2022: 28,295 units (2021: 28,295 units)	<u>1,841</u>	<u>2,062</u>
	For the year ended June 30,	
	2022	2021
	-----Rupees in '000'-----	
AI Meezan Investment Management Limited (Management Company)		
Remuneration of AI Meezan Investment Management Limited - Management Company	<u>27,930</u>	<u>24,442</u>
Sindh Sales Tax on remuneration of the Management Company	<u>3,631</u>	<u>3,178</u>
Allocated expenses	<u>3,072</u>	<u>2,526</u>
Issue of 9,046,609 units (2021: 15,116,866 units)	<u>587,622</u>	<u>1,077,794</u>
Redemption of 6,865,094 units (2021: 13,631,149 units)	<u>437,000</u>	<u>954,050</u>
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	<u>3,793</u>	<u>3,443</u>
Sindh Sales Tax on remuneration of the Trustee	<u>493</u>	<u>448</u>
CDS charges	<u>130</u>	<u>145</u>
Meezan Bank Limited		
Profit on saving accounts with banks	<u>215</u>	<u>196</u>
Dividend income	<u>7,693</u>	<u>8,174</u>
Shariah advisor fee	<u>536</u>	<u>534</u>
Purchase of 323,685 shares (2021: 458,578 shares)	<u>42,229</u>	<u>39,089</u>
Bonus of 164,017 shares (2021: 93,570 shares)	<u>-</u>	<u>-</u>
Sale of 163,703 shares (2021: 296,036 shares)	<u>22,058</u>	<u>30,844</u>
Directors, their close family members and key management personnel of the Management Company		
Issue of 15,094 units (2021: 527,477 units)	<u>1,071</u>	<u>37,885</u>
Redemption of 619,573 units (2021: 134,338 units)	<u>40,402</u>	<u>9,448</u>
Meezan Strategic Allocation Fund MSAP-I		
Issue of nil units (2021: 70,737 units)	<u>-</u>	<u>5,000</u>
Redemption of 70,737 units (2021: 4,311 units)	<u>5,048</u>	<u>307</u>
Meezan Strategic Allocation Fund MSAP-II		
Issue of 518,594 units (2021: 367,845 units)	<u>35,000</u>	<u>26,000</u>
Redemption of 296,091 units (2021: 345,606 units)	<u>21,546</u>	<u>24,758</u>
Meezan Strategic Allocation Fund MSAP-III		
Issue of 95,507 units (2021: 229,775 units)	<u>7,000</u>	<u>17,000</u>
Redemption of 148,294 units (2021: 444,813 units)	<u>11,000</u>	<u>31,440</u>
Meezan Strategic Allocation Fund MSAP-IV		
Issue of units: nil (2021: 70,737 units)	<u>-</u>	<u>5,000</u>
Redemption of units: nil (2021: 453,785 units)	<u>-</u>	<u>31,762</u>
Meezan Strategic Allocation Fund MSAP-V		
Issue of units: nil (2021: 28,295 units)	<u>-</u>	<u>2,000</u>
Redemption of units: nil (2021: 56,518 units)	<u>-</u>	<u>4,029</u>

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 loss	Total	
----- Rupees in '000' -----			
Balances with banks	16,481	-	16,481
Investments	-	2,609,402	2,609,402
Receivable against sale of investments	3,048	-	3,048
Receivable against conversion of units	368	-	368
Dividend receivable	260	-	260
Deposits and other receivables	2,695	-	2,695
	<u>22,852</u>	<u>2,609,402</u>	<u>2,632,254</u>

Financial assets

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

----- 2022 -----			
At fair value through profit or loss	At amortised cost	Total	
----- Rupees in '000' -----			
Payable to Al Meezan Investment Management Limited - Management Company	-	569	569
Payable to Central Depository Company of Pakistan Limited - Trustee	-	337	337
Payable to Meezan Bank Limited	-	6	6
Payable against conversion and redemption of units	-	1,138	1,138
Accrued expenses and other liabilities	-	854	854
	-	<u>2,904</u>	<u>2,904</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable to Meezan Bank Limited
Payable against conversion and redemption of units
Accrued expenses and other liabilities

----- 2021 -----			
At amortised cost	At fair value through profit or loss	Total	
----- Rupees in '000' -----			
Balances with banks	22,649	-	22,649
Investments	-	2,697,866	2,697,866
Receivable against sale of investments	24,234	-	24,234
Receivable against conversion of units	1,182	-	1,182
Dividend receivable	4,155	-	4,155
Deposits and other receivables	2,684	-	2,684
	<u>54,904</u>	<u>2,697,866</u>	<u>2,752,770</u>

Financial assets

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

----- 2021 -----			
At fair value through profit or loss	At amortised cost	Total	
----- Rupees in '000' -----			
Payable to Al Meezan Investment Management Limited - Management Company	-	905	905
Payable to Central Depository Company of Pakistan Limited - Trustee	-	349	349
Payable to Meezan Bank Limited	-	253	253
Payable against conversion and redemption of units	-	1,923	1,923
Payable against purchase of investments	-	12,393	12,393
Accrued expenses and other liabilities	-	3,859	3,859
	-	<u>19,682</u>	<u>19,682</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable to Meezan Bank Limited
Payable against conversion and redemption of units
Payable against purchase of investments
Accrued expenses and other liabilities

18 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

18.1 Market risk

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

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

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

(i) Yield / profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to variable rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the impact would have been immaterial.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 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	4.10% - 6.01%	11,044	-	-	5,437	16,481
Investments		-	-	-	2,609,402	2,609,402
Receivable against sale of investments		-	-	-	3,048	3,048
Receivable against conversion of units		-	-	-	368	368
Dividend receivable		-	-	-	260	260
Deposits and other receivables		-	-	-	2,695	2,695
		11,044	-	-	2,621,210	2,632,254
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	569	569
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	337	337
Payable to Meezan Bank Limited		-	-	-	6	6
Payable against conversion and redemption of units		-	-	-	1,138	1,138
Accrued expenses and other liabilities		-	-	-	854	854
		-	-	-	2,904	2,904
On-balance sheet gap (a)		11,044	-	-	2,618,306	2,629,350
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		11,044	-	-		
Cumulative profit rate sensitivity gap		11,044	11,044	11,044		

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% - 2.50%	17,992	-	-	4,657	22,649
Investments		-	-	-	2,697,866	2,697,866
Receivable against sale of investments		-	-	-	24,234	24,234
Receivable against conversion of units		-	-	-	1,182	1,182
Dividend receivable		-	-	-	4,155	4,155
Deposits and other receivables		-	-	-	2,684	2,684
		17,992	-	-	2,734,778	2,752,770

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	905	905
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	349	349
Payable to Meezan Bank Limited		-	-	-	253	253
Payable against conversion and redemption of units		-	-	-	1,923	1,923
Payable against purchase of investments		-	-	-	12,393	12,393
Accrued expenses and other liabilities		-	-	-	3,859	3,859
		-	-	-	19,682	19,682

On-balance sheet gap (a)		17,992	-	-	2,715,096	2,733,088
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		17,992	-	-		
Cumulative profit rate sensitivity gap		17,992	17,992	17,992		

(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. 26.094 million (2021: Rs. 26.979 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

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

18.2 Liquidity risk

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

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

As per the NBFC Regulations, 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	16,481	-	-	-	-	16,481
Investments	-	-	-	-	2,609,402	2,609,402
Receivable against sale of investments	3,048	-	-	-	-	3,048
Receivable against conversion of units	368	-	-	-	-	368
Dividend receivable	260	-	-	-	-	260
Deposits and other receivables	92	-	-	-	2,603	2,695
	20,249	-	-	-	2,612,005	2,632,254
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	569	-	-	-	-	569
Payable to Central Depository Company of Pakistan Limited - Trustee	337	-	-	-	-	337
Payable to Meezan Bank Limited	6	-	-	-	-	6
Payable against conversion and redemption of units	1,138	-	-	-	-	1,138
Accrued expenses and other liabilities	365	489	-	-	-	854
	2,415	489	-	-	-	2,904
Net assets / (liabilities)	17,834	(489)	-	-	2,612,005	2,629,350

2021						
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	22,649	-	-	-	-	22,649
Investments	-	-	-	-	2,697,866	2,697,866
Receivable against sale of investments	24,234	-	-	-	-	24,234
Receivable against conversion of units	1,182	-	-	-	-	1,182
Dividend receivable	4,155	-	-	-	-	4,155
Deposits and other receivables	81	-	-	-	2,603	2,684
	52,301	-	-	-	2,700,469	2,752,770
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	905	-	-	-	-	905
Payable to Central Depository Company of Pakistan Limited - Trustee	349	-	-	-	-	349
Payable to Meezan Bank Limited	253	-	-	-	-	253
Payable against conversion and redemption of units	1,923	-	-	-	-	1,923
Payable against purchase of investments	12,393	-	-	-	-	12,393
Accrued expenses and other liabilities	8,135	666	-	-	-	8,801
	23,958	666	-	-	-	24,624
Net assets / (liabilities)	28,343	(666)	-	-	2,700,469	2,728,146

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	16,481	16,481	22,649	22,649
Investments	2,609,402	-	2,697,866	-
Receivable against sale of investments	3,048	3,048	24,234	24,234
Receivable against conversion of units	368	368	1,182	1,182
Dividend receivable	260	260	4,155	4,155
Deposits and other receivables	2,695	2,695	2,684	2,684
	<u>2,632,254</u>	<u>22,852</u>	<u>2,752,770</u>	<u>54,904</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 investments in equity securities of Rs 2,609.402 million (2021: 2,697.866 million) is not exposed to credit risk.

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

18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	61.00	73.00
AA+	39.00	27.00
	<u>100.00</u>	<u>100.00</u>

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

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

	2022		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Investment in equity securities - listed	2,609,402	-	-
	<u>2,609,402</u>	<u>-</u>	<u>-</u>
	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
Investment in equity securities - listed	2,697,866	-	-
	<u>2,697,866</u>	<u>-</u>	<u>-</u>

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	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	1,846	256,799	9.84	1,630	422,656	15.67
Associated Companies /						
Directors	8	1,263,853	48.42	8	1,139,691	42.27
Retirement Funds	6	350,053	13.41	5	85,657	3.18
Others	5	739,391	28.33	7	1,048,500	38.88
	<u>1,865</u>	<u>2,610,096</u>	<u>100.00</u>	<u>1,650</u>	<u>2,696,504</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
Ismail Iqbal Securities (Private) Limited	9.34	Alfalah Securities (Private) Limited	5.45
Vector Capital (Private) Limited	8.94	Vector Capital (Private) Limited	5.17
Next Capital Limited	7.71	Intermarket Securities Limited	5.10
Insight Securities (Private) Limited	7.54	Arif Habib Limited	5.04
Aba Ali Habib Securities (Private) Limited	7.47	Taurus Securities Limited	4.84
Alfalah Securities (Private) Limited	6.47	Summit Capital Market	4.64
Optimus Capital Management (Private) Lim	5.68	Ismail Iqbal Securities (Private) Limited	4.64
BMA Capital Management Limited.	5.09	Next Capital Limited	4.57
Alfa Adhi Securities (Private) Limited	5.04	Spectrum Securities (Private) Limited	4.57
Arif Habib Limited	4.71	Optimus Capital Management (Private) Limited	4.46

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

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

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



24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were 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 AI-Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

GASHERBRUM II K4

An investor should not be overwhelmed by
volatile conditions in pursuit of heights.

Height 8,035 meters,
belongs to the range Baltoro Karakoram



MEEZAN ENERGY FUND (MEF)

Meezan Energy Fund is a Shariah Compliant Energy Sector (Equity) Scheme. It is an actively managed fund offering a simple way to take exposure to Shariah Compliant equity stocks, primarily from the energy sector/ segment/ industry as defined in the constitutive documents.



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)
Bank Al Habib Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

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

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 Energy Fund (MEF)

Type of Fund

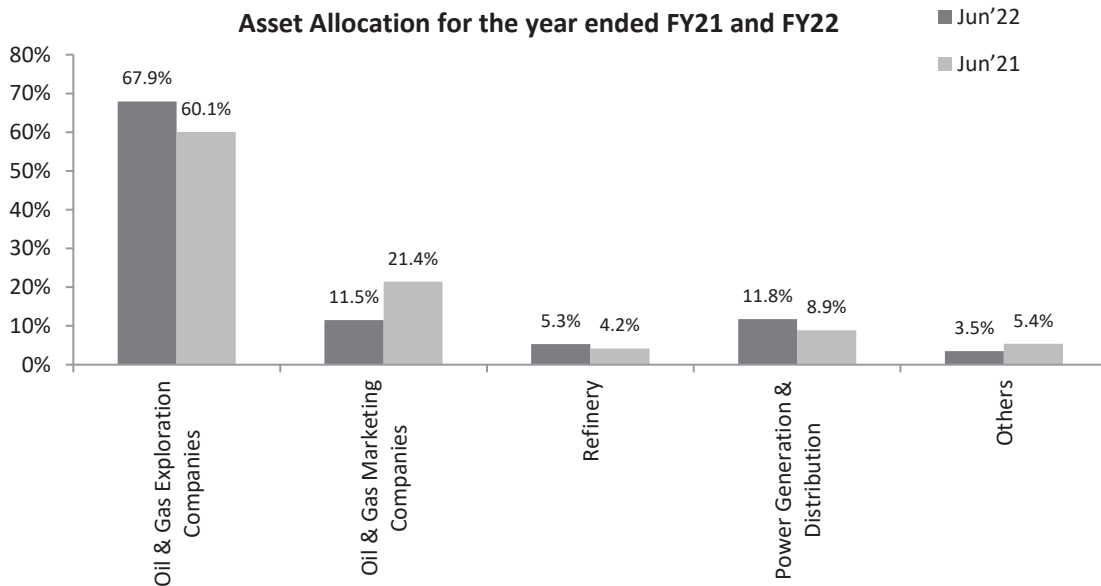
Sector specific open end equity fund. The fund was launched on November 29, 2016.

Objective

The objective of MEF is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector/segment/industry as defined in the constitutive documents, and provide maximum total return to the shareholders for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

Strategy, Investment Policy and Asset Allocation

The performance of MEF is directly linked to the performance of the energy sector of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposure near troughs.

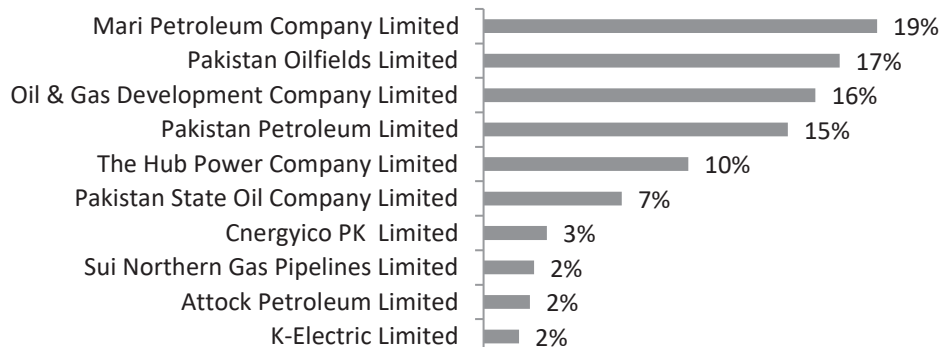




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Top Holdings



Performance Review

During FY22, Meezan Energy Fund (MEF) provided a negative return of 8.10% to its investors while the KSE Meezan Index (KMI 30) – Benchmark depreciated by 10.25% to close at 68,766 pts.

	<u>MEF</u>	<u>KMI-30 (Benchmark)</u>
Net Asset Value (NAV) as on June 30, 2021 –Rs.	34.30	76,622
Net Asset Value (NAV) as on June 30, 2022 –Rs.	31.52	68,766
Change (Points)	-2.78	-7,855
Return During the Period	-8.10%	-10.25%

The Fund earned a total loss of Rs. 27 million in fiscal year 2022 as compared to total income of Rs. 81 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 23 million and Rs. 48 million respectively. Dividend income contributed Rs. 44 million to income, while profit on saving accounts with banks amounted to Rs. 0.5 million. After accounting for expenses of Rs. 17 million, the Fund posted a net loss of Rs. 43 million. The net assets of the Fund as at June 30, 2022 were Rs. 438 million as compared to Rs. 584 million at the end of last year depicting a decrease of 25%. The net asset value per unit as at June 30, 2022 was Rs. 31.5217 as compared to Rs. 34.2992 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. 2 million was accrued as charity payable.

Distributions

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

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MEF amounting to Rs. 2.71 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



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reversal of provision has contributed towards an increase in NAV of the MEF by 0.51%. 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	1,269
10,000 - 49,999	132
50,000 - 99,999	13
100,000 - 499,999	9
500,000 and above	3
Total	1,426

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	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 (Rs. '000) (ex-distribution)	437,914	584,310	541,866
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	31.5217	34.2992	30.0200
Offer price per unit as at June 30, (Rs.) (ex-distribution)	32.5903	35.4619	31.0376
Highest offer price per unit (Rs.)	35.8241	38.5236	43.6558
Lowest offer price per unit (Rs.)	30.7461	30.2164	23.9526
Highest redemption price per unit (Rs.)	34.6495	37.2605	42.2244
Lowest redemption price per unit (Rs.)	29.7380	29.2257	23.1673
Distribution (%)			
Interim	N/A	N/A	N/A
Final	N/A	N/A	N/A
Date of distribution			
Interim	N/A	N/A	N/A
Final	N/A	N/A	N/A
Income distribution (Rupees in '000)	N/A	N/A	N/A
Growth distribution (Rupees in '000)	N/A	N/A	N/A
Total return (%)	(8.10)	14.25	(10.04)

	One Year	Two Year	Three Year
Average annual return as at June 30, 2022 (%)	-8.10%	2.47%	-1.88%

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 Energy Fund

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

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

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

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

- i. We have reviewed and approved the modes of investments of MEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MEF 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)	(ii)**	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Pakistan Oilfields Ltd.	Oil & Gas Exploration Companies	0.00%	0.09%	3.42%	36.35%	24.84	357.62
Oil & Gas Development Company Ltd.	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20



Mari Petroleum Ltd	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04
The Hub Power Co. Ltd.	Power Generation & Distribution Company	33.91%	3.85%	4.50%	58.76%	(42.73)	71.34
Pakistan State Oil Co. Ltd.	Oil and Gas Marketing Companies	32.44%	0.00%	0.63%	39.97%	(133.30)	181.89

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.
** 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 MEF 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 MEF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ENERGY 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 Energy 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 Energy Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Energy 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 430.357 million and balances with banks aggregated to Rs 5.571 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.

MS

**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.



- 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: AR202210081NI2WdSmnC



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

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
Assets			
Balances with banks	5	5,571	18,782
Investments	6	430,357	578,360
Receivable against conversion of units		61	8,251
Dividend receivable		197	1,764
Receivable against sale of investments		6,571	-
Advance, deposits and other receivable	7	3,062	4,094
Preliminary expenses and floatation costs	8	-	83
Total assets		<u>445,819</u>	<u>611,334</u>
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	9	343	761
Payable to Central Depository Company of Pakistan Limited - Trustee	10	81	113
Payable to the Securities and Exchange Commission of Pakistan	11	101	105
Payable to Meezan Bank Limited		2	33
Payable against redemption and conversion of units		5,103	20,927
Accrued expenses and other liabilities	12	2,275	5,085
Total liabilities		<u>7,905</u>	<u>27,024</u>
Net assets		<u>437,914</u>	<u>584,310</u>
Unit holders' fund (as per statement attached)		<u>437,914</u>	<u>584,310</u>
Contingencies and commitments	13		
		(Number of units)	
Number of units in issue		<u>13,892,447</u>	<u>17,035,689</u>
		(Rupees)	
Net asset value per unit		<u>31.5217</u>	<u>34.2992</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

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

	Note	2022 (Rupees in '000)	2021
Income			
Net realised (loss) / gain on sale of investments		(23,341)	51,874
Dividend income		43,539	27,923
Profit on savings accounts with banks		549	753
Other income		381	-
		<u>21,128</u>	<u>80,550</u>
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(47,654)	203
Total (loss) / income		<u>(26,526)</u>	<u>80,753</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	9.1	10,084	10,523
Sindh Sales Tax on remuneration of the Management Company	9.2	1,311	1,368
Allocated expenses	9.3	555	545
Selling and marketing expenses	9.4	2,017	2,105
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,008	1,052
Sindh Sales Tax on remuneration of the Trustee	10.2	131	137
Annual fee to the Securities and Exchange Commission of Pakistan	11.1	101	105
Auditors' remuneration	14	303	284
Charity expense		1,732	1,086
Fees and subscription		565	565
Brokerage expense		1,120	3,134
Bank and settlement charges		399	532
Legal and professional charges		184	-
Amortisation of preliminary expenses and floatation costs	8.1	83	200
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	12.2	(2,709)	1,182
Total expenses		<u>16,884</u>	<u>22,818</u>
Net (loss) / income for the year before taxation		<u>(43,410)</u>	<u>57,935</u>
Taxation	16.1	-	-
Net (loss) / income for the year after taxation		<u>(43,410)</u>	<u>57,935</u>
Allocation of net income for the year			
Net income for the year after taxation		-	57,935
Income already paid on units redeemed		-	(25,988)
		<u>-</u>	<u>31,947</u>
Accounting income available for distribution			
- Relating to capital gains		-	31,947
- Excluding capital gains		-	-
		<u>-</u>	<u>31,947</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director



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

	2022	2021
	(Rupees in '000)	
Net (loss) / income for the year after taxation	(43,410)	57,935
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u><u>(43,410)</u></u>	<u><u>57,935</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

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

	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees in '000)					
Net assets at the beginning of the year	974,734	(390,424)	584,310	964,237	(422,371)	541,866
Issue of 27,624,153 units (2021: 71,397,288 units)						
- Capital value (at net asset value per unit at the beginning of the year)	947,486		947,486	2,143,347	-	2,143,347
- Element of (loss) / income	(46,201)		(46,201)	286,483	-	286,483
Total proceeds on issuance of units	901,285	-	901,285	2,429,830	-	2,429,830
Redemption of 30,767,395 units (2021: 72,411,758 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,055,297	-	1,055,297	2,173,801	-	2,173,801
- Element of (loss) / income	(51,026)	-	(51,026)	245,532	25,988	271,520
Total payments on redemption of units	1,004,271	-	1,004,271	2,419,333	25,988	2,445,321
Total comprehensive (loss) / income for the year	-	(43,410)	(43,410)	-	57,935	57,935
Distribution during the year	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(43,410)	(43,410)	-	57,935	57,935
Net assets at the end of the year	871,748	(433,834)	437,914	974,734	(390,424)	584,310
Accumulated loss brought forward						
- Realised loss		(390,627)			(422,342)	
- Unrealised income / (loss)		203			(29)	
		<u>(390,424)</u>			<u>(422,371)</u>	
Accounting income available for distribution						
- Relating to capital gains		-			31,947	
- Excluding capital gains		-			-	
		-			31,947	
Net loss for the year after taxation		(43,410)			-	
Accumulated loss carried forward		<u>(433,834)</u>			<u>(390,424)</u>	
Accumulated loss carried forward						
- Realised loss		(386,180)			(390,627)	
- Unrealised (loss) / income		(47,654)			203	
		<u>(433,834)</u>			<u>(390,424)</u>	
			(Rupees)			(Rupees)
Net asset value per unit at the beginning of the year			<u>34.2992</u>			<u>30.0200</u>
Net asset value per unit at the end of the year			<u>31.5217</u>			<u>34.2992</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director



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

	Note	2022 (Rupees in '000)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / income for the year before taxation		(43,410)	57,935
Adjustments for:			
Amortisation of preliminary expenses and floatation costs	8.1	83	200
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	47,654	(203)
		4,327	57,932
Decrease / (increase) in assets			
Investments - net		100,349	(60,052)
Dividend receivable		1,567	(1,655)
Receivable against sale of investments		(6,571)	30,650
Advance, deposits and other receivable		1,032	33
		96,377	(31,024)
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(418)	(926)
Payable to Central Depository Company of Pakistan Limited - Trustee		(32)	9
Payable to Meezan Bank Limited		(31)	(312)
Payable to the Securities and Exchange Commission of Pakistan		(4)	(4)
Payable against purchase of investments - net		-	(2,776)
Accrued expenses and other liabilities		(2,810)	296
		(3,295)	(3,713)
Net cash generated from operating activities		97,409	23,195
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		909,475	2,429,803
Payment against redemption and conversion of units		(1,020,095)	(2,437,430)
Net cash used in financing activities		(110,620)	(7,627)
Net (decrease) / increase in cash and cash equivalents during the year		(13,211)	15,568
Cash and cash equivalents at the beginning of the year		18,782	3,214
Cash and cash equivalents at the end of the year	5	5,571	18,782

The annexed notes 1 to 27 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Energy Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 09, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on August 26, 2016 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. 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. The investment objectives and policies are explained in the Fund's offering document.

1.3 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The Fund is categorised as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by the SECP.

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

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

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the approved 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.2 and 6).

3.5 Accounting convention

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

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Equity instruments

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

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at 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.

4.2.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

4.2.4 Regular way contracts

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

4.2.5 Derecognition

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

4.3 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 value and subsequently stated at amortised cost.

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

4.4 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.

4.5 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.

4.6 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.

4.7 Issue and redemption of units

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

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

4.8 Distribution to unit holders

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

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

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

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

4.10 Revenue recognition

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

4.11 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.

4.12 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

4.13 Taxation

Current

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

Deferred

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

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

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

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

4.14 Earnings / (loss) per unit

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

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

4.15 Foreign currency translation

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

	Note	2022 (Rupees in '000)	2021
5			
BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	3,675	17,738
Current accounts		<u>1,896</u>	<u>1,044</u>
		<u>5,571</u>	<u>18,782</u>
5.1			
This includes a balance of Rs 3.337 million (2021: 16.421 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 4.29% to 16.25% (2021: 2.24% to 7.20%) per annum.			
	Note	2022	2021
		(Rupees in '000)	
6			
INVESTMENTS			
Investment at 'fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	6.1	<u>430,357</u>	<u>578,360</u>

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation / (diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
		----- (Number of shares) -----			----- (Rupees in '000) -----			----- % -----			
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (note 6.1.2)	57,143	21,040	-	28,759	49,424	77,836	85,985	8,149	19.64	19.99	0.04
Oil and Gas Development Company Limited	903,016	510,000	-	491,000	922,016	85,078	72,535	(12,543)	16.56	16.85	0.02
Pakistan Oilfields Limited (note 6.1.2)	226,280	86,137	-	120,700	191,717	74,941	77,800	2,859	17.77	18.08	0.07
Pakistan Petroleum Limited (note 6.1.2)	1,214,418	335,000	-	564,382	985,036	82,911	66,500	(16,411)	15.19	15.45	0.04
									69.16	70.37	0.17
Oil and Gas Marketing Companies											
Attock Petroleum Limited	31,500	-	-	-	31,500	10,112	10,121	9	2.31	2.35	0.03
Hascol Petroleum Limited	4,011	-	-	4,011	-	-	-	-	-	-	-
Hi-Tech Lubricants Limited	86,000	-	17,200	103,200	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.1.2 & 6.1.3)	363,878	122,000	-	310,000	175,878	35,015	30,223	(4,792)	6.90	7.02	0.04
Shell Pakistan Limited	23,800	-	-	23,800	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	487,300	315,000	-	480,000	322,300	14,517	11,026	(3,491)	2.52	2.56	0.05
Sui Southern Gas Company Limited	400,000	-	-	400,000	-	-	-	-	-	-	-
									11.73	11.93	0.12
Power Generation and Distribution											
The Hub Power Company Limited	526,444	465,000	-	335,000	656,444	51,521	44,750	(6,771)	10.22	10.41	0.05
K - Electric Limited (note 6.1.1)	2,953,500	1,300,000	-	1,700,000	2,553,500	9,992	7,763	(2,229)	1.77	1.80	0.01
									11.99	12.21	0.06
Refinery											
Attock Refinery Limited	39,500	39,500	-	53,500	25,500	4,132	4,482	350	1.02	1.04	0.01
Cnergyco PK Limited	1,330,000	1,800,000	-	533,000	2,597,000	26,744	13,868	(12,876)	3.17	3.22	0.02
National Refinery Limited	-	29,000	-	8,000	21,000	5,212	5,304	92	1.21	1.23	0.01
Pakistan Refinery Limited	-	330,000	-	330,000	-	-	-	-	-	-	-
									5.40	5.49	0.04
Total as at June 30, 2022						478,011	430,357	(47,654)	98.28	100.00	
Total as at June 30, 2021						578,157	578,360	203			

6.1.1 All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which has face value of Rs 3.5 each.

6.1.2 Investments include 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 4,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs 4.388 million, Rs. 10.754 million, Rs. 6.959 million and Rs. 0.859 million respectively as at June 30, 2022 (2021: 65,000 shares of Pakistan Petroleum Limited, 26,500 shares of Pakistan Oilfields Limited, 4,000 shares of Mari Petroleum Limited and 5,000 shares of Pakistan State Oil Company Limited, having market value of Rs 5.644 million, Rs. 10.437 million, Rs. 6.098 million and Rs. 1.121 million respectively) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

6.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies 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 had 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 had issued notices to the relevant parties and had ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period 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. 1.002 million (2021: Rs. 1.308 million).

	Note	2022 (Rupees in '000)	2021
6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1	430,357	578,360
Less: carrying value of investments	6.1	478,011	578,157
		<u>(47,654)</u>	<u>203</u>
7 ADVANCE, DEPOSITS AND OTHER RECEIVABLE			
Profit receivable on balances with banks		31	63
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		1,500	2,500
Advance tax	7.1	1,431	1,431
		<u>3,062</u>	<u>4,094</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on bank deposits amounts to Rs 1.431 million.

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

	Note	2022	2021
(Rupees in '000)			
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
At the beginning of the year		83	283
Less: amortisation during the year	8.1	83	200
At the end of the year		-	83

8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	2022	2021
(Rupees in '000)			
9 PAYABLE TO AI MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration payable	9.1	146	67
Sindh Sales Tax payable on remuneration of the Management Company	9.2	19	9
Allocated expenses payable	9.3	3	55
Selling and marketing expenses payable	9.4	148	601
Sales load payable		24	26
Sindh Sales Tax on sales load payable		3	3
		343	761

9.1 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 annual net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs 1.311 million (2021: Rs 1.368 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 1.301 million (2021: Rs 1.480 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, has charged such expenses at the following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets of the Fund	0.10% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

9.4 In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 0.4% (2021: 0.4%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

	Note	2022	2021
(Rupees in '000)			
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	10.1	72	100
Sindh Sales Tax payable on remuneration of the Trustee	10.2	9	13
		81	113

- 10.1 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	0.2% per annum of net assets
- Over Rs. 1,000 million	Rs. 2 million plus 0.1% per annum of net assets exceeding Rs 1,000 million.

- 10.2 During the year, an amount of Rs 0.131 million (2021: Rs 0.137 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 0.135 million (2021: Rs 0.136 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 11.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

	Note	2022	2021
(Rupees in '000)			
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		195	195
Printing charges payable		-	34
Shariah advisor fee payable		264	266
Charity payable	12.1	1,623	1,041
Capital gain tax payable		112	186
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	-	2,709
Brokerage payable		81	624
Zakat payable		-	30
		2,275	5,085

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

During the year ended June 30, 2022, Non-Shariah Compliant income amounting to Rs 1.732 million (2021: Rs 1.086 million) was charged as an expense in the books of the Fund, and Rs 1.350 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Afzaal Memorial Thalassemia Foundation	400
2	Health and Nutrition Development Society (HANDS)	950
	Total	1,350

- 12.2 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these financial statements of the Fund.

13 CONTINGENCIES AND COMMITMENTS

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

14 AUDITORS' REMUNERATION	2022	2021
	(Rupees in '000)	
Annual audit fee	213	212
Fee for half yearly review of condensed interim financial statements	74	54
Out of pocket expenses	16	18
	303	284

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.89% (2021: 4.34%) which includes 0.33% (2021: 0.60%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

16 TAXATION

- 16.1** The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

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

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

The details of 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)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	146	67
Sindh Sales Tax payable on remuneration of the Management Company	19	9
Allocated expenses payable	3	55
Selling and marketing expenses payable	148	601
Sales load payable	24	26
Sindh Sales Tax on sales load payable	3	3
Investment of 2,671,102 units (2021: 3,263,145 units)	84,198	111,923
Meezan Bank Limited		
Balances with bank	5,159	17,265
Profit receivable on savings account	20	16
Sales load payable	2	29
Sindh Sales Tax on sales load payable	-	4
Shariah advisor fee payable	264	266
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	72	100
Sindh Sales Tax payable on remuneration of the Trustee	9	13
Security deposit	100	100
Directors and executives of the Management Company		
Investment of 439,242 units (2021: 219,868 units)	13,846	7,541
Unit holders holding 10% or more of units of the Fund		
Investment of 4,134,635 units (2021: 4,298,505 units)	130,331	147,435
Transactions during the year		
	2022	2021
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	10,084	10,523
Sindh Sales Tax on remuneration of the Management Company	1,311	1,368
Allocated expenses	555	545
Selling and marketing expenses	2,017	2,105
Units issued: 149,173 units (2021: 431,954 units)	5,061	15,000
Units redeemed: 741,216 units (2021: 2,548,000 units)	25,000	85,000
Meezan Bank Limited		
Profit on savings account	217	251
Shariah advisor fee	537	537
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,008	1,052
Sindh Sales Tax on remuneration of the Trustee	131	137
CDS charges	34	93
Directors and executives of the Management Company		
Units issued: 682,933 units (2021: 1,825,628 units)	22,755	60,375
Units redeemed: 463,559 units (2021: 1,629,690 units)	15,138	56,406
Unit holders holding 10% or more of units of the Fund		
Units redeemed: 163,870 units (2021: nil units)	5,367	-

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	5,571	-	5,571
Investments	-	430,357	430,357
Receivable against conversion of units	61	-	61
Dividend receivable	197	-	197
Receivable against sale of investments	6,571	-	6,571
Deposits and other receivable	1,631	-	1,631
	<u>14,031</u>	<u>430,357</u>	<u>444,388</u>
Financial liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	343	-	343
Payable to Central Depository Company of Pakistan Limited - Trustee	81	-	81
Payable to Meezan Bank Limited	2	-	2
Payable against conversion and redemption of units	5,103	-	5,103
Accrued expenses and other liabilities	540	-	540
	<u>6,069</u>	<u>-</u>	<u>6,069</u>
	(Rupees in '000)		
	2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	18,782	-	18,782
Investments	-	578,360	578,360
Receivable against conversion of units	8,251	-	8,251
Dividend receivable	1,764	-	1,764
Deposits and other receivable	2,663	-	2,663
	<u>31,460</u>	<u>578,360</u>	<u>609,820</u>
Financial liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	761	-	761
Payable to Central Depository Company of Pakistan Limited - Trustee	113	-	113
Payable against conversion and redemption of units	20,927	-	20,927
Payable to Meezan Bank Limited	33	-	33
Accrued expenses and other liabilities	1,119	-	1,119
	<u>22,953</u>	<u>-</u>	<u>22,953</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

19.1 Market risk

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

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

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 0.037 million (2021: Rs. 0.177 million).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio 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.

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:

As at June 30, 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	4.29% - 16.25%	3,675	-	1,896	5,571
Investments		-	-	430,357	430,357
Receivable against conversion of units		-	-	61	61
Dividend receivable		-	-	197	197
Receivable against sale of investments		-	-	6,571	6,571
Deposits and other receivable		-	-	1,631	1,631
		3,675	-	440,713	444,388
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	343	343
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	81	81
Payable to Meezan Bank Limited		-	-	2	2
Payable against conversion and redemption of units		-	-	5,103	5,103
Accrued expenses and other liabilities		-	-	540	540
		-	-	6,069	6,069
On-balance sheet gap (a)		3,675	-	434,644	438,319
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a + b)		3,675	-	-	-
Cumulative profit rate sensitivity gap		3,675	3,675	3,675	-

As at June 30, 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	2.24% - 7.20%	17,738	-	-	1,044	18,782
Investments		-	-	-	578,360	578,360
Receivable against conversion of units		-	-	-	8,251	8,251
Dividend receivable		-	-	-	1,764	1,764
Deposits and other receivable		-	-	-	2,663	2,663
		17,738	-	-	592,082	609,820
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company		-	-	-	761	761
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	113	113
Payable against conversion and redemption of units		-	-	-	20,927	20,927
Payable to Meezan Bank Limited		-	-	-	33	33
Accrued expenses and other liabilities		-	-	-	1,119	1,119
		-	-	-	22,953	22,953
On-balance sheet gap (a)		17,738	-	-	569,129	586,867
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a + b)		17,738	-	-		
Cumulative profit rate sensitivity gap		17,738	17,738	17,738		

(ii) Currency risk

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

(iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 20% of net assets and issued capital of the investee company while there is no sector exposure limit.

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 4.304 million (2021: Rs. 5.784 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

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

19.2 Liquidity risk

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

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

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 redemption requests during the year ended June 30, 2022.

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 balances with banks have been included in the maturity grouping of one month:

As at 30 June, 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	5,571	-	-	-	-	5,571
Investments	-	-	-	-	430,357	430,357
Receivable against conversion of units	61	-	-	-	-	61
Dividend receivable	197	-	-	-	-	197
Receivable against sale of investments	6,571	-	-	-	-	6,571
Deposits and other receivable	31	-	-	-	1,600	1,631
	12,431	-	-	-	431,957	444,388
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	343	-	-	-	-	343
Payable to Central Depository Company of Pakistan Limited - Trustee	81	-	-	-	-	81
Payable to Meezan Bank Limited	2	-	-	-	-	2
Payable against redemption and conversion of units	5,103	-	-	-	-	5,103
Accrued expenses and other liabilities	-	540	-	-	-	540
	5,529	540	-	-	-	6,069
Net financial assets / (liabilities)	6,902	(540)	-	-	431,957	438,319
As at 30 June, 2021						
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	18,782	-	-	-	-	18,782
Investments	-	-	-	-	578,360	578,360
Receivable against conversion of units	8,251	-	-	-	-	8,251
Dividend receivable	1,764	-	-	-	-	1,764
Deposits and other receivable	63	-	-	-	2,600	2,663
	28,860	-	-	-	580,960	609,820
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	761	-	-	-	-	761
Payable to Central Depository Company of Pakistan Limited - Trustee	113	-	-	-	-	113
Payable against conversion and redemption of units	20,927	-	-	-	-	20,927
Payable to Meezan Bank Limited	33	-	-	-	-	33
Accrued expenses and other liabilities	-	1,119	-	-	-	1,119
	21,834	1,119	-	-	-	22,953
Net financial assets / (liabilities)	7,026	(1,119)	-	-	580,960	586,867

19.3 Credit risk

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

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

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

	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	5,571	5,571	18,782	18,782
Investments	430,357	-	578,360	-
Receivable against conversion of units	61	61	8,251	8,251
Dividend receivable	197	197	1,764	1,764
Receivable against sale of investments	6,571	6,571	-	-
Deposits and other receivable	1,631	1,631	2,663	2,663
	<u>444,388</u>	<u>14,031</u>	<u>609,820</u>	<u>31,460</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

19.3.2 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 related profit receivable thereon, dividend receivable and receivable against conversion of units and sale of investments. The credit rating profile of balances with banks is as follows:

Ratings	% of financial assets exposed to credit risk	
	2022	2021
AAA	93.44	92.16
AA+	5.88	6.92
A+	0.68	0.92
	<u>100.00</u>	<u>100.00</u>

19.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Individuals	1,421	330,245	75.41	1,413	420,616	71.98
Associated companies / Directors	1	84,198	19.23	2	117,719	20.15
Retirement funds	1	19,166	4.38			
Others	3	4,305	0.98	7	45,975	7.87
Total	1,426	437,914	100.00	1,422	584,310	100.00

23 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
Al Habib Capital Markets (Private) Limited	9.54%	Taurus Securities Limited	10.58%
Darson Securities Limited	7.80%	AKD Securities Limited	9.42%
AKD Securities Limited	7.00%	EFG Hermes Pakistan Limited	7.19%
Taurus Securities Limited	6.96%	Standard Capital Securities (Private) Limited	5.94%
BMA Capital Management Limited	6.45%	Spectrum Securities (Private) Limited	5.24%
KASB Securities (Private) Limited	6.25%	Intermarket Securities (Private) Limited	4.97%
Aba Ali Habib Securities (Private) Limited	6.01%	Optimus Capital Management (Private) Limited	4.65%
Intermarket Securities Limited	6.00%	Insight Securities (Private) Limited	4.07%
Summit Capital (Private) Limited	5.49%	Foundation Securities (Private) Limited	4.05%
AKIK Capital (Private) Limited	5.29%	Top Line Securities (Private) Limited	3.93%

24 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

24.2 The Fund Manager of the Fund is Mr. Ahmed Hassan. Other Funds being managed by the Fund Manager are as follows:

- Al Meezan Mutual Fund; and
- Meezan Tahaffuz Pension Fund

25 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	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

26 GENERAL

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

27 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

GASHERBRUM III-K3A

An investor's pursuit to scale the mountain of financial freedom requires unyielding determination.

Height 7,946 meters,
belongs to the range Baltoro Karakoram



MEEZAN PAKISTAN EXCHANGE TRADED FUND (MPETF)

Meezan Pakistan Exchange Traded Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index that has been constituted and is maintained by Al Meezan, and comprises of Shariah Compliant equity securities selected with high consideration towards market capitalization and traded value.



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

Meezan Bank Limited

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Pakistan Exchange Traded Fund

Type of Fund

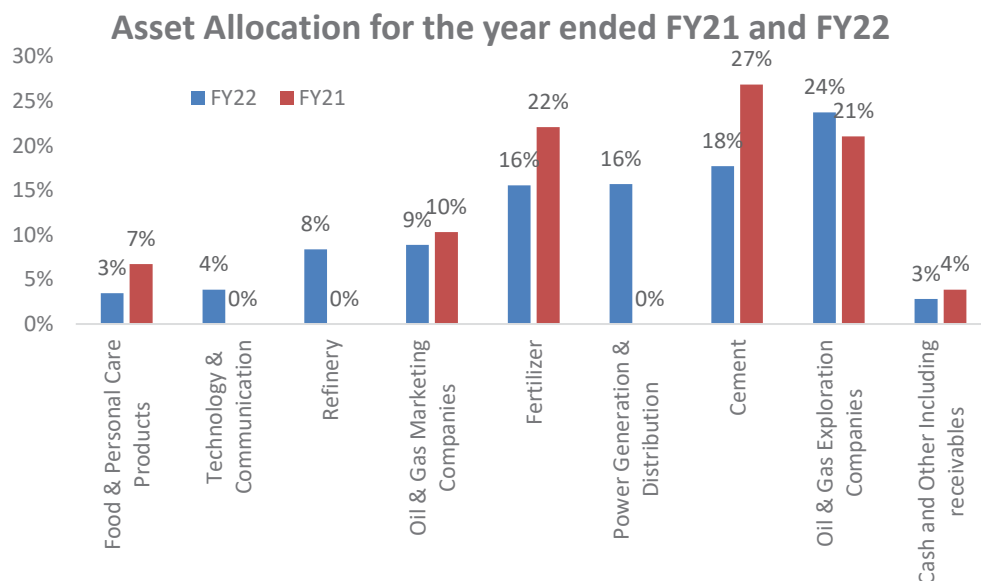
Open end Shariah Compliant Exchange Traded Scheme

Objective

Meezan Pakistan Exchange Traded Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index that has been constituted and is maintained by the Management Company, and comprises of Shariah compliant equity securities selected with high consideration towards market capitalization and traded Value.

Strategy, Investment Policy and Asset Allocation

The Fund shall invest in a particular basket of shariah compliant securities with a view to track the performance of a representative shariah compliant securities index. The Benchmark Index is called “Meezan Pakistan Index” and shall be constituted and periodically maintained by the Management Company in close collaboration with the Shariah Advisor of the Fund.



Performance Review

During FY22, Meezan Pakistan Exchange Traded Fund (MZNP-ETF) provided a negative return of 23.41% to its investors while Meezan Pakistan Index (MZNPI) depreciated -23.37% to close at 8,750 pts.

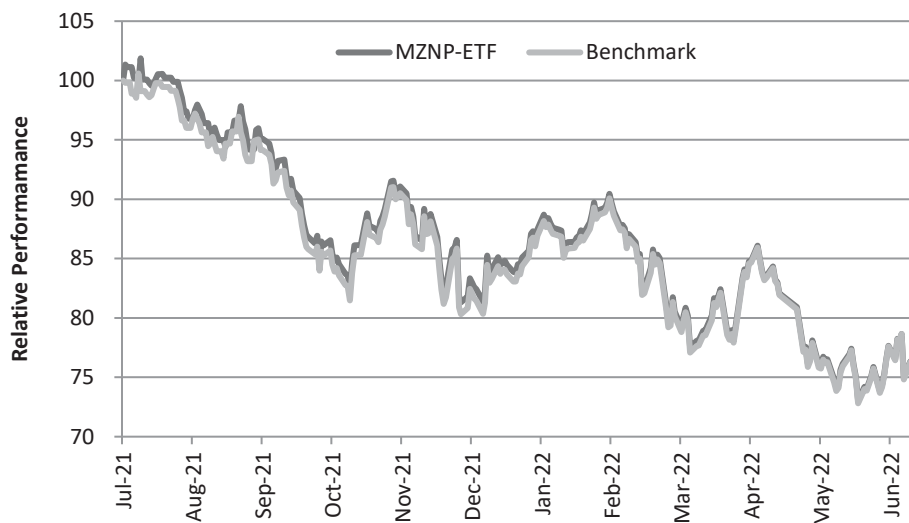
	MZNP-ETF	MZNPI (Benchmark)
Net Asset Value (NAV) as on June 30, 2021	10.34	11,272
Net Asset Value (NAV) as on June 30, 2022	7.92	8,750
Change (Points)	-2.42	-2,522
Return During the Period	-23.41%	-22.37%



Pure. Profit.



MP-ETF posted a total loss of Rs. 20 million during FY22 as compared to a total Income of Rs. 5 million last year. Total Income comprised of realized loss and unrealized capital loss on investments of Rs. 5 million and Rs. 20 million respectively. Dividend income contributed Rs. 5 million to income, while profit on saving accounts with banks amounted to Rs. 0.06 million. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 29 million. The net assets of the Fund as at June 30, 2022 were Rs. 94 million as compared to Rs. 39 million at the end of last year depicting an increase of 138%. The net asset value per unit as at June 30, 2022 was Rs. 7.91.



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. 0.20 million was accrued as charity payable.

Distributions

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

SWWF Disclosure:

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MPETF amounting to Rs. 0.12 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 MPETF by 0.18%. 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	0
10,000 - 49,999	0
50,000 - 99,999	2
100,000 - 499,999	455
500,000 and above	641
Total	1,098



Pure. Profit.



Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	5	5	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
Net assets (Rs. '000) (ex-distribution)	93,680	39,287
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	7.9189	10.3387
Offer price per unit as at June 30, (Rs.) (ex-distribution)	7.9189	10.3387
Highest offer price per unit (Rs.)	10.5321	12.117
Lowest offer price per unit (Rs.)	7.5509	9.9137
Highest redemption price per unit (Rs.)	10.5321	12.117
Lowest redemption price per unit (Rs.)	7.5509	9.9137
Distribution (%)		
Interim	N/A	12.50
Final	N/A	-
Date of distribution		
Interim	N/A	June 25, 2021
Final		
Total return (%)	-23.41	15.57
	One Year	Two Year
Average annual return as at June 30, 2022 (%)	-23.41%	-5.92%

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 Pakistan Exchange Traded Fund

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

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Fifth year of operations of Meezan Pakistan Exchange Traded Fund (MPETF) 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 in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MPETF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MPETF 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)	(ii)**	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	272.42
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20



The Hub Power Company Ltd.	Power Generation	33.91%	3.85%	4.50%	58.76%	(42.73)	71.34
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04
Pakistan State Oil Ltd.	Oil and Gas Marketing Companies	32.44%	0.00%	0.63%	39.97%	(133.30)	181.89
Lucky Cement	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.
** 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 MPETF 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 MPETF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN PAKISTAN EXCHANGE TRADED 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 Pakistan Exchange Traded 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 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 23, 2022



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Pakistan Exchange Traded Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Pakistan Exchange Traded 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 91.324 million and balances with banks aggregated to Rs 2.621 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.

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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: AR2022100812lrjfM3sK

**MEEZAN PAKISTAN EXCHANGE TRADED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**



	Note	2022 (Rupees in '000)	2021
Assets			
Balances with bank	5	2,621	1,208
Investments	6	91,324	38,827
Dividend receivable		-	295
Other receivables	7	13	57
Total assets		93,958	40,387
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	9	1
Payable to Central Depository Company of Pakistan Limited - Trustee	9	8	5
Payable to the Securities and Exchange Commission of Pakistan	10	17	5
Accrued expenses and other liabilities	11	244	1,089
Total liabilities		278	1,100
Net assets		93,680	39,287
Unit holders' fund (as per statement attached)		93,680	39,287
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue		11,830,000	3,800,000
		(Rupees)	
Net asset value per unit		7.9189	10.3387

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

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

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	For the year ended June 30, 2022	For the period from October 06, 2020 to June 30, 2021
Note	(Rupees in '000)	
Income		
Dividend income	4,963	1,708
Profit on savings accounts with bank	64	27
	5,027	1,735
Net realised (loss) / gain on sale of investments	(5,008)	1,787
Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	6.2 (20,076)	1,186
	(25,084)	2,973
Total (loss) / income	(20,057)	4,708
Expenses		
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1 416	133
Sindh Sales Tax on remuneration of the Management Company	8.2 54	17
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1 83	28
Sindh Sales Tax on remuneration of the Trustee	9.2 11	4
Annual fee to the Securities and Exchange Commission of Pakistan	10.1 17	5
Auditors' remuneration	13 147	100
Charity expense	11.1 204	40
Fees and subscription	12	12
Brokerage expense	77	14
Bank and settlement charges	6	23
Legal and professional charges	184	-
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	(123)	123
Total expenses	1,088	499
Net (loss) / income from operating activities for the year / period	(21,145)	4,209
Element of (loss) / income and capital (losses) / gains included in price of units issued less those in units redeemed - net	(7,481)	1,828
Net (loss) / income for the year / period before taxation	(28,626)	6,037
Taxation	15 -	-
Net (loss) / income for the year / period after taxation	(28,626)	6,037
Accounting income available for distribution		
- Relating to capital gains	-	2,973
- Excluding capital gains	-	3,064
	-	6,037

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

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

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**



	For the year ended June 30, 2022	For the period from October 06, 2020 to June 30, 2021
	(Rupees in '000)	
Net (loss) / income for the year / period after taxation	(28,626)	6,037
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year / period	(28,626)	6,037

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

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

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN PAKISTAN EXCHANGE TRADED FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**



	For the year ended June 30, 2022	For the period from October 06, 2020 to June 30, 2021
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year / period before taxation	(28,626)	6,037
Adjustments for:		
Net unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	20,076	(1,186)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	7,481 (1,069)	(1,828) 3,023
(Increase) / decrease in assets		
Investments - net	(72,573)	(37,641)
Dividend receivable	295	(295)
Other receivables	44	(57)
	(72,234)	(37,993)
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	8	1
Payable to Central Depository Company of Pakistan Limited - Trustee	3	5
Payable to the Securities and Exchange Commission of Pakistan	12	5
Accrued expenses and other liabilities	(845) (822)	1,089 1,100
Net cash used in operating activities	(74,125)	(33,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	108,987	80,085
Payment against redemption and conversion of units	(33,449)	(40,257)
Dividend paid	-	(4,750)
Net cash generated from financing activities	75,538	35,078
Net increase in cash and cash equivalents during the year / period	1,413	-
Cash and cash equivalents at the beginning of the year / period	1,208	1,208
Cash and cash equivalents at the end of the year / period	5 2,621	1,208

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

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

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN PAKISTAN EXCHANGE TRADED 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 Pakistan Exchange Traded Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on January 9, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on January 3, 2020 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The Fund commenced its operations from October 6, 2020. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund is a Shariah Compliant Exchange Traded Fund that aims to provide investors an opportunity to track the performance of Meezan Pakistan Index (MZNPI) that has been constituted and is maintained by the Management Company, and comprises of 12 shariah compliant equity securities selected with high consideration towards market capitalisation and traded value. 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. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is a hybrid type of fund having features of both open and closed end funds. A new concept of "Authorised Participants "APs" has been introduced who will act as market makers. The Management Company will only have contact with the APs for issuance and redemption of units. The units of the Fund are tradeable in the Pakistan Stock Exchange Limited (PSX). The APs to whom the units are issued may either keep the units with themselves or trade in the PSX. Consequently, upon trading, the holder of the units keeps on changing. Moreover, on issuance and redemption of units, the basket of shares will be exchanged between AP and Management Company and cash will be paid / received if there is a difference in the applicable net asset value of a creation unit and the market value of the portfolio deposit.

1.4 The Fund is an Open Ended Exchange Traded Mutual Fund categorised as "Listed Index Tracking Fund" and is listed on Pakistan Stock Exchange (PSX) Limited.

1.5 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AA(f) dated January 12, 2021).

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed 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 and valuation of financial assets (notes 4.2 and 6).

3.5 Accounting convention

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

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Equity instruments

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

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at 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.

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 equity securities as being managed as a group of assets and hence has classified them as FVPL.

4.2.3 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.

4.2.4 Regular way contracts

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

4.2.5 Derecognition

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

4.3 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 value and subsequently stated at amortised cost.

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

4.4 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.

4.5 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.

4.6 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.

4.7 Issue and redemption of units

Authorised Participants (APs) can purchase the units at the offer price and redeem at the redemption price at any of the authorised distribution offices during business hours.

The offer price shall be equal to the sum of:

- The Net Asset Value (NAV) as of the close of the previous business day (historical pricing); and
- Such amount as the Management Company may consider an appropriate provision for duties and charges.

Units of the Fund may be acquired or redeemed directly from the Fund only in Creation Units lot size or multiples thereof as mentioned in the Offering Document. Investors can sell the units at market prices on PSX which may be above or below actual NAV of the Fund.

4.8 Distribution to unit holders

Distribution to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company.

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.

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

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period.

As clarified by the SECP vide its letter no. SCD/AMCW/ETF/240/2020 dated March 2, 2020, element of income in case of Exchange Traded Funds shall be taken to Income Statement both at the time of issuance and redemption of units to the extent it pertains to the Income Statement.

4.10 Revenue recognition

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

4.11 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.

4.12 Taxation

Current

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

Deferred

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

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

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

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

4.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) for 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.

4.14 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 BANK	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
	Balances with bank in:			
	Savings accounts	5.1	2,505	1,186
	Current account		116	22
			2,621	1,208
5.1	This represents balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum.			
6	INVESTMENTS	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
	At fair value through profit or loss			
	Shares of listed companies - 'ordinary shares'	6.1	91,324	38,827

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised (diminution) / appreciation as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
						Number of shares		(Rupees in '000)		%	
Cement											
D.G. Khan Cement Company Limited	18,550	52,680	-	20,361	50,869	4,725	3,179	(1,546)	3.39	3.48	0.01
Lucky Cement Limited	7,700	23,636	-	8,859	22,477	16,475	10,318	(6,157)	11.01	11.30	0.01
Maple Leaf Cement Factory Limited	42,700	119,264	-	47,213	114,751	4,458	3,138	(1,320)	3.35	3.44	0.01
									17.75	18.22	0.03
Engineering											
International Steels Limited	17,850	8,602	-	26,452	-	-	-	-	-	-	-
									-	-	-
Fertilizer											
Engro Corporation Limited	17,500	61,262	-	21,978	56,784	16,089	14,599	(1,490)	15.58	15.99	0.01
Engro Fertilizer Company Limited	53,550	26,180	-	79,730	-	-	-	-	-	-	-
									15.58	15.99	0.01
Food and Personal Care Products											
Unity Foods Limited	60,900	156,352	20,806	76,475	161,583	5,363	3,243	(2,120)	3.46	3.55	0.01
									3.46	3.55	0.01
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited *	32,550	163,637	-	45,946	150,241	13,389	11,819	(1,570)	12.62	12.94	-
Pakistan Oilfields Limited	6,300	2,992	-	9,292	-	-	-	-	-	-	-
Pakistan Petroleum Limited	33,600	168,780	-	47,407	154,973	12,407	10,462	(1,945)	11.17	11.46	0.01
									23.79	24.40	0.01
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	18,550	50,696	-	20,743	48,503	9,704	8,335	(1,369)	8.90	9.13	0.01
									8.90	9.13	0.01
Pharmaceuticals											
The Searle Company Limited	8,400	14,122	5,616	28,138	-	-	-	-	-	-	-
									-	-	-
Power Generation and Distribution											
The Hub Power Company Limited	-	277,428	-	60,939	216,489	16,304	14,758	(1,546)	15.75	16.16	0.02
									15.75	16.16	0.02
Refinery											
Attock Refinery Limited	-	33,352	-	7,326	26,026	4,677	4,575	(102)	4.88	5.01	0.02
National Refinery Limited	-	16,676	-	3,663	13,013	4,226	3,287	(939)	3.51	3.60	0.02
									8.39	8.61	0.04
Technology and Communication											
Avanceon Limited	-	48,513	8,608	10,777	46,344	3,583	3,611	28	3.85	3.95	0.01
									3.85	3.95	0.01
Right certificates											
Food and Personal Care Products											
Unity Foods limited	-	-	20,806	20,806	-	-	-	-	-	-	-
									-	-	-
Total as at June 30, 2022						111,400	91,324	(20,076)	97.47	100.00	
Total as at June 30, 2021						37,641	38,827	1,186	98.83	100.00	

* Nil figures due to rounding off

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

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'			
Market value of investments	6.1	91,324	38,827
Less: carrying value of investments	6.1	111,400	37,641
		<u>(20,076)</u>	<u>1,186</u>

7 OTHER RECEIVABLES

Profit receivable on balances with banks		13	24
Receivable from JS Global Capital Limited		-	33
		<u>13</u>	<u>57</u>

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration payable	8.1	8	1
Sindh Sales Tax payable on remuneration of the Management Company	8.2	1	-
		<u>9</u>	<u>1</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 0.5% (2021: 0.5%) per annum of the daily bank balances 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 0.054 million (2021: Rs 0.017 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.053 million (2021: Rs 0.017 million) has been paid to the Management Company which acts as a collecting agent.

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	7	4
Sindh Sales Tax payable on remuneration of the Trustee	9.2	1	1
		<u>8</u>	<u>5</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, with effect from October 1, 2021, the Trustee has revised its tariff as follows:

Previous Tariff		Revised Tariff (Flat Rate)
Net assets (Rs.)	Fee	
- up to Rs. 1 billion	0.20% per annum of net assets	0.10% per annum of net assets
- exceeding Rs 1 billion	Rupees 2.0 million plus 0.10% per annum of net assets, exceeding Rs.1,000 million	

Accordingly, the Fund has charged trustee fee at the rate 0.10 percent per annum of net assets during the year with effect from October 1, 2021.

9.2 During the year, an amount of Rs 0.011 million (2021: Rs 0.004 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 0.011 million (2021: Rs 0.003 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
(Rupees in '000)			
Auditors' remuneration payable		100	100
Charity payable	11.1	144	40
Brokerage payable		-	5
Withholding tax payable		-	737
Zakat payable		-	80
Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	-	123
Others		-	4
		244	1,089

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

During the year ended June 30, 2022, Non-Shariah Compliant income amounting to Rs 0.204 million (2021: Rs 0.040 million) was charged as an expense in the books of the Fund, and Rs 0.100 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable organisation	Amount Rupees in '000
1	Jamiyat Punjabi Saudagran-e-Delhi	100

- 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these financial statements of the Fund.

12 CONTINGENCIES AND COMMITMENTS

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

13 AUDITORS' REMUNERATION

	For the year ended June 30, 2022	For the period from October 06, 2020 to June 30, 2021
(Rupees in '000)		
Annual audit fee	107	100
Fee for half yearly review of condensed interim financial statements	33	-
Out of pocket expenses	7	-
	147	100

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.46% (2021: 1.42%) which includes 0.11% (2021: 0.43%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Index Tracker Scheme'.

15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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 CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

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

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

The details of 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)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	8	1
Sindh Sales Tax payable on remuneration of the Management Company	1	-
Investment of 1,000,000 units (2021: 1,000,000 units)	7,919	10,741
Meezan Bank Limited		
Balances with bank	2,621	1,208
Profit receivable on savings accounts	13	24
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	7	4
Sindh Sales Tax payable on remuneration of the Trustee	1	1

Transactions during the year

	For the year ended June 30, 2022	For the period from October 06, 2020 to June 30, 2021
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	416	133
Sindh Sales Tax on remuneration of the Management Company	54	17
Units issued: nil units (2021: 1,000,000 units)	-	10,015
Meezan Bank Limited		
Profit on savings accounts	64	27
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	83	28
Sindh Sales Tax on remuneration of the Trustee	11	4
CDS charges	6	5

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June, 2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with bank	2,621	-	2,621
Investments	-	91,324	91,324
Other receivables	13	-	13
	2,634	91,324	93,958
Financial liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	9	-	9
Payable to Central Depository Company of Pakistan Limited - Trustee	8	-	8
Accrued expenses and other liabilities	100	-	100
	117	-	117

	As at 30 June, 2021		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with bank	1,208	-	1,208
Investments	-	38,827	38,827
Dividend receivable	295	-	295
Other receivables	57	-	57
	1,560	38,827	40,387
Financial liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	1	-	1
Payable to Central Depository Company of Pakistan Limited - Trustee	5	-	5
Accrued expenses and other liabilities	109	-	109
	115	-	115

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market Risk

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

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

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

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with bank. 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 bank 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 (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 0.025 million (2021: Rs. 0.012 million).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio 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.

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:

As at June 30, 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	6.01%	2,505	-	-	116	2,621
Investments		-	-	-	91,324	91,324
Other receivables		-	-	-	13	13
		2,505	-	-	91,453	93,958
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9	9
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	8	8
Accrued expenses and other liabilities		-	-	-	100	100
		-	-	-	117	117
On-balance sheet gap (a)		2,505	-	-	91,336	93,841
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a + b)		2,505	-	-		
Cumulative profit rate sensitivity gap		2,505	2,505	2,505		

As at June 30, 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	2.50%	1,186	-	-	22	1,208
Investments		-	-	-	38,827	38,827
Dividend receivable		-	-	-	295	295
Other receivables		-	-	-	57	57
		1,186	-	-	39,201	40,387
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1	1
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	5	5
Accrued expenses and other liabilities		-	-	-	109	109
		-	-	-	115	115
On-balance sheet gap (a)		1,186	-	-	39,086	40,272
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a + b)		1,186	-	-		
Cumulative profit rate sensitivity gap		1,186	1,186	1,186		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in MZNPI on June 30, 2022 with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 0.913 million (2021: Rs. 0.388 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

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

18.2 Liquidity risk

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

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

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 redemption requests during the year ended June 30, 2022.

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 balances with banks have been included in the maturity grouping of one month:

As at 30 June, 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	2,621	-	-	-	-	2,621
Investments	-	-	-	-	91,324	91,324
Other receivables	13	-	-	-	-	13
	2,634	-	-	-	91,324	93,958
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	9	-	-	-	-	9
Payable to Central Depository Company of Pakistan Limited - Trustee	8	-	-	-	-	8
Accrued expenses and other liabilities	-	100	-	-	-	100
	17	100	-	-	-	117
Net financial assets / (liabilities)	2,617	(100)	-	-	91,324	93,841

As at 30 June, 2021						
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	1,208	-	-	-	-	1,208
Investments	-	-	-	-	38,827	38,827
Dividend receivable	295	-	-	-	-	295
Other receivables	57	-	-	-	-	57
	1,560	-	-	-	38,827	40,387
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	1	-	-	-	-	1
Payable to Central Depository Company of Pakistan Limited - Trustee	5	-	-	-	-	5
Accrued expenses and other liabilities	5	104	-	-	-	109
	11	104	-	-	-	115
Net financial assets / (liabilities)	1,549	(104)	-	-	38,827	40,272

18.3 Credit risk

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

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

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

	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)		(Rupees in '000)	
Balances with bank	2,621	2,621	1,208	1,208
Investments	91,324	-	38,827	-
Dividend receivable	-	-	295	295
Other receivables	13	13	57	57
	<u>93,958</u>	<u>2,634</u>	<u>40,387</u>	<u>1,560</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

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

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	<u>100.00%</u>	<u>100.00%</u>

18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

19 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.

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.

20 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 and June 30, 2021, the Fund held the following financial instruments measured €

ASSETS	2022			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Financial assets 'at fair value through profit or loss'				
Shares of listed companies - 'ordinary shares'	91,324	-	-	91,324
	<u>91,324</u>	<u>-</u>	<u>-</u>	<u>91,324</u>
ASSETS	2021			
	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Financial assets 'at fair value through profit or loss'				
Shares of listed companies - 'ordinary shares'	38,827	-	-	38,827
	<u>38,827</u>	<u>-</u>	<u>-</u>	<u>38,827</u>

21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	%		(Rupees in '000)	%
Individuals	1,092	73,887	78.87%	268	14,169	36.06%
Associated companies /						
Directors	1	7,919	8.45%	1	10,339	26.32%
Joint stock companies	3	7,285	7.78%	-	-	-
Others	2	4,589	4.90%	3	14,779	37.62%
Total	<u>1,098</u>	<u>93,680</u>	<u>100.00%</u>	<u>272</u>	<u>39,287</u>	<u>100.00%</u>

22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	69.89	JS Global Capital Limited	100
Adam Securities Limited	30.11		

23 INVESTMENT COMMITTEE MEMBERS

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

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

The Fund Manager of the Fund is Mr. Ali Khan. Other Fund being managed by the Fund Manager is Meezan Gold Fund.

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

24.1 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	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

25 GENERAL

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

26 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Executive Officer

Chief Financial Officer

Director



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

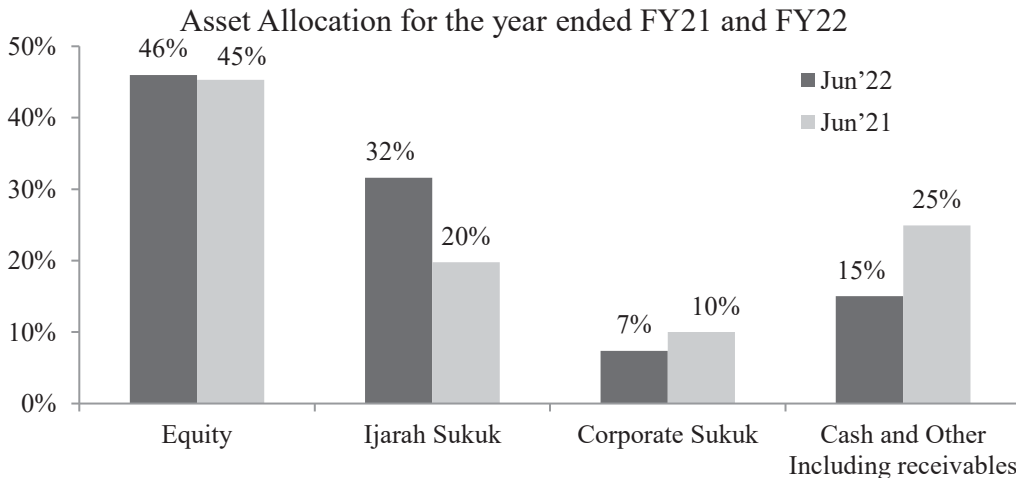
The objective of MBF is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic fixed income avenues such as Sukuk (Islamic Bonds), Musharaka and Murabaha instruments, Shariah compliant spread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



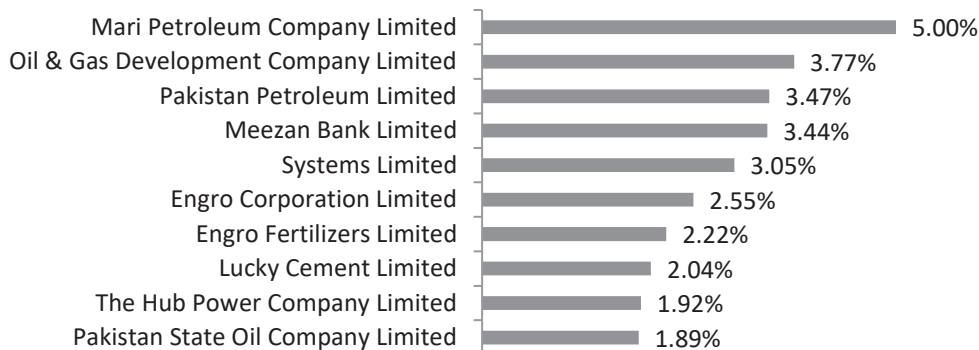


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The fund maintained significant exposure to the Oil and Gas Exploration sector which was raised in FY22 in wake of rising commodity prices and sharp PKR devaluation. Exposure to cement sector was simultaneously reduced in light rapid tightening undertaken 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%

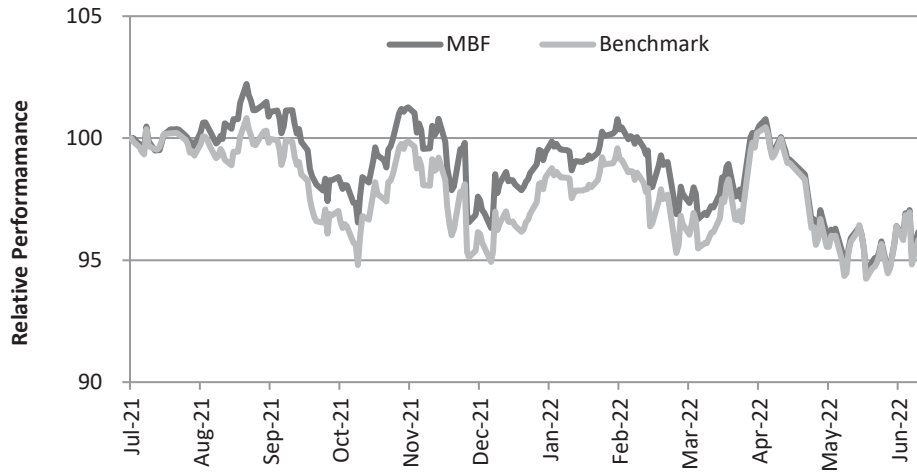
MBF posted a total income of Rs. 0.378 million in the fiscal year 2022 as compared to a total income of Rs. 894 million last year. Total income comprised of realized and unrealized loss on investments of Rs. 145 million and Rs. 184 million respectively. Dividend income contributed Rs. 130 million to 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 Shakra-e-Faisal
Karachi - 74400, Pakistan.

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN 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 AI 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 AI 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
		<u>94,860</u>	<u>299,781</u>
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)
		<u>1,147,145</u>	<u>(31,036)</u>
(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)
		<u>(85,125)</u>	<u>6,697</u>
Net cash generated from operating activities		<u>1,156,880</u>	<u>275,442</u>
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		<u>(1,957,972)</u>	<u>55,018</u>
Net (decrease) / increase in cash and cash equivalents		<u>(801,092)</u>	<u>330,460</u>
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	<u><u>314,974</u></u>	<u><u>1,116,066</u></u>

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

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

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-Tahur 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 - XXII 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') -----			----- % -----		
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
		25,094	77,868

- 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
		3,432	12,761

- 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					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	
(Rupees in '000')						
Financial assets						
Balances with banks	314,974	-	-	-	-	314,974
Investments	415,516	201,396	300,686	197,506	-	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	-	-	23,521
	736,991	210,887	308,191	197,506	-	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	-	2,679,359

	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	1,130,499	823	140,053	876,717	448,181	2,216,432	4,812,705

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
	2,698,172	1,257,015	4,866,394	2,164,311

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%
Alfalah 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



Al Meezan
Investment Management Ltd.

BATURA SAR

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

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



MEEZAN ASSET ALLOCATION FUND (MAAF)

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



FUND INFORMATION

MANAGEMENT COMPANY

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

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

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



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

Objective

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

Investment Policy and Strategy

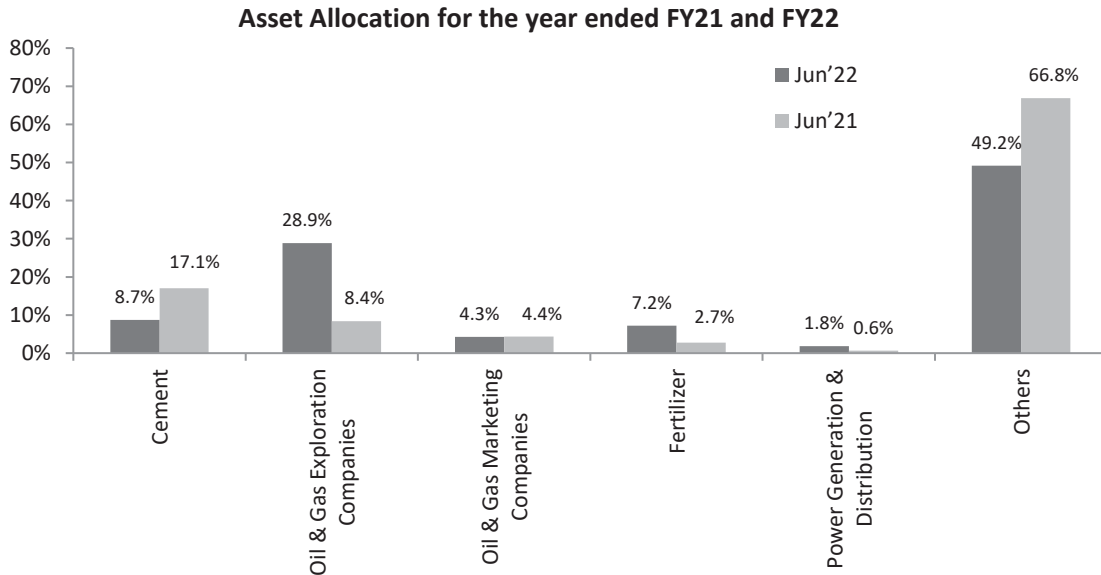
Based on the Fund Manager’s outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall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

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

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

Asset Allocation

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

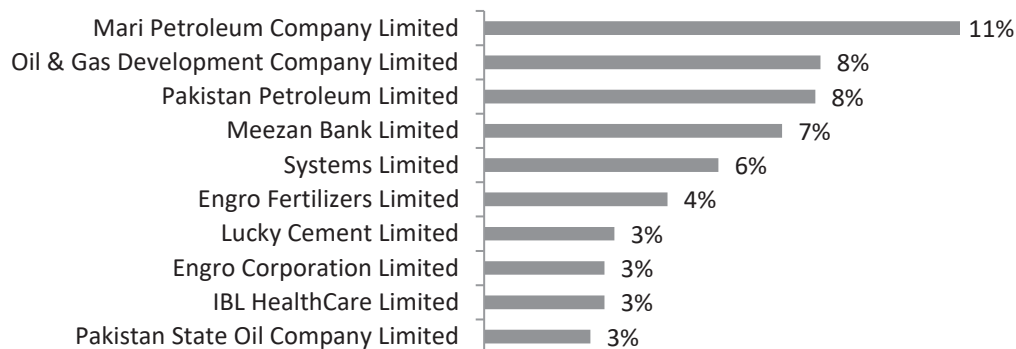




Pure. Profit.



Top Holdings



Performance Review

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

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

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

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

Charity Statement

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

Distributions

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



Pure. Profit.



SWWF Disclosure

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

Breakdown of unit holdings by size:

(As on June 30, 2021)

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

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	15	15	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.



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

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

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Sixth year of operations of Meezan Asset Allocation Fund (MAAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *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 in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

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

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



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

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

** All interest based debts.

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

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

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

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ASSET ALLOCATION FUND

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

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

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 14, 2022



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	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 759.097 million and balances with banks aggregated to Rs 94.883 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2022 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">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.

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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.

AGB



- 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: AR202210081iffqrtQ5m



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

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

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

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

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

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

Chief Executive Officer

Chief Financial Officer

Director



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

	2022	2021
	----- Rupees in '000-----	
Net (loss) / income for the year after taxation	(259,061)	453,722
Other comprehensive income for the year	-	-
Total comprehensive (loss) / income for the year	<u><u>(259,061)</u></u>	<u><u>453,722</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

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

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

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

Chief Executive Officer

Chief Financial Officer

Director



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

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

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 16, 2015 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

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

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

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

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

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

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

3.4 Critical accounting estimates and judgments

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

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

3.5 Accounting convention

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

3.6 Functional and presentation currency

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Initial recognition and measurement

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

4.3.2 Classification and subsequent measurement

a) Equity instruments

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

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

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

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

a) Debt instruments

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

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

based on the business model of the entity

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

b) Impairment

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

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

c) Impairment loss on debt securities

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

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

4.3.3 Regular way contracts

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

4.3.4 Derecognition

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

4.4 Financial liabilities

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

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

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Provisions

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

4.7 Net asset value per unit

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

4.8 Issue and redemption of units

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

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

4.9 Distributions to unit holders

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

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

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

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

4.11 Revenue recognition

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

4.12 Expenses

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

4.13 Preliminary expenses and floatation costs

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

4.14 Taxation

Current

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

Deferred

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

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

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

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

4.15 Earnings / (loss) per unit

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

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

4.16 Foreign currency translation

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

5 BALANCES WITH BANKS

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

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

6 INVESTMENTS

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

6.1 Investments in equity securities - listed

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

12 CONTINGENCIES AND COMMITMENTS

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

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

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.59% (2021: 3.88%) which includes 0.28% (2021: 0.89%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation scheme.

15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

Balances

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

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

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

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

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

Rupees in '000

Financial liabilities

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

Net financial assets / (liabilities)

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

Rupees in '000

Financial assets

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

Financial liabilities

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

Net financial assets / (liabilities)

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

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

18.1 Market risk

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

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

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

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

b) Sensitivity analysis for fixed rate instruments

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

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

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

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

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

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

(ii) Currency risk

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

(iii) Price risk

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

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

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

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

18.2 Liquidity risk

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

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

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

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

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

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

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

18.3 Credit risk

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

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

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

18.3.2 Credit quality of financial assets

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

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

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

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
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	759,097	-	-
	2021		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	1,423,402	-	-

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 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount	Percentage of total (%)	Number of unit holders	Investment amount	Percentage of total (%)
	(Rupees in '000)			(Rupees in '000)		
Individuals	1,331	465,705	54.78	1,422	941,100	56.28
Private Companies	5	26,347	3.10	6	206,571	12.35
Retirement Funds	21	315,362	37.09	23	454,663	27.19
Others	4	42,771	5.03	5	69,897	4.18
	1,361	850,185	100.00%	1,456	1,672,231	100.00%

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

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

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

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

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

24 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

25 DATE OF AUTHORISATION FOR ISSUE

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

26 GENERAL

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

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

Chief Executive Officer

Chief Financial Officer

Director

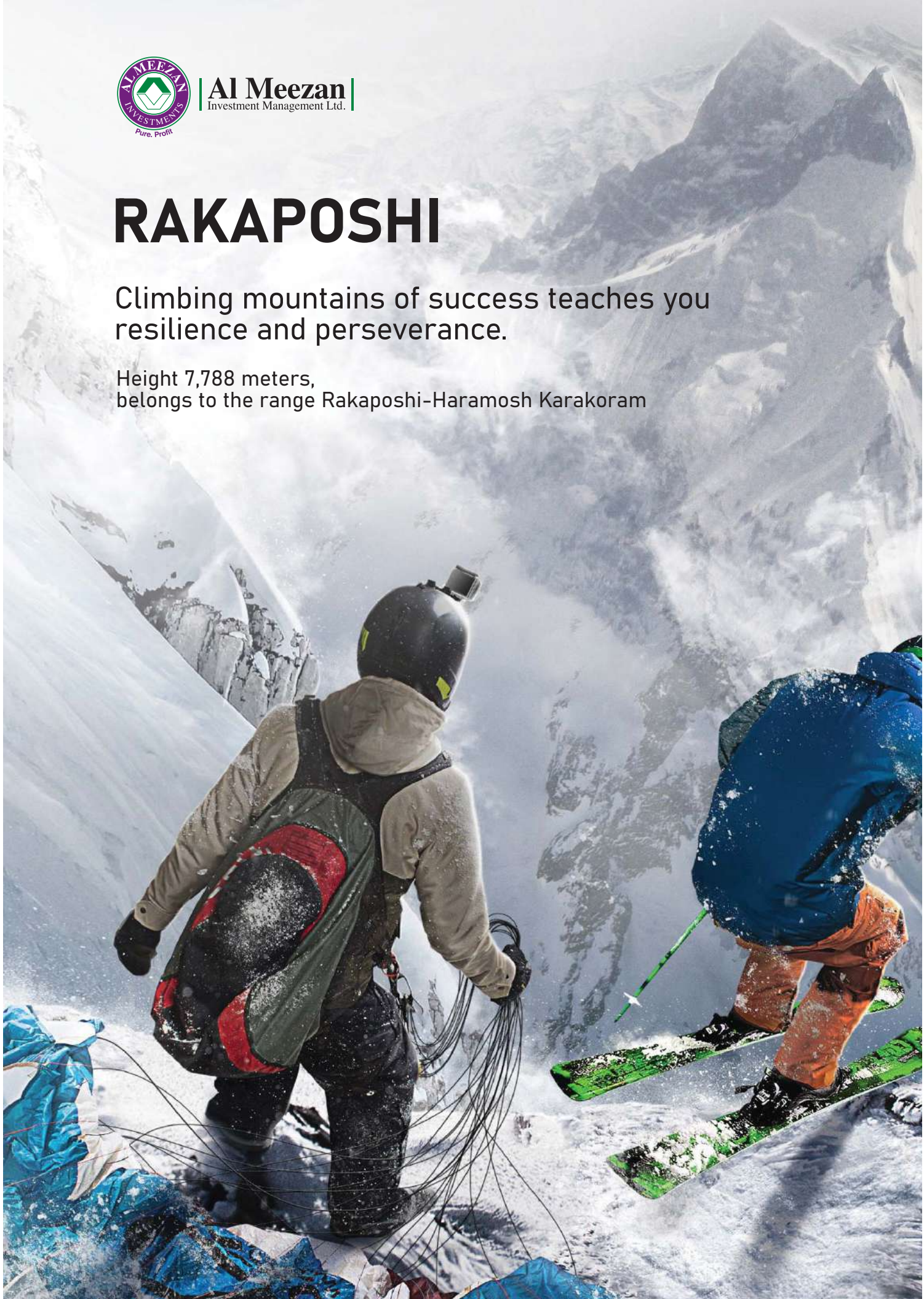


Al Meezan
Investment Management Ltd.

RAKAPOSHI

Climbing mountains of success teaches you resilience and perseverance.

Height 7,788 meters,
belongs to the range Rakaposhi-Haramosh Karakoram



MEEZAN DEDICATED EQUITY FUND (MDEF)

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated platform to seek long term capital appreciation.



FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
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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

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

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Dedicated Equity Fund

Type of Fund

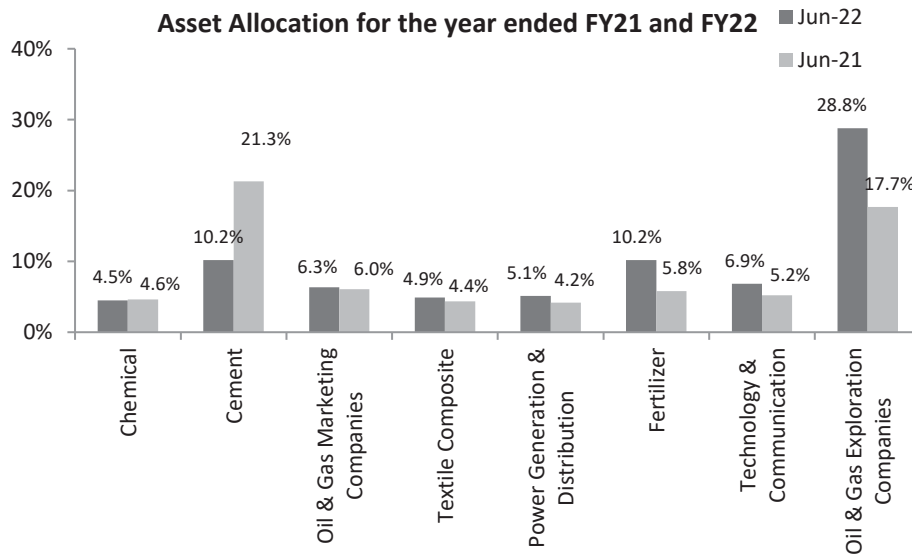
Open end Shariah Compliant Equity Scheme

Objective

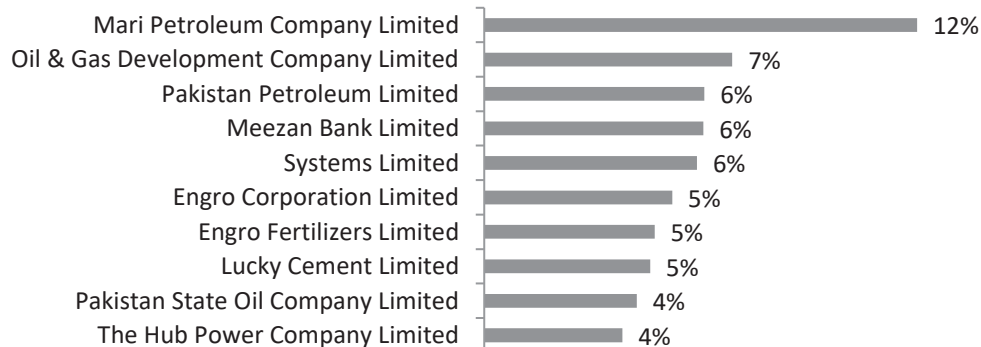
The investment objective of the fund is to provide Fund of Funds schemes a dedicated equity platform to seek long term capital appreciation.

Investment Policy

It primarily invests in Shariah compliant listed equity securities or securities whose listing has been approved by the exchange. In case the fund manager expects the stock market to drop, based on his analysis of macroeconomic factors such as interest rates, economic growth rates, political climate, corporate earnings, stock market valuations, etc., the portfolio may be temporarily allocated to other allowable asset classes, subject to the prescribed limits.



Top Holdings





Pure. Profit.

Performance Review

During fiscal year 2022, Meezan Dedicated Fund (MDEF) provided a negative return of 14.26% to its investors while KSE Meezan Index (KMI 30) – Benchmark depreciated by -10.25% to close at 68,766 pts.

	MDEF	KMI-30 (Benchmark)
Net Asset Value (NAV) as on June 30, 2021 –Rs.	46.91	76,622
Net Asset Value (NAV) as on June 30, 2022 –Rs.	40.22	68,766
Change (Points)	-6.69	-7,855
Return During the Period	-14.26%	-10.25%

MDEF posted a total loss of Rs. 108 million in FY22. Total loss comprised of realised loss and unrealized loss on investments of Rs. 43 million and Rs. 123 million respectively. Dividend income contributed Rs. 56 million to income while profit on saving accounts with banks amounted to Rs. 2 million. After accounting for expenses of Rs. 26 million, the Fund posted a net loss of Rs. 134 million. The net assets of the Fund as at June 30, 2022 were Rs. 753 million as compared to Rs. 1,015 million at the end of last year depicting a decrease of 26%. The net asset value per unit as at June 30, 2022 was Rs. 40.2161 as compared to Rs. 46.9066 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 period ended June 30, 2022 an amount of Rs. 1.362 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 MDEF amounting to Rs. 5.20 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 MDEF by 0.53%. 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	0
10,000 - 49,999	0
50,000 - 99,999	1
100,000 - 499,999	2
500,000 and above	8
Total	11



Pure. Profit.



Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	21	21	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 (Rs in '000) (ex-distribution)	752,831	1,015,343	619,015
Net assets value / redemption price per unit as at June 30 (Rs)	40.2161	46.9066	34.6044
Offer price per unit as at June 30 (Rs)	41.5794	48.4967	35.7775
Highest offer price per unit (Rs)	50.6543	50.3109	46.2032
Lowest offer price per unit (Rs)	40.5014	36.6120	26.9907
Highest redemption price per unit (Rs)	48.9935	48.6613	44.6883
Lowest redemption price per unit (Rs)	39.1735	35.4116	26.1058
Distribution (%)	N/A	N/A	N/A
Date of distribution	N/A	N/A	N/A
Total return (%)	- 14.26	35.55	- 2.56
Average annual return (%) as at June 30, 2022	One Year -14.26	Two Year 7.81	Three Year 4.23

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 Dedicated Equity Fund

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

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Fifth year of operations of Meezan Dedicated Equity Fund (MDEF) 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 in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MDEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MDEF 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)	(ii)**	(iii)	(iv)	(v)	(vi)	
	Nature of Business	Debt to Assets (<37%)	Non-Compliant Investments (<33%)	Non-Compliant Income to Gross Revenue (<5%)	Illiquid Assets to Total Assets (>25%)	Net Liquid Assets vs. Share Price (B>A)	Share Price (B)
Mari Petroleum	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	295.94	1654.23
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	21.69%	4.22%	27.26%	116.37***	86.20



Meezan Bank Ltd.	Commercial Banks	0.00%	0.00%	0.00%	77.70%	(855.51)	134.11
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04
Systems Limited	Technology	6.82%	4.26%	0.77%	43.71%	30.29	759.84
Lucky Cement	Cement	28.50%	2.90%	3.05%	86.58%	(597.57)	679.28

- * These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business.
** 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 MDEF 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 MDEF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

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

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN DEDICATED EQUITY 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 Dedicated Equity 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 Dedicated Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Dedicated Equity 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 722.383 million and balances with banks aggregated to Rs 29.399 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.

AB

**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.



- 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: AR202210081FTkxXO4MN



**MEEZAN DEDICATED EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

	Note	2022	2021
		(Rupees in '000)	
Assets			
Balances with banks	5	29,399	10,265
Investments	6	722,383	990,186
Dividend receivable		55	3,639
Receivable against sale of investments		1,991	2,485
Advances, deposits and other receivable	7	3,172	17,859
Total assets		757,000	1,024,434
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	596	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	9	141	193
Payable to the Securities and Exchange Commission of Pakistan	10	176	177
Payable against purchase of investments		1,377	8
Accrued expenses and other liabilities	11	1,879	7,453
Total liabilities		4,169	9,090
Net assets		752,831	1,015,344
Unit holders' fund (as per statement attached)		752,831	1,015,344
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue		18,719,626	21,646,065
		(Rupees)	
Net asset value per unit		40.2161	46.9066

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on savings accounts with banks		1,657	794
Dividend income		55,753	39,460
Net realised (loss) / gain on sale of investments		(42,898)	90,624
Other income		478	-
		14,990	130,878
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	-123,396	151,135
Total (loss) / income		(108,406)	282,013
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	17,649	17,712
Sindh Sales Tax on remuneration of the Management Company	8.2	2,294	2,303
Allocated expenses	8.3	971	916
Selling and marketing expenses	8.4	3,530	3,542
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,764	1,766
Sindh Sales Tax on remuneration of the Trustee	9.2	229	230
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	176	177
Brokerage expense		1,169	3,227
Auditors' remuneration	13	340	207
Charity expense	11.1	1,362	1,023
Fees and subscription		576	563
Legal and professional charges		184	-
Bank and settlement charges		371	487
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	11.2	(4,997)	4,997
Total expenses		25,618	37,150
Net (loss) / income for the year before taxation		(134,024)	244,863
Taxation	15	-	-
Net (loss) / income for the year after taxation		(134,024)	244,863
Allocation of net income for the year			
Net income for the year after taxation		-	244,863
Income already paid on units redeemed		-	(59,731)
		-	185,132
Accounting income available for distribution			
- Relating to capital gains		-	185,132
- Excluding capital gains		-	-
		-	185,132

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

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

Chief Executive Officer

Chief Financial Officer

Director



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

	Note	2022 (Rupees in '000)	2021
Net (loss) / income for the year after taxation		-134,024	244,863
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		<u><u>(134,024)</u></u>	<u><u>244,863</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

	2022			2021		
	Capital value	Accumulated loss	Total	Capital value	Accumulated loss	Total
	(Rupees in '000)					
Net assets at the beginning of the year	1,621,443	(606,099)	1,015,344	1,410,246	(791,231)	619,015
Issue of 6,420,329 units (2021: 15,202,495 units)						
- Capital value (at net asset value per unit at the beginning of the year)	301,156	-	301,156	526,073	-	526,073
- Element of (loss) / income	(24,355)	-	(24,355)	108,554	-	108,554
Total proceeds on issuance of units	276,801	-	276,801	634,627	-	634,627
Redemption of 9,346,768 units (2021: 11,444,769 units)						
- Capital value (at net asset value per unit at the beginning of the year)	438,425	-	438,425	396,039	-	396,039
- Element of (loss) / income	(33,135)	-	(33,135)	27,391	59,731	87,122
Total payments on redemption of units	405,290	-	405,290	423,430	59,731	483,161
Total comprehensive (loss) / income for the year	-	(134,024)	(134,024)	-	244,863	244,863
Distribution during the year	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(134,024)	(134,024)	-	244,863	244,863
Net assets at the end of the year	1,492,954	(740,123)	752,831	1,621,443	(606,099)	1,015,344
Accumulated loss brought forward						
- Realised loss		(757,234)			(821,914)	
- Unrealised income		151,135			30,683	
		<u>(606,099)</u>			<u>(791,231)</u>	
Accounting income available for distribution						
- Relating to capital gains		-			185,132	
- Excluding capital gains		-			-	
		-			185,132	
Net loss for the year after taxation		(134,024)			-	
Accumulated loss carried forward		<u>(740,123)</u>			<u>(606,099)</u>	
Accumulated loss carried forward						
- Realised loss		(616,727)			(757,234)	
- Unrealised (loss) / income		(123,396)			151,135	
		<u>(740,123)</u>			<u>(606,099)</u>	
				(Rupees)		(Rupees)
Net asset value per unit at the beginning of the year				<u>46.9066</u>		<u>34.6044</u>
Net asset value per unit at the end of the year				<u>40.2161</u>		<u>46.9066</u>

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN DEDICATED EQUITY 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		(134,024)	244,863
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified 'financial assets at fair value through profit or loss'	6.2	123,396 (10,628)	(151,135) 93,728
Decrease / (increase) in assets			
Investments - net		144,407	(243,550)
Dividend receivable		3,584	(3,461)
Receivable against sale of investments		494	2,628
Advances, deposits and other receivable		14,687	(13,930)
		163,172	(258,313)
(Decrease) / increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		(663)	(559)
Payable to Central Depository Company of Pakistan Limited - Trustee		(52)	76
Payable to the Securities and Exchange Commission of Pakistan		(1)	(32)
Payable against purchase of investments		1,369	(2,608)
Accrued expenses and other liabilities		(5,574)	4,416
		(4,921)	1,293
Net cash generated from / (used in) operating activities		147,623	(163,292)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		276,801	634,627
Payment against redemption and conversion of units		(405,290)	(483,197)
Net cash (used in) / generated from financing activities		(128,489)	151,430
Net increase / (decrease) in cash and cash equivalents during the year		19,134	(11,862)
Cash and cash equivalents at the beginning of the year		10,265	22,127
Cash and cash equivalents at the end of the year	5	29,399	10,265

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

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

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN DEDICATED EQUITY 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 Dedicated Equity Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on October 9, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on May 18, 2017 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. 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. The investment objectives and policies are explained in the Fund's offering document.

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

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

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.2 and 6).

3.5 Accounting convention

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

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Equity instruments

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

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at 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.

4.2.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

4.2.4 Regular way contracts

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

4.2.5 Derecognition

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

4.3 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 value and subsequently stated at amortised cost.

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

4.4 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.

4.5 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.

4.6 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.

4.7 Issue and redemption of units

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

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

4.8 Distribution to unit holders

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

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

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

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

4.10 Revenue recognition

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

4.11 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.

4.12 Taxation

Current

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

Deferred

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

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

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

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

4.13 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) for 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.

4.14 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 (Rupees in '000)	2021
	Balances with banks in:			
	Savings accounts	5.1	27,616	9,104
	Current accounts		1,783	1,161
			<u>29,399</u>	<u>10,265</u>

5.1 This includes a balance of Rs 0.915 million (2021: 0.844 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 4.00% to 15.50% (2021: 2.24% to 7.20%) per annum.

6	INVESTMENTS	Note	2022 (Rupees in '000)	2021
	Investment at 'fair value through profit or loss'			
	Shares of listed companies - 'ordinary shares'	6.1	<u>722,383</u>	<u>990,186</u>

6.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/(diminution) as at June 30, 2022	Percentage in relation to			
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)	
	----- (Number of shares) -----					----- (Rupees in '000) -----			----- % -----			
Automobile Assembler												
Gandhara Nissan Limited	-	60,000	-	60,000	-	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	33,000	-	-	33,000	-	-	-	-	2.02	2.10	0.02	-
Millat Tractors Limited	14,231	17,390	8,159	22,390	17,390	10,866	15,174	4,308	2.02	2.10	0.02	-
Automobile Parts and Accessories												
Panther Tyres Limited	11,328	125,000	27,265	163,593	-	-	-	-	-	-	-	-

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/(diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
	----- (Number of shares) -----				----- (Rupees in '000) -----			----- % -----			
Commercial Banks											
BankIslami Pakistan Limited	307,000	917,000	-	612,000	612,000	7,417	7,368	(49)	0.98	1.02	0.06
Meezan Bank Limited (a related party of the Fund)	440,505	455,788	61,575	539,934	417,934	42,899	47,218	4,319	6.27	6.54	0.03
									7.25	7.56	0.09
Cement											
Cherat Cement Company Limited	141,100	110,778	-	188,989	62,889	9,814	5,851	(3,963)	0.78	0.81	0.03
D.G. Khan Cement Company Limited	244,252	185,000	-	429,252	-	-	-	-	-	-	-
Fauji Cement Company Limited	200,000	330,000	-	300,000	230,000	4,839	3,259	(1,580)	0.43	0.45	0.02
Kohat Cement Company Limited	162,270	159,670	-	162,270	159,670	32,970	20,778	(12,192)	2.76	2.88	0.08
Lucky Cement Limited	109,900	89,900	-	121,900	77,900	66,308	35,759	(30,549)	4.75	4.95	0.02
Maple Leaf Cement Factory Limited	665,000	1,051,000	-	1,300,000	416,000	16,211	11,378	(4,833)	1.51	1.58	0.04
									10.23	10.67	0.19
Chemical											
Dynea Pakistan Limited (note 6.1.1)	20,000	19,400	-	20,000	19,400	4,287	3,375	(912)	0.45	0.47	0.21
Engro Polymer and Chemicals Limited	346,144	410,641	-	514,644	242,141	11,897	19,282	7,385	2.56	2.67	0.03
ICI Pakistan Limited	24,350	15,700	-	24,350	15,700	13,640	11,375	(2,265)	1.51	1.57	0.02
Nimir Resins Limited (note 6.1.1)	7,500	-	-	7,500	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	14,500	-	-	14,500	-	-	-	-	-	-	-
									4.52	4.71	0.26
Engineering											
Agha Steel Industries Limited	54,500	-	2,725	57,225	-	-	-	-	-	-	-
Aisha Steel Mills Limited	110,000	300,000	-	410,000	-	-	-	-	-	-	-
Amreli Steels Limited	-	250,000	-	250,000	-	-	-	-	-	-	-
International Industries Limited	76,700	-	-	76,700	-	-	-	-	-	-	-
International Steels Limited	112,000	-	-	112,000	-	-	-	-	-	-	-
Ittefaq Iron Industries Limited	375,000	-	-	375,000	-	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	117,300	335,943	31,095	293,395	190,943	17,090	11,006	(6,084)	1.46	1.52	0.06
									1.46	1.52	0.06
Fertilizer											
Engro Corporation Limited (note 6.1.2)	147,534	177,534	-	167,534	157,534	46,027	40,500	(5,527)	5.38	5.61	0.03
Engro Fertilizers Limited	229,387	599,387	-	414,387	414,387	30,457	36,731	6,274	4.88	5.08	0.03
Fauji Fertilizer Bin Qasim Limited	-	455,500	-	455,500	-	-	-	-	-	-	-
									10.26	10.69	0.06
Food & Personal Care Product											
At-Tahur Limited	-	339,200	19,200	179,200	179,200	4,117	3,417	(700)	0.45	0.47	0.09
Unity Foods limited	345,000	-	4,024	349,024	-	-	-	-	-	-	-
									0.45	0.47	0.09
Glass & Ceramics											
Ghani Glass Limited	97,650	-	-	97,650	-	-	-	-	-	-	-
Shabbir Tiles & Ceramics Limited (note 6.1.1)	537,500	522,500	-	537,500	522,500	17,425	7,644	(9,781)	1.02	1.06	0.32
									1.02	1.06	0.32
Leather & Tanneries											
Service GlobalFootwear Limited	46,113	24,113	-	46,113	24,113	1,394	969	(425)	0.13	0.13	0.01
									0.13	0.13	0.01
Miscellaneous											
Pakistan Aluminum Beverage Cans Limited	-	199,999	-	169,999	30,000	936	946	10	0.13	0.13	0.01
									0.13	0.13	0.01
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	40,848	67,788	-	55,048	53,588	84,396	93,229	8,833	12.38	12.90	0.04
Oil & Gas Development Company Limited (note 6.1.2)	524,295	834,295	-	679,295	679,295	63,448	53,440	(10,008)	7.10	7.40	0.02
Pakistan Oilfields Limited	57,760	59,682	-	58,721	58,721	23,114	23,830	716	3.17	3.30	0.02
Pakistan Petroleum Limited	532,452	872,452	-	702,452	702,452	59,872	47,423	(12,449)	6.30	6.56	0.03
									28.95	30.16	0.11
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited (note 6.1.3)	197,971	258,063	-	264,962	191,072	39,515	32,834	(6,681)	4.36	4.55	0.04
Sui Northern Gas Pipelines Limited	361,735	753,075	-	672,660	442,150	19,456	15,126	(4,330)	2.01	2.09	0.07
									6.37	6.64	0.11

Name of the investee company	As at July 1, 2021	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised appreciation/(diminution) as at June 30, 2022	Percentage in relation to		
									Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
						(Number of shares)		(Rupees in '000)		%	
Paper and Board											
Century Paper and Board Mills Limited	110,000	126,500	16,500	126,500	126,500	13,428	7,818	(5,610)	1.04	1.08	0.06
Security Papers Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
Packages Limited	40,250	34,750	-	40,250	34,750	18,946	13,860	(5,086)	1.84	1.92	0.04
Roshan Packages Limited	106,500	56,500	-	106,500	56,500	1,861	840	(1,021)	0.11	0.12	0.04
									2.99	3.12	0.14
Pharmaceuticals											
AGP Limited	95,000	-	-	95,000	-	-	-	-	-	-	-
Ferozsons Laboratories Limited	120	-	-	120	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	9,200	9,200	-	9,200	9,200	2,301	2,193	(108)	0.29	0.30	0.01
IBL Healthcare Limited	103,000	103,600	16,600	121,600	101,600	9,348	5,282	(4,066)	0.70	0.73	0.16
The Searle Company Limited	88,732	76,193	20,121	108,853	76,193	14,220	8,307	(5,913)	1.10	1.15	0.02
									2.09	2.18	0.19
Power Generation & Distribution											
The Hub Power Company Limited	376,655	521,655	-	461,655	436,655	34,679	29,767	(4,912)	3.95	4.12	0.01
K-Electric Limited (note 6.1.1)	2,998,500	2,998,500	-	2,998,500	2,998,500	12,534	9,115	(3,419)	1.21	1.26	0.03
									5.16	5.38	0.04
Refinery											
Attock Refinery Limited *	35,000	11,000	-	42,500	3,500	569	615	46	0.08	0.09	-
Energyco PK Limited (Formerly Byco Petroleum Pakistan Limited)	1,060,000	1,692,000	-	1,590,000	1,162,000	12,629	6,205	(6,424)	0.82	0.86	0.02
Pakistan Refinery Limited	-	135,000	-	135,000	-	-	-	-	-	-	-
National Refinery Limited	-	14,000	-	8,000	6,000	1,443	1,515	72	0.20	0.21	0.01
									1.10	1.16	0.03
Technology & Communication											
Air Link Communication Limited	-	217,743	6,243	200,493	23,493	1,563	949	(614)	0.13	0.13	0.01
Avanceon Limited	196,080	81,250	6,250	252,330	31,250	2,103	2,435	332	0.32	0.34	0.03
Octopus Digital Limited *	-	100,002	-	75,001	25,001	1,015	1,783	768	0.24	0.25	-
Systems Limited	58,870	166,140	60,870	146,940	138,940	41,259	45,831	4,572	6.09	6.34	0.10
Worldcall Telecom Limited	650,000	650,000	-	650,000	650,000	2,574	865	(1,709)	0.11	0.12	0.04
									6.89	7.18	0.18
Textile Composite											
Feroze1888 Mills Limited	43,300	45,898	2,598	45,898	45,898	4,534	2,865	(1,669)	0.38	0.40	0.01
Kohinoor Textile Mills Limited	90,000	203,000	-	146,500	146,500	11,125	7,325	(3,800)	0.97	1.01	0.05
Interloop Limited	310,882	300,208	9,326	320,208	300,208	20,412	18,313	(2,099)	2.43	2.54	0.03
Nishat Mills Limited	127,200	116,200	-	127,200	116,200	10,841	8,588	(2,253)	1.14	1.19	0.03
									4.92	5.14	0.12
Total as at June 30, 2022						845,779	722,383	(123,396)	95.94	100.00	
Total as at June 30, 2021						839,051	990,186	151,135	97.51	100.00	

* Nil figures due to rounding off difference

- 6.1.1** All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited which have a nominal value of Rs. 3.50 each and Dynea Pakistan Limited, Nimir Resins Limited and Shabbir Tiles & Ceramics Limited having a nominal value of Rs. 5 each.
- 6.1.2** Investments include 100,000 shares (2021: 100,000 shares) of Engro Corporation Limited and 120,000 shares (2021: 120,000 shares) of Oil and Gas Development Company Limited having market value of Rs. 25.709 million and Rs. 9.440 million (2021: Rs. 29.461 million and Rs. 11.403 million) respectively as at June 30, 2022, 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 had 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 had issued notices to the relevant parties and had ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period 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. 0.280 million (2021: Rs. 0.365 million).

	Note	2022	2021
		(Rupees in '000)	
6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified 'as financial assets at fair value through profit or loss'			
Market value of investments	6.1	722,383	990,186
Less: carrying value of investments	6.1	845,779	839,051
		<u>(123,396)</u>	<u>151,135</u>
7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE			
Profit receivable on balances with banks		273	93
Advance against Initial Public Offer (IPO)	7.1	-	13,867
Advance tax	7.2	1,296	1,296
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with National Clearing Company of Pakistan Limited		1,500	2,500
		<u>3,172</u>	<u>17,859</u>

7.1 This pertains to advance made against subscription of IPO of Pakistan Aluminium Beverage Cans Limited.

7.2 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on dividend and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withhold. The tax withheld on dividends and profit on bank deposits amounts to Rs 1.296 million.

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

8	PAYABLE TO AI MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022	2021
			(Rupees in '000)	
	Remuneration payable	8.1	247	121
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	32	16
	Allocated expenses payable	8.3	54	148
	Selling and marketing expenses payable	8.4	263	974
			<u>596</u>	<u>1,259</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 annual 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 2.294 million (2021: Rs 2.303 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 2.278 million (2021: Rs 2.420 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, has charged such expenses at the following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets of the Fund	0.10% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

8.4 In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 0.4% (2021: 0.4%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			(Rupees in '000)	
	Remuneration payable	9.1	125	171
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	16	22
			<u>141</u>	<u>193</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

Net assets (Rs.)	Fee
- Up to Rs 1,000 million	0.2% per annum of net assets
- Over Rs. 1,000 million	Rs. 2 million plus 0.1% per annum of net assets exceeding Rs 1,000 million.

9.2 During the year, an amount of Rs 0.229 million (2021: Rs 0.230 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 0.235 million (2021: Rs 0.221 million) was paid to the Trustee which acts as a collecting agent.

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

10.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022 (Rupees in '000)	2021
	Auditors' remuneration payable		201	170
	Printing charges payable		-	69
	Shariah advisor fee payable		272	264
	Charity payable	11.1	1,351	1,189
	Brokerage payable		9	683
	Withholding tax payable		46	81
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	-	4,997
			<u>1,879</u>	<u>7,453</u>

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

During the year ended June 30, 2022, non-Shariah Compliant income amounting to Rs 1.362 million (2021: Rs 1.023 million) was charged as an expense in the books of the Fund, and Rs 1.200 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Omar Sana Foundation	400
2	Marie Adelaide Leprosy Centre	750
3	Health and Nutrition Development Society (HANDS)	50
	Total	<u>1,200</u>

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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these financial statements of the Fund.

12 CONTINGENCIES AND COMMITMENTS

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

13	AUDITORS' REMUNERATION	2022 (Rupees in '000)	2021
	Annual audit fee	276	150
	Fee for half yearly review of condensed interim financial statements	60	54
	Out of pocket expenses	4	3
		<u>340</u>	<u>207</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 3.47% (2021: 2.45%) which includes 0.32% (2021: 0.78%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Equity Scheme'.

15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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

16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

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

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

The details of 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)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	247	121
Sindh Sales Tax payable on remuneration of the Management Company	32	16
Allocated expenses payable	54	148
Selling and marketing expenses payable	263	974
Meezan Bank Limited		
Balances with bank	2,105	1,658
Profit receivable on savings account	2	6
Investments of 417,934 shares (2021: 440,505 shares)	47,218	50,839
Shariah advisor fee payable	272	264
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	125	171
Sindh Sales Tax payable on remuneration of the Trustee	16	22
Security deposit	103	103
Meezan Financial Planning Fund of Funds - MAAP I		
Investment of 1,223,499 units (2021: 1,253,414 units)	49,204	58,793

Balances	2022	2021
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - I		
Investment of 3,203,303 units (2021: 3,396,951 units)	<u>128,824</u>	<u>159,339</u>
Meezan Strategic Allocation Fund - MSAP - II		
Investment of 918,504 units (2021: 396,165 units)	<u>36,939</u>	<u>18,583</u>
Meezan Strategic Allocation Fund - MSAP - III		
Investment of 2,439,439 units (2021: 3,295,552 units)	<u>98,105</u>	<u>154,583</u>
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of 1,864,866 units (2021: 2,371,642 units)	<u>74,998</u>	<u>111,246</u>
Meezan Strategic Allocation Fund - MSAP - V		
Investment of 368,711 units (2021: 898,076 units)	<u>14,828</u>	<u>42,126</u>
Meezan Strategic Allocation Fund - MCPP - III		
Investment of 585,643 units (2021: 1,066,314 units)	<u>23,552</u>	<u>50,017</u>
Meezan Strategic Allocation Fund II - MCPP - IV		
Investment of 5,553,294 units (2021: 7,491,425 units)	<u>223,332</u>	<u>351,397</u>
Meezan Strategic Allocation Fund II - MCPP - V		
Investment of 173,290 units (2021: 329,431 units)	<u>6,969</u>	<u>15,452</u>
Meezan Strategic Allocation Fund II - MCPP - VII		
Investment of 64,125 units (2021: 181,851 units)	<u>2,579</u>	<u>8,530</u>
Meezan Strategic Allocation Fund III - MCPP - IX		
Investment of 2,324,953 units (2021: 965,243 units)	<u>93,501</u>	<u>45,276</u>
Transactions during the year	2022	2021
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	<u>17,649</u>	<u>17,712</u>
Sindh Sales Tax on remuneration of the Management Company	<u>2,294</u>	<u>2,303</u>
Allocated expenses	<u>971</u>	<u>916</u>
Selling and marketing expenses	<u>3,530</u>	<u>3,542</u>
Meezan Bank Limited		
Profit on savings account	<u>151</u>	<u>115</u>
Shares purchased: 455,788 shares (2021: 205,900 shares)	<u>52,102</u>	<u>18,799</u>
Shares sold: 539,934 shares (2021: 60,000 shares)	<u>64,423</u>	<u>6,465</u>
Bonus shares received: 61,575 shares (2021: 33,600 shares)	<u>-</u>	<u>-</u>
Dividend income	<u>2,678</u>	<u>3,256</u>
Shariah advisor fee	<u>548</u>	<u>535</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	<u>1,764</u>	<u>1,766</u>
Sindh Sales Tax on remuneration of the Trustee	<u>229</u>	<u>230</u>
CDS charges	<u>43</u>	<u>92</u>
Meezan Financial Planning Fund of Funds - MAAP - I		
Units redeemed: 29,915 units (2021: 1,695,344 units)	<u>1,330</u>	<u>73,560</u>
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 781,338 units (2021: nil units)	<u>32,650</u>	<u>-</u>
Units redeemed: 974,986 units (2021: 2,625,619 units)	<u>41,650</u>	<u>107,310</u>

Transactions during the year	2022	2021
	(Rupees in '000)	
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 678,855 units (2021: 96,045 units)	28,000	4,000
Units redeemed: 156,516 units (2021: 20,355 units)	7,100	930
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: nil units (2021: 3,501,696 units)	-	19,000
Units redeemed: 856,113 units (2021: 2,609,468 units)	38,500	-
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 489,045 units (2021: nil units)	19,902	-
Units redeemed: 995,821 units (2021: 318,473 units)	43,410	14,750
Meezan Strategic Allocation Fund - MSAP - V		
Units redeemed: 529,365 units (2021: 103,666 units)	23,880	4,830
Meezan Strategic Allocation Fund - MCPP - III		
Units issued: 1,023,560 units (2021: 1,617,588 units)	44,000	73,600
Units redeemed: 1,504,231 units (2021: 551,274 units)	64,350	25,090
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: 86,412 units (2021: 10,955,635 units)	4,000	448,950
Units redeemed: 2,024,543 units (2021: 4,471,608 units)	89,720	186,846
Meezan Strategic Allocation Fund II - MCPP - V		
Units issued: 386,947 units (2021: 710,138 units)	16,800	30,750
Units redeemed: 543,088 units (2021: 380,707 units)	23,300	16,785
Meezan Strategic Allocation Fund II - MCPP - VII		
Units issued: 198,453 units (2021: 197,472 units)	9,000	9,100
Units redeemed: 316,179 units (2021: 15,621 units)	13,700	750
Meezan Strategic Allocation Fund III - MCPP - IX		
Units issued: 2,775,720 units (2021: 1,184,730 units)	122,450	48,400
Units redeemed: 1,416,010 units (2021: 1,244,410 units)	58,350	51,497

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
Financial assets			
Balances with banks	29,399	-	29,399
Investments	-	722,383	722,383
Dividend receivable	55	-	55
Receivable against sale of investments	1,991	-	1,991
Deposits and other receivable	1,876	-	1,876
	33,321	722,383	755,704
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	596	-	596
Payable to Central Depository Company of Pakistan Limited - Trustee	141	-	141
Payable against purchase of investments	1,377	-	1,377
Accrued expenses and other liabilities	482	-	482
	2,596	-	2,596

	2021		Total
	At amortised cost	At fair value through profit or loss	
----- (Rupees in '000) -----			
Financial assets			
Balances with banks	10,265	-	10,265
Investments	-	990,186	990,186
Dividend receivable	3,639	-	3,639
Receivable against sale of investments	2,485	-	2,485
Deposits and other receivable	2,696	-	2,696
	<u>19,085</u>	<u>990,186</u>	<u>1,009,271</u>
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	1,259	-	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	193	-	193
Payable against purchase of investments	8	-	8
Accrued expenses and other liabilities	1,186	-	1,186
	<u>2,646</u>	<u>-</u>	<u>2,646</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 0.276 million (2021: Rs. 0.091 million).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio 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.

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:

As at June 30, 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	27,616	-	-	1,783	29,399
Investments	-	-	-	722,383	722,383
Dividend receivable	-	-	-	55	55
Receivable against sale of investments	-	-	-	1,991	1,991
Deposits and other receivable	-	-	-	1,876	1,876
	27,616	-	-	728,088	755,704
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	596	596
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	141	141
Payable against purchase of investments	-	-	-	1,377	1,377
Accrued expenses and other liabilities	-	-	-	482	482
	-	-	-	2,596	2,596
On-balance sheet gap (a)	27,616	-	-	725,492	753,108
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a+b)	27,616	-	-		
Cumulative profit rate sensitivity gap	27,616	27,616	27,616		

As at June 30, 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	9,104	-	-	1,161	10,265
Investments	-	-	-	990,186	990,186
Dividend receivable	-	-	-	3,639	3,639
Receivable against sale of investments	-	-	-	2,485	2,485
Deposits and other receivable	-	-	-	2,696	2,696
	9,104	-	-	1,000,167	1,009,271
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	1,259	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	193	193
Payable against purchase of investments	-	-	-	8	8
Accrued expenses and other liabilities	-	-	-	1,186	1,186
	-	-	-	2,646	2,646
On-balance sheet gap (a)	9,104	-	-	997,521	1,006,625
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a+b)	9,104	-	-		
Cumulative profit rate sensitivity gap	9,104	9,104	9,104		

(ii) Currency risk

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

(iii) Price risk

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

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

In case of 1% increase / decrease in KMI 30 index on June 30, 2022, with all other variables held constant, the total comprehensive (loss) / income of the Fund for the year would increase / decrease by Rs. 7.224 million (2021: Rs. 9.902 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as 'financial assets at fair value through profit or loss'.

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

18.2 Liquidity risk

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

The Fund is exposed to daily 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 redemption requests during the year ended June 30, 2022.

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 balances with banks have been included in the maturity grouping of one month:

As at 30 June, 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	29,399	-	-	-	-	29,399
Investments	-	-	-	-	722,383	722,383
Dividend receivable	55	-	-	-	-	55
Receivable against sale of investments	1,991	-	-	-	-	1,991
Deposits and other receivable	273	-	-	-	1,603	1,876
	31,718	-	-	-	723,986	755,704
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	596	-	-	-	-	596
Payable to Central Depository Company of Pakistan Limited - Trustee	141	-	-	-	-	141
Payable against purchase of investments	1,377	-	-	-	-	1,377
Accrued expenses and other liabilities	-	482	-	-	-	482
	2,114	482	-	-	-	2,596
Net financial assets / (liabilities)	29,604	(482)	-	-	723,986	753,108

As at 30 June, 2021						
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	10,265	-	-	-	-	10,265
Investments	-	-	-	-	990,186	990,186
Dividend receivable	3,639	-	-	-	-	3,639
Receivable against sale of investments	2,485	-	-	-	-	2,485
Deposits and other receivable	93	-	-	-	2,603	2,696
	16,482	-	-	-	992,789	1,009,271
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	1,259	-	-	-	-	1,259
Payable to Central Depository Company of Pakistan Limited - Trustee	193	-	-	-	-	193
Payable against purchase of investments	8	-	-	-	-	8
Accrued expenses and other liabilities	-	1,186	-	-	-	1,186
	1,460	1,186	-	-	-	2,646
Net financial assets / (liabilities)	15,022	(1,186)	-	-	992,789	1,006,625

18.3 Credit risk

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

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

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

	2022		2,021	
	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	29,399	29,399	10,265	10,265
Investments	722,383	-	990,186	-
Dividend receivable	55	55	3,639	3,639
Receivable against sale of investments	1,991	1,991	2,485	2,485
Deposits and other receivable	1,876	1,876	2,696	2,696
	<u>755,704</u>	<u>33,321</u>	<u>1,009,271</u>	<u>19,085</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in equity securities, however, are not exposed to credit risk and have been excluded from the above analysis.

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 related profit receivable thereon, dividend receivable and receivable against conversion of units and sale of investments. The credit rating profile of balances with banks is as follows:

Ratings	% of financial assets exposed to credit risk	
	2022	2021
AAA	7.16%	16.15%
AA+	25.50%	57.67%
A+	67.04%	24.48%
AA	0.30%	1.70%
	<u>100.00%</u>	<u>100.00%</u>

18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

19 FAIR VALUE MEASUREMENT

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

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

Financial assets which are 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 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	2022			
	Level 1	Level 2	Level 3	Total
ASSETS	(Rupees in '000)			
Financial assets 'at fair value through profit or loss'				
Shares of listed companies - 'ordinary shares'	722,383	-	-	722,383
	<u>722,383</u>	<u>-</u>	<u>-</u>	<u>722,383</u>
	(Rupees in '000)			
	2021			
ASSETS	Level 1	Level 2	Level 3	Total
Financial assets 'at fair value through profit or loss'				
Shares of listed companies - 'ordinary shares'	990,186	-	-	990,186
	<u>990,186</u>	<u>-</u>	<u>-</u>	<u>990,186</u>

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Associated companies	11	752,831	100.00	11	1,015,344	100

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
Standard Capital Securities (Private) Limited	8.01%	Spectrum Securities (Private) Limited	7.76%
Taurus Securities Limited	7.62%	Taurus Securities Limited	7.35%
Vector Capital Management Limited	6.92%	Next Capital Limited	7.23%
Spectrum Securities (Private) Limited	6.17%	Top Line Securities (Private) Limited	6.48%
Intermarket Securities Limited	6.00%	Aba Ali Habib Securities (Private) Limited	6.46%
Ismail Iqbal Securities (Private) Limited	5.20%	Alfalah Securities (Private) Limited	6.31%
Optimus Capital Management (Private) Limited	5.04%	AKD Securities Limited	6.02%
Arif Habib Limited	4.79%	Ismail Iqbal Securities (Private) Limited	4.79%
Top Line Securities (Private) Limited	4.71%	Vector Capital Management Limited	4.67%
BMA Capital Management Limited	4.03%	Insight Securities (Private) Limited	4.64%

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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



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

- Meezan Balanced Fund;
- Meezan Asset Allocation Fund;
- Meezan Financial Planning Fund of Funds;
- Meezan Strategic Allocation Fund;
- Meezan Strategic Allocation Fund - II;
- Meezan Strategic Allocation Fund - III ;and
- KSE Meezan Index 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	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furqan 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

25 GENERAL

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

26 DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

MASHERBRUM, K1

An appropriate route and strategy are crucial to reaching peaks of success.

Height 7,821 meters,
belongs to the range Masherbrum Karakoram



MEEZAN GOLD FUND (MGF)

Meezan Gold Fund is Pakistan's first Shariah Compliant Gold Fund. It invests in gold instruments in the most efficient manner, to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner. This is done by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on the Pakistan Mercantile Index (PMEX).



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

Bank Al Habib Limited- Islamic Banking
Faysal Bank Limited
Sindh Bank Limited
UBL Ameen - Islamic Banking
Dubai Islamic Bank Limited
Meezan Bank Limited

LEGAL ADVISER

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

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Gold Fund (MGF)

Type of Fund

Shariah compliant commodity fund that invests in physical gold to earn a return based on the commodity's price fluctuation, based on PMEX prices.

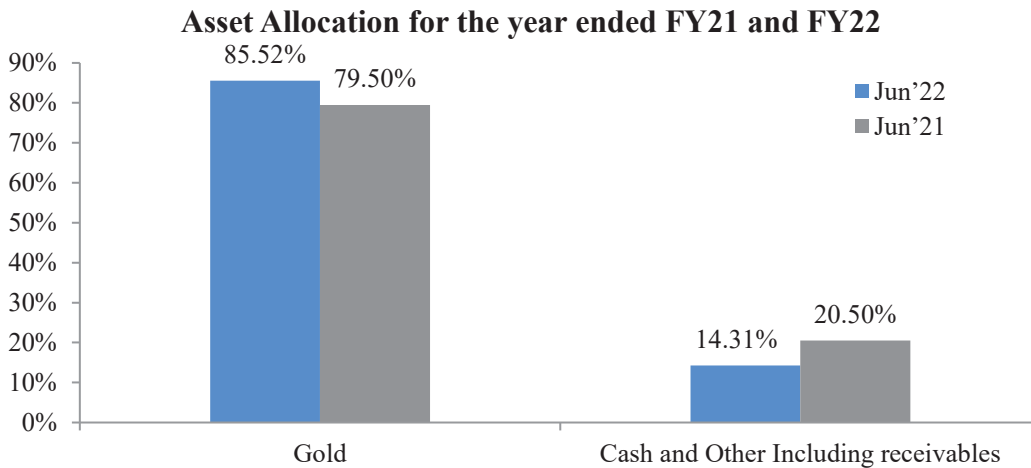
Investment Policy and Strategy

The objective of MGF is to provide maximum exposure to prices of Gold in a Shariah Compliant manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX). The fund has a long-term time horizon whereby the investors are advised to invest for a tenor of three to five years.

To meet the Fund's investment objective, at least seventy percent (70%) of Fund's net assets, will remain invested in deliverable gold based contracts, based on quarterly average investment calculated on daily basis, while the remaining net assets of the Fund shall be invested in cash and near cash instruments which include cash in bank accounts of Islamic banks and licensed Islamic banking windows of conventional banks (excluding TDR). However, at least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments, based on monthly average calculated on daily basis.

Asset Allocation

As on June 30, 2022, the fund's gold exposure was 85.52%, while 14.31% of the Total Assets was invested in cash.



Performance Review

Meezan Gold Fund posted a total income of Rs. 135 million during FY22 as compared to total Income Rs. 15 million last year. Total income comprised of unrealized gains on investments in gold of Rs. 122 million, while profit on saving accounts with bank of Rs. 8 million. Price Adjustment Charges contributed 5 million in the net income. After accounting for expenses of Rs. 11 million, the fund posted a net income of Rs. 124 million. The net assets of the Fund as at June 30, 2022 were Rs. 604 million as compared to Rs. 488 million at the end of last year depicting a decline of 24%.

During the fiscal year 2022, Meezan Gold Fund provided a return 24.83% to its investors due to rise in international gold prices and PKR depreciation.



Pure. Profit.



	MGF	Average Deposit Rates (Benchmark)
Net Asset Value as on June 30, 2021	83.64	
Net Asset Value as on June 30, 2022	103.91	
Change (Points)	20.27	
Return During the Period - Net	24.83%	22.71%
Outperformance - Net	2.12%	

Distribution: Benchmark: Combination of 70% PKR base closing price of physical gold and 30% 3 Month average deposit rates of 3 AA rated Islamic Banks

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

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MGF amounting to Rs. 5.07 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 MGF by 1.03%. This is one-off event and is not likely to be repeated in the future.

Breakdown of unit holdings by size:

(As on June 30, 2021)

Range (Units)	No. of Investors
1 - 9,999	1,115
10,000 - 49,999	53
50,000 - 99,999	8
100,000 - 499,999	8
500,000 and above	2
Total	1,186

PERFORMANCE TABLE

	2022	2021	2020
Net assets (Rs in '000) (ex-distribution)	603,998	487,530	547,946
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	103.9100	83.6357	84.1829
Offer price per unit as at 30 June (Rs.) (ex-distribution)	107.2975	86.3622	86.9273
Highest offer price per unit (Rs.)	112.6300	99.6179	86.9272
Lowest offer price per unit (Rs.)	84.5670	83.0565	69.5501
Highest redemption price per unit (Rs.)	109.0742	95.5082	84.1829
Lowest redemption price per unit (Rs.)	81.8972	79.6301	67.3543
Distribution (%)			
- Interim	0.50	N/A	N/A
Date of distribution			
- Interim	June 24, 2022	N/A	N/A
Income distribution (Rs. in '000)	2,898.00	N/A	N/A
Total return (%)	24.83	(0.65)	23.76
Average annual return as at June 30, 2021 (%)	One year 24.83%	Two year 11.36%	Three year 15.35%

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



Meezan Bank
The Premier Islamic Bank



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

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

Alhamdulillah, the period from July 1, 2021 to June 30, 2022 was the Seventh year of operations of Meezan Gold Fund (MGF) 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 3.7.1 of the Offering Document 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 criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MGF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MGF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MGF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

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OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN GOLD 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 Gold 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 Gold Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Gold 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 518.611 million and balances with banks aggregated to Rs 86.766 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.

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**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: AR202210081xi3KYerkb



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

	Note	2022	2021
		----- (Rupees in '000) -----	
Assets			
Balances with banks	5	86,766	99,260
Investment in gold	6	518,611	396,272
Receivable against conversion of units		-	616
Advance and other receivables	7	1,044	2,321
Total assets		606,421	498,469
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	318	1,091
Payable to Central Depository Company of Pakistan Limited - Trustee	9	97	79
Payable to the Securities and Exchange Commission of Pakistan	10	112	101
Payable against conversion and redemption of units		17	18
Accrued expenses and other liabilities	11	1,879	9,650
Total liabilities		2,423	10,939
Net assets		<u>603,998</u>	<u>487,530</u>
Unit holders' fund (as per statement attached)		<u>603,998</u>	<u>487,530</u>
Contingencies and commitments	13		
Number of units in issue		<u>5,812,706</u>	<u>5,829,208</u>
		(Rupees)	
Net asset value per unit		<u>103.9100</u>	<u>83.6357</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

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

	Note	2022	2021
		------(Rupees in '000)-----	
Income			
Profit on balances with banks		7,906	4,287
Price adjustment charges	12	4,980	5,122
		12,886	9,409
Net unrealised appreciation on re-measurement of investments in gold	6.1.3	122,339	6,047
Total income		<u>135,225</u>	<u>15,456</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	5,623	5,033
Sindh Sales Tax on remuneration of the Management Company	8.2	731	654
Selling and marketing expenses	8.3	2,249	2,013
Allocated expenses	8.4	619	518
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	956	856
Sindh Sales Tax on remuneration of the Trustee	9.2	124	111
Annual fee to Securities and Exchange Commission of Pakistan	10	112	101
Auditors' remuneration	14	286	286
Fees and subscription		349	355
Legal and professional charges		184	55
Custodian fee		4,528	4,149
Bank and settlement charges		15	5
(Reversal of provision) / provision for Sindh Sindh Workers' Welfare Fund	11.1	(5,067)	26
Total expenses		<u>10,709</u>	<u>14,162</u>
Net income for the year before taxation		<u>124,516</u>	<u>1,294</u>
Taxation	16	-	-
Net income for the year after taxation		<u><u>124,516</u></u>	<u><u>1,294</u></u>
Allocation of net income for the year			
Net income for the year after taxation		124,516	1,294
Income already paid on units redeemed		(15,109)	-
		<u>109,407</u>	<u>1,294</u>
Accounting income available for distribution			
- Relating to capital gains		109,407	1,294
- Excluding capital gains		-	-
		<u>109,407</u>	<u>1,294</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

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



**Meezan
Gold Fund**

	2022	2021
	------(Rupees in '000)-----	
Net income for the year after taxation	124,516	1,294
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>124,516</u>	<u>1,294</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

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



**Meezan
Gold Fund**

Note	2022	2021
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	124,516	1,294
Adjustments for:		
Net unrealised appreciation on re-measurement of investment in gold	6.1.3 (122,339)	(6,047)
	2,177	(4,753)
Decrease / (increase) in assets		
Investments - net	-	-
Advances and other receivables	1,277	7,359
	1,277	7,359
(Decrease) / increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(773)	(340)
Payable to Central Depository Company of Pakistan Limited - Trustee	18	(22)
Payable to the Securities and Exchange Commission of Pakistan	11	2
Accrued expenses and other liabilities	(7,771)	1,805
	(8,515)	1,445
Net cash (used in) / generated from operating activities	(5,061)	4,051
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against conversion of units	249,035	231,728
Payment against redemption and conversion of units	(253,569)	(293,950)
Dividend paid	(2,899)	-
Net cash used in financing activities	(7,433)	(62,222)
Net decrease in cash and cash equivalents during the year	(12,494)	(58,171)
Cash and cash equivalents at the beginning of the year	99,260	157,431
Cash and cash equivalents at the end of the year	5 86,766	99,260

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Gold Fund is an open ended mutual fund constituted under a Trust Deed executed under the Trust Act, 1882 entered into on October 15, 2014 between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The Fund commenced its operations from August 18, 2015. The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). 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 Fund is an open-ended Shariah Compliant (Islamic) Commodity Fund that aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange Limited (PMEX). Furthermore, all investments of the Fund's property are in accordance with the Shariah as advised by the Shariah Advisor. The investments in Gold contracts listed at the Commodity Exchange are subject to the PMEX Regulations. 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. The investment objectives and policies are more fully explained in the Fund's Offering document.

1.3 The Fund has been categorised as a Shariah compliant Commodity Scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from August 13, 2015 and are transferable and redeemable by surrendering them to the Fund.

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

1.5 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund. The fund is listed on Pakistan Stock Exchange Limited.

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 VIII A of 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, (the NBFC Regulations) and the requirements of the Trust Deed.

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

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

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

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

There are certain 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 (note 4.3).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments in gold which is stated at its 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 Funds' 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 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

IFRS 9 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.

4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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 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.

4.4 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 Investment in Gold

Investment in Gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate (i.e. immediately next day after expired contract) fixed by Pakistan Mercantile Exchange Limited (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognized in Income Statement in the period of change.

4.7 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.

4.8 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.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the management company / distributors during business hours on that day. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

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 represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 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.

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

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

4.12 Revenue recognition

- Gains / (losses) arising on sale of gold are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of gold are included in the Income Statement in the period in which they arise.
- Profit on balances with banks is recognised on an accrual basis.

4.13 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.

4.14 Taxation

Current

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

Deferred

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

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. 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.

4.15 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.

4.16 Foreign currency translation

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

5	Note	2022	2021
------(Rupees in '000)-----			
BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	86,766	99,166
Current account		-	94
		<u>86,766</u>	<u>99,260</u>

- 5.1** This includes balance amounting to Rs. 0.491 million (2021: Rs. 94.187 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other balance in saving account have expected profit rates ranging from 3.00% to 15.50% per annum (2021: 1.50% to 7.00% per annum).

6	Note	2022	2021
------(Rupees in '000)-----			
INVESTMENT IN GOLD			
Investment in gold	6.1	<u>518,611</u>	<u>396,272</u>

6.1 Investment in gold

Commodity	As at July 01, 2021	Purchased during the year	Sold 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 on the basis of market value of investments
-----Tola-----					------(Rupees in '000)-----			%
TOLAGOLD	3,675	-	-	3,675	394,662	516,503	121,841	85.51
MITOLA	15,000	-	-	15,000	1,610	2,108	498	0.35
Total as at June 30, 2022					<u>396,272</u>	<u>518,611</u>	<u>122,339</u>	
Total as at June 30, 2021					<u>390,225</u>	<u>396,272</u>	<u>6,047</u>	

- 6.1.1** The Pakistan Mercantile Exchange Limited (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.

- 6.1.2** The investment in gold of Rs. 518.611 million (2021: Rs. 396.272 million) has been measured at fair value based on the quoted market price prevailing in the active markets.

6.1.3	Note	2022	2021
------(Rupees in '000)-----			
Net unrealised appreciation on re-measurement of investments in gold			
Market value of investments	6.1	518,611	396,272
Carrying value of investments	6.1	<u>396,272</u>	<u>390,225</u>
		<u>122,339</u>	<u>6,047</u>



7	Note	2022	2021
------(Rupees in '000)-----			
Profit receivable on balances with banks		1,044	206
Advance against investment		-	2,115
		1,044	2,321
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	101	409
Sindh Sales Tax on remuneration of the Management Company	8.2	13	53
Selling and marketing expenses payable	8.3	200	486
Allocated expenses payable	8.4	4	45
Sales load payable		-	87
Sindh Sales Tax on sales load payable		-	11
		318	1,091

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2021: 1%) 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. 0.731 million (2021: Rs 0.654 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. 0.771 million (2021: Rs. 0.670 million) has been paid to the Management Company which acts as a collecting agent.

8.3 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

Accordingly, the Management Company has charged selling and marketing expenses based on its discretion while keeping in view the overall return and the total expense ratio limit of the Fund as defined under the NBFC Regulations, 2008 at the rate of 0.4% (2021: 0.4%) per annum of average annual net assets of the Fund subject to the total expense charged being lower than actual expense incurred.

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

The Management Company, based on its own discretion, has charged such expenses at the following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets of the Fund	0.10% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

9	Note	2022	2021
------(Rupees in '000)-----			
PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Trustee fee payable	9.1	86	70
Sindh Sales Tax payable on trustee fee	9.2	11	9
		97	79

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

On net assets:	
- up to Rs 1 billion	0.17% per annum of net assets
- from Rs 1 billion to Rs.5 billion	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion.
- exceeding Rs.5 billion	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5 billion.

- 9.2** During the year, an amount of Rs 0.124 million (2021: Rs. 0.111 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. 0.122 million (2021: Rs. 0.114 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.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		------(Rupees in '000)-----	
Auditors' remuneration payable		175	175
Custodian fee payable		366	3,316
Shariah advisor fee payable		159	161
Withholding tax payable		371	31
Capital gain tax payable		93	189
Zakat Payable		4	-
Provision for Sindh Workers' Welfare Fund	11.1	-	5,067
Provision for Federal Exercise Duty and related Sindh sales tax on management fee	11.2	414	414
Provision for Federal Exercise Duty and related Sindh sales tax on sales load	11.2	297	297
		<u>1,879</u>	<u>9,650</u>

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

During the current 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 these financial statements of the Fund.

- 11.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% 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 0.711 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 0.12 (2021: Re 0.12) per unit.

12 PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide a circular no.40 SCD/AMCW/ MGF/63/2017 dated June 14, 2017, allowed the fund to charge price adjustment charges. Price adjustment charge is a difference between the offer price and the bid price from the closing price of the gold transactions (contract) available at PMEX, which is added to and deducted from the NAV to determine offer and redemption prices respectively. Such charges form part of Fund Property.

Currently, price adjustment charges added/ deducted to form NAV of the fund to determine offer / redemption price is 1% of NAV.

13 CONTINGENCIES AND COMMITMENTS

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

14 AUDITORS' REMUNERATION

	2022	2021
	----- (Rupees in '000) -----	
Annual audit fee	146	146
Half yearly review of condensed interim financial information	81	81
Fee for other certifications	43	43
Out of pocket expenses	16	16
	286	286
	286	286

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 2.81% (2021: 2.81%) which includes 0.17% (2021: 0.18%) representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 3% prescribed under the NBFC Regulations for a collective investment scheme categorised as Commodity Scheme.

16 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, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unitholders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and unit holders holding 10 percent or more of the Fund's net assets.

- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** 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	101	409
Sindh Sales Tax on remuneration of the Management Company	13	53
Allocated expenses payable	4	45
Selling and marketing expenses payable	200	486
Sales load payable	-	87
Sindh sales tax on sales load payable	-	11
Meezan Bank Limited		
Bank balance	491	94,281
Profit on balances with bank	141	171
Investment of 1,084,115 units (June 30, 2021: 1,084,712 units)	112,650	90,721
Shariah advisor fee payable	159	161
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	86	70
Sindh Sales Tax payable on trustee fee	11	9
Directors, their close family members and key management personnel of the Management Company		
Investment of 468,253 units (June 30, 2021: 533,642 units)	48,656	44,632
Transactions during the year		
	For the year ended June 30,	
	2022	2021
AI Meezan Investment Management Limited - Management Company		
Remuneration of AI Meezan Investment Management Limited - Management Company	5,623	5,033
Sindh Sales Tax on remuneration of the Management Company	731	654
Allocated expenses	619	518
Selling and marketing expenses	2,249	2,013
Meezan Bank Limited		
Profit on balances with bank	1,677	999
Shariah advisor fee	321	327
Units redeemed: 597 units (2021: nil units)	50	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	956	856
Sindh Sales Tax on remuneration of the Trustee	124	111
Directors, their close family members and key management personnel of the Management Company		
Issue of 20,680 units (2021: 319,545 units)	1,881	27,801
Redemption of 86,856 units (2021: 117,366 units)	7,758	9,798

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

2022		
At amortised cost	At fair value through profit or loss	Total
------(Rupees in '000)-----		
86,766	-	86,766
1,044	-	1,044
<u>87,810</u>	<u>-</u>	<u>87,810</u>

Financial assets

Balances with banks
 Advance and other receivables

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company
 Payable to the Central Depository Company of Pakistan Limited - Trustee
 Payable against conversion and redemption of units
 Accrued expenses and other liabilities

2022		
At fair value through profit or loss	At amortised cost	Total
------(Rupees in '000)-----		
-	318	318
-	97	97
-	17	17
-	700	700
<u>-</u>	<u>1,132</u>	<u>1,132</u>

Financial assets

Balances with banks
 Receivable against conversion of units
 Advance and other receivables

2021		
At amortised cost	At fair value through profit or loss	Total
------(Rupees in '000)-----		
99,260	-	99,260
616	-	616
2,321	-	2,321
<u>102,197</u>	<u>-</u>	<u>102,197</u>

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company
 Payable to the Central Depository Company of Pakistan Limited - Trustee
 Payable against conversion and redemption of units
 Accrued expenses and other liabilities

2021		
At fair value through profit or loss	At amortised cost	Total
------(Rupees in '000)-----		
-	1,091	1,091
-	79	79
-	18	18
-	3,652	3,652
<u>-</u>	<u>4,840</u>	<u>4,840</u>

19 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.

Risks managed and measured by the Fund are explained below:

19.1 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.

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to variable rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.868 million (2021: Rs. 0.992 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the fund to fixed rate risk.

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.

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:

Effective profit rate (%)	2022				Total
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
	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	86,766	-	-	-	86,766
Advance and other receivables	-	-	-	1,044	1,044
	86,766	-	-	1,044	87,810
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	318	318
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	97	97
Payable against conversion and redemption of units	-	-	-	17	17
Accrued expenses and other liabilities	-	-	-	700	700
	-	-	-	1,132	1,132
On-balance sheet gap (a)	86,766	-	-	(88)	86,678
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a+b)	86,766	-	-		
Cumulative profit rate sensitivity gap	86,766	86,766	86,766		

----- 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%	99,166	-	94	99,260
Receivable against conversion of units		-	-	616	616
Advance and other receivables		-	-	2,321	2,321
		99,166	-	3,031	102,197
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	1,091	1,091
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	79	79
Payable against conversion and redemption of units		-	-	18	18
Accrued expenses and other liabilities		-	-	3,652	3,652
		-	-	4,840	4,840
On-balance sheet gap (a)		99,166	-	(1,809)	97,357
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		99,166	-	-	-
Cumulative profit rate sensitivity gap		99,166	99,166	99,166	-

(ii) Currency risk

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

(iii) Price risk

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unitholders by investing a significant portion of the Fund's net assets in deliverable gold based contracts in a Shariah compliant manner available on Pakistan Mercantile Exchange Limited (PMEX). The Fund's price risk is managed on a daily basis by the investment committee in accordance with the policies and procedures laid down by the SECP.

19.2 Liquidity risk

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

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

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	86,766	-	-	-	-	86,766
Advance and other receivables	1,044	-	-	-	-	1,044
	87,810	-	-	-	-	87,810
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	318	-	-	-	-	318
Payable to the Central Depository Company of Pakistan Limited - Trustee	97	-	-	-	-	97
Payable against conversion and redemption of units	17	-	-	-	-	17
Accrued expenses and other liabilities	-	700	-	-	-	700
	432	700	-	-	-	1,132
Net assets / (liabilities)	87,378	(700)	-	-	-	86,678

2021						
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	99,260	-	-	-	-	99,260
Receivable against conversion of units	616	-	-	-	-	616
Advance and other receivables	2,321	-	-	-	-	2,321
	102,197	-	-	-	-	102,197
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	1,091	-	-	-	-	1,091
Payable to the Central Depository Company of Pakistan Limited - Trustee	79	-	-	-	-	79
Payable against conversion and redemption of units	18	-	-	-	-	18
Accrued expenses and other liabilities	-	3,652	-	-	-	3,652
	1,188	3,652	-	-	-	4,840
Net assets / (liabilities)	101,009	(3,652)	-	-	-	97,357

19.3 Credit risk

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 Fund's significant credit risk arises from balances with banks and profit accrued thereon. 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	86,766	86,766	99,260
Receivable against conversion of units	-	-	616
Advance and other receivable	1,044	1,044	2,321
	<u>87,810</u>	<u>87,810</u>	<u>102,197</u>

19.3.1 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	99.04%	99.23%
AA	0.96%	0.77%
	<u>100.00%</u>	<u>100.00%</u>

19.3.2 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties and are within regulatory limits, therefore mitigating any significant concentration of credit risk.

20 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.

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).

Investments in gold are non-financial assets and are recognised at fair value as disclosed in note 6.1 to these financial statements. Moreover, the Fund did not held any financial assets which are carried at fair value as at June 30, 2022.

21 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'.

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 19, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

22 COMMODITY RISK MANAGEMENT

Commodity risk

Commodity risk represent the accounting loss that would be recognised at the reporting date due to change in future market values and the size of the future income, caused by fluctuation in the prices of commodities.

Commodity risk arises on the fair value or future cash flows of a commodity which will fluctuate because of the decrease / increase in the price of the gold contract quoted on Pakistan Mercantile Exchange Limited (PMEX).

In case of 1% increase / decrease in the price of gold fixed by Pakistan Mercantile Exchange Limited (PMEX) as on June 30, 2022, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 5.186 million (2021: Rs 3.962 million) and the net assets of the Fund would increase / decrease by the same amount as a result of change in the fair value thereof.

23 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	1,179	421,142	69.73	1,062	341,982	70.15
Bank / DFIs	1	112,651	18.65	1	90,721	18.61
Private limited companies	5	60,214	9.97	5	48,271	9.90
Others	1	9,991	1.65	1	6,556	1.34
	<u>1,186</u>	<u>603,998</u>	<u>100.00%</u>	<u>1,069</u>	<u>487,530</u>	<u>100.00%</u>

24 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
Not Applicable (No transactions during the year)		Not Applicable (No transactions during the year)	

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

The Fund Manager of the Fund is Mr. Ali Khan. Other Fund being managed by the Fund Manager is Meezan Pakistan Exchange Traded Fund.

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

27 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.

28 GENERAL

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

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

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

KANJUT SAR

Evaluating time horizons are critical for investments, just like climbing mountains.

Height 7,760 meters,
belongs to the range Hispar Karakoram



MEEZAN ISLAMIC INCOME FUND (MIIF)

Meezan Islamic Income Fund is Pakistan's first Shariah Compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation.

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 Bank Limited - Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking

MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Samba Bank Limited
Sindh Bank Limited
Soneri Bank Limited - Islamic Banking
The Bank Of Punjab - Islamic Banking
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



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Islamic Income Fund (MIIF)

Type of Fund

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

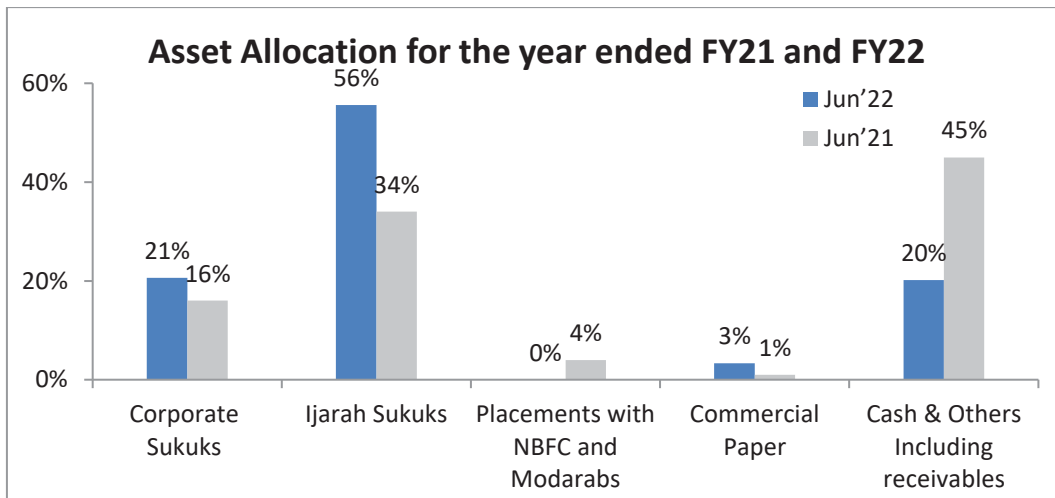
Objective

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

Strategy, Investment policy and asset allocation

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

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



Performance Review

During FY22, Meezan Islamic Income Fund (MIIF) provided a full year return of 8.63% as compared to its benchmark return of 3.34%. The fund manager remained on a continuous look out for deployment opportunities in high quality Corporate Sukuk and investments were made in Sukuk issued by companies mainly in Power sector. In line with monetary tightening expectations, TDRs/Placements above three months' tenor were not placed during the year. The fund has four non performing Sukuk currently (Sukuk of Eden Housing Limited, Security Leasing Company Limited, Arzoo Textile Mills Limited and Hascol Petroleum Limited) but it is pertinent to note that Eden Housing Limited Sukuk, Arzoo Textile Mills Sukuk, Security Leasing Company Limited and Hascol Petroleum Limited Sukuk stand fully provided. A case for Arzoo Textile Mills Limited Sukuk is already under contestation in the courts, whereas for Eden Housing Limited, Security Leasing Limited and Hascol Petroleum Limited negotiations have not been very fruitful so it appears that the most likely way forward will be procession of legal proceedings against the respective companies but the Sukuk holders are yet to reach a conclusion on the matter. As at year end, the fund was invested 80% in Islamic Sukuk/Ijarah and 20% in Islamic Bank Deposits including other receivables.



Pure. Profit.



The Fund earned a gross income of Rs. 2,385 million, which was primarily due to profit on Sukuk certificates amounting worth Rs. 1,668 million. Profit on saving accounts at Islamic banks contributed Rs. 715 million, profit on musharakah certificates Rs. 66 million while realized loss on sale of Sukuks certificates was Rs. 64 million. On the other side, the fund incurred unrealized diminution worth Rs. 1 million and also recorded provision against sukuk certificate Rs. 45 million. The fund also incurred expenses totalling to Rs. 237 million, which brought the net income figure to Rs. 2,148 million. The net assets of the Fund as at June 30, 2022 were Rs. 18,609 million as compared to Rs. 27,246 million at the end of last year depicting an decrease of 32%. The net asset value per unit as at June 30, 2022 was Rs. 51.5323 (Ex-Dividend) as compared to Rs. 51.4736 per unit as on June 30, 2021.

	MIIF	Islamic Bank Deposits (Benchmark)
Net Asset Value as on June 30, 2021	51.47	
Net Asset Value as on June 30, 2022	51.53	
Return for the year	8.63%	3.34%
Outperformance	5.29%	

Fund Rating

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

Distributions

The final distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2022 was Rs. 4.3714 per unit (8.74%). Total distribution made by the fund was Rs. 1,058 million.

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MIIF amounting to Rs. 134.99 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 MIIF by 0.46%. 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	19,662
10,000 - 49,999	3,190
50,000 - 99,999	672
100,000 - 499,999	476
500,000 and above	66
Total	24,066

PERFORMANCE TABLE

	2022	2021	2020
Net assets (Rs '000) (ex-distribution)	18,609,435	27,246,175	27,776,365
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution)	51.5323	51.4736	51.4656
Offer price per unit as at June 30 (Rs) (ex-distribution)	52.1146	52.0552	51.7563
Distribution (%)			
- Interim			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	8.74%	6.82%	11.77%
- Annual	-	-	-
Dates of distribution (interim)			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	June 27, 2022	June 30, 2021	June 26, 2020
Dates of distribution (annual)	-	-	-
Income distribution (Rupees in '000)	1,057,593	828,248	1,052,042
Growth distribution (Rupees in '000)	-	-	-
Highest offer price per unit (Rs)	56.4032	55.4980	57.6066
Lowest offer price per unit (Rs)	52.0043	51.7670	51.7273
Highest redemption price per unit (Rs)	55.7730	54.8779	57.2830
Lowest redemption price per unit (Rs)	51.4233	51.4736	51.4367
Total return (%)	8.63%	6.64%	11.57%
Weighted Average Portfolio Duration (years)	0.44	0.20	0.19
	One year	Two year	Three year
Average annual return (%) as at June 30, 2022	8.63%	7.63%	8.93%

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



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Islamic Income Fund

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

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Fifteenth year of operations of Meezan Islamic Income Fund (MIIF) under management of Al Meezan Investment Management Limited (AMIM). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 7.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

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.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MIIF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MIIF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MIIF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

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
Shariah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

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

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

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC INCOME FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 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 Islamic Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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 Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Income 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.

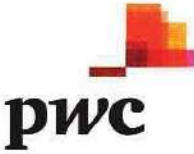
Key Audit Matters

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 15,097.091 million and balances with banks aggregated to Rs 3,440.427 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.

ASB

**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.

ATF



A.F. FERGUSON & CO.

- 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: AR202210081LRz9a3hrY



**MEEZAN ISLAMIC INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

	2022	2021
Note	(Rupees in '000)	
Assets		
Balances with banks	5 3,440,427	12,514,171
Investments	6 15,097,091	15,889,474
Receivable against conversion of units	86,611	18,133
Receivable against sale of investments	-	506
Advance, deposit, prepayments and other receivables	7 325,582	256,318
Total assets	18,949,711	28,678,602
Liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	8 13,144	35,570
Payable to Central Depository Company of Pakistan Limited - Trustee	9 1,408	2,460
Payable to the Securities and Exchange Commission of Pakistan	10 5,316	6,965
Payable to Meezan Bank Limited	1,164	2,424
Payable against redemption and conversion of units	65,446	952,543
Dividend payable	-	36,220
Accrued expenses and other liabilities	11 253,798	396,245
Total liabilities	340,276	1,432,427
Net assets	18,609,435	27,246,175
Unit holders' fund (as per statement attached)	18,609,435	27,246,175
Contingencies and commitments	12	
	(Number of units)	
Number of units in issue	361,122,076	529,323,430
	(Rupees)	
Net asset value per unit	51.5323	51.4736

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

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

Chief Executive Officer

Chief Financial Officer

Director

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

	Note	2022 (Rupees in '000)	2021
Income			
Profit on sukuk certificates and commercial papers		1,668,721	1,282,368
Profit on term deposit receipts		-	128,084
Profit on certificates of musharakah		66,278	89,240
Profit on Bai Muajjal		-	166,811
Net realised (loss) / gain on sale of investments		(64,630)	41,768
Profit on savings accounts with banks		714,843	953,206
Other income		937	390
		2,386,149	2,661,867
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(989)	93,029
Total income		<u>2,385,160</u>	<u>2,754,896</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	132,905	174,135
Sindh Sales Tax on remuneration of the Management Company	8.2	17,278	22,638
Allocated expenses	8.3	39,872	52,240
Selling and marketing expenses	8.4	98,795	128,003
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	19,922	26,120
Sindh Sales Tax on remuneration of the Trustee	9.2	2,590	3,396
Annual fee to the Securities and Exchange Commission of Pakistan	10	5,316	6,965
Auditors' remuneration	13	681	628
Fees and subscription		1,401	1,414
Legal and professional charges		754	329
Brokerage expense		1,491	2,213
Bank and settlement charges		2,262	2,308
Provision against sukuk certificates (Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	6.1.2.4 11.1	45,000 (130,733)	54,259 45,605
Total expenses		<u>237,534</u>	<u>520,253</u>
Net income for the year before taxation		<u>2,147,626</u>	<u>2,234,643</u>
Taxation	15	-	-
Net income for the year after taxation		<u><u>2,147,626</u></u>	<u><u>2,234,643</u></u>
Allocation of net income for the year			
Net income for the year after taxation		2,147,626	2,234,643
Income already paid on units redeemed		(1,069,597)	(1,400,156)
		<u>1,078,029</u>	<u>834,487</u>
Accounting income available for distribution			
- Relating to capital gains		-	134,797
- Excluding capital gains		1,078,029	699,690
		<u>1,078,029</u>	<u>834,487</u>

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

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

Chief Executive Officer

Chief Financial Officer

Director



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

	2022	2021
	(Rupees in '000)	
Net income for the year after taxation	2,147,626	2,234,643
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>2,147,626</u></u>	<u><u>2,234,643</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF 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	27,004,995	241,180	27,246,175	27,541,424	234,941	27,776,365
Issuance of 635,347,582 units (2021: 1,310,569,532 units)						
- Capital value (at net asset value per unit at the beginning of the year)	32,703,627	-	32,703,627	67,449,247	-	67,449,247
- Element of income	855,051	-	855,051	2,298,905	-	2,298,905
Total proceeds on issuance of units	33,558,678	-	33,558,678	69,748,152	-	69,748,152
Redemption of 803,548,936 units (2021: 1,320,953,621 units)						
- Capital value (at net asset value per unit at the beginning of the year)	41,361,557	-	41,361,557	67,983,671	-	67,983,671
- Element of loss	582,588	1,069,597	1,652,185	1,425,300	1,400,156	2,825,456
Total payments on redemption of units	41,944,145	1,069,597	43,013,742	69,408,971	1,400,156	70,809,127
Total comprehensive income for the year	-	2,147,626	2,147,626	-	2,234,643	2,234,643
Distribution for the year ended June 30, 2021	-	-	-	-	(828,248)	(828,248)
Distribution for the year ended June 30, 2022	-	(1,057,593)	(1,057,593)	-	-	-
Refund of capital for the year ended June 30, 2021	-	-	-	(875,610)	-	(875,610)
Refund of capital for the year ended June 30, 2022	(271,709)	-	(271,709)	-	-	-
Total distribution during the year	(271,709)	(1,057,593)	(1,329,302)	(875,610)	(828,248)	(1,703,858)
Net assets at the end of the year	18,347,819	261,616	18,609,435	27,004,995	241,180	27,246,175
Undistributed income brought forward						
- Realised income		148,151			217,183	
- Unrealised income		93,029			17,758	
		<u>241,180</u>			<u>234,941</u>	
Accounting income available for distribution						
- Relating to capital gains		-			134,797	
- Excluding capital gains		1,078,029			699,690	
		<u>1,078,029</u>			<u>834,487</u>	
Interim distribution during the year at Rs. 3.4123 per unit i.e. 6.82% of the par value of Rs. 50/- each (June 30, 2021)		-			(828,248)	
Interim distribution during the year at Rs. 4.3714 per unit i.e. 8.74% of the par value of Rs. 50/- each (June 27, 2022)		(1,057,593)			-	
Undistributed income carried forward		<u>261,616</u>			<u>241,180</u>	
Undistributed income carried forward						
- Realised income		262,605			148,151	
- Unrealised (loss) / income		(989)			93,029	
		<u>261,616</u>			<u>241,180</u>	
		(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>51.4736</u>			<u>51.4656</u>	
Net asset value per unit at the end of the year		<u>51.5323</u>			<u>51.4736</u>	

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

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



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

	Note	2022 (Rupees in '000)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		2,147,626	2,234,643
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	989	(93,029)
		<u>2,148,615</u>	<u>2,141,614</u>
Decrease in assets			
Investments - net		791,394	4,870,135
Receivable against sale of investments		506	(506)
Advance, deposit, prepayments and other receivables		(69,264)	42,993
		<u>722,636</u>	<u>4,912,622</u>
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(22,426)	1,058
Payable to Central Depository Company of Pakistan Limited - Trustee		(1,052)	467
Payable to the Securities and Exchange Commission of Pakistan		(1,649)	2,701
Payable to Meezan Bank Limited		(1,260)	(462)
Accrued expenses and other liabilities		(142,447)	51,813
		<u>(168,834)</u>	<u>55,577</u>
Net cash generated from operating activities		<u>2,702,417</u>	<u>7,109,813</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		33,218,491	69,279,577
Payments against redemption and conversion of units		(43,900,839)	(69,940,508)
Dividend paid		(1,093,813)	(792,028)
Net cash used in financing activities		<u>(11,776,161)</u>	<u>(1,452,959)</u>
Net (decrease) / increase in cash and cash equivalents during the year		<u>(9,073,744)</u>	<u>5,656,854</u>
Cash and cash equivalents at the beginning of the year		12,514,171	6,857,317
Cash and cash equivalents at the end of the year	5	<u><u>3,440,427</u></u>	<u><u>12,514,171</u></u>

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

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

Chief Executive Officer

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

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

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund has been formed to provide the unit holders competitive and stable rate of income on their investments in a Shariah compliant way with a broadly diversified portfolio of long, medium and short term and high quality Islamic income instruments. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.

1.4 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated December 27, 2021 (2021: A+(f) dated January 12, 2021).

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

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the 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 4.2 and 6).

3.5 Accounting convention

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

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

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

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Debt instruments

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

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

based on the business model of the entity.

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

4.2.3 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.

4.2.3.1 Impairment loss on debt securities

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

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

4.2.4 Regular way contracts

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

4.2.5 Derecognition

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

4.3 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 value and subsequently stated at amortised cost.

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

4.4 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.

4.5 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.

4.6 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.

4.7 Issue and redemption of units

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

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

4.8 Distribution to unit holders

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

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

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

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

4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

4.11 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.

4.12 Taxation

Current

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

Deferred

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

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

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

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

4.13 Earnings per unit

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

Earnings 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.

4.14 Foreign currency translation

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

	Note	2022 (Rupees in '000)	2021
5			
BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	3,440,383	12,514,127
Current account		44	44
		<u>3,440,427</u>	<u>12,514,171</u>
5.1			
This includes balance of Rs 147.637 million (2021: Rs 90.730 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 3.00% to 16.25% (2021: 1.50% to 7.32%) per annum.			

6	INVESTMENTS	Note	2022 (Rupees in '000)	2021
	Investments - 'at fair value through profit or loss'			
	Sukuk certificates	6.1	14,544,888	14,341,463
	Certificates of musharakah	6.2	-	1,200,000
	Commercial papers	6.3	552,203	348,011
			<u>15,097,091</u>	<u>15,889,474</u>
6.1	Sukuk certificates			
	Government securities	6.1.1	10,538,677	9,816,183
	Corporate sukuk certificates	6.1.2	4,006,211	4,525,280
			<u>14,544,888</u>	<u>14,341,463</u>

6.1.1 Government securities

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Sold 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 - XIX - VRR	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted average 6 months T-Bills	2,000	-	-	2,000	201,260	200,060	(1,200)	1.08	1.33
GoP Ijarah Sukuk Certificates - XX - VRR	Semi-annually / At maturity	June 24, 2020	June 24, 2025	Weighted average 6 months T-Bills	2,340	-	-	2,340	235,401	233,254	(2,147)	1.25	1.55
GoP Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	December 9, 2020	December 9, 2025	Weighted average 6 months T-Bills	15,360	20,000	33,625	1,735	175,081	173,118	(1,963)	0.93	1.15
GoP Ijarah Sukuk Certificates - XXIII - VRR	Semi-annually / At maturity	October 6, 2021	October 6, 2026	Weighted average 6 months T-Bills	-	32,000	32,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	-	13,000	8,000	5,000	500,169	499,650	(519)	2.68	3.31
GoP Ijarah Sukuk Certificates - XXV - VRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted average 6 months T-Bills	-	9,750	2,950	6,800	679,563	677,824	(1,739)	3.64	4.49
GoP Ijarah Sukuk Certificates - XI - FRR	Semi-annually / At maturity	December 15, 2021	December 15, 2026	Weighted average 6 months T-Bills	-	5,000	-	5,000	511,827	480,000	(31,827)	2.58	3.18
Pakistan Energy Sukuk II	Semi-annually / At maturity	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of 0.10%	1,553,450	130,000	40,000	1,643,450	8,282,338	8,274,771	(7,567)	44.47	54.81
Total as at June 30, 2022									<u>10,585,639</u>	<u>10,538,677</u>	<u>(46,962)</u>	<u>56.63</u>	<u>69.82</u>
Total as at June 30, 2021									<u>9,747,172</u>	<u>9,816,183</u>	<u>69,011</u>	<u>36.03</u>	<u>61.78</u>

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy sukuk certificates having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2021	Purchased during the year	Sold / redeemed 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	
					----- (Number of certificates) -----			----- (Rupees in '000) -----			Net assets of the Fund	Total market value of investments	
												----- % -----	
NON-PERFORMING ASSETS													
Arzoo Textile Mills Limited (note 6.1.2.1) *	Not applicable	April 15, 2014	5,000	Not applicable	14,000	-	-	14,000	-	-	-	-	-
Eden Housing Limited (note 6.1.2.1) *	Not applicable	September 29, 2014	984	Not applicable	59,400	-	-	59,400	-	-	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.1) *	Not applicable	January 19, 2022	1,540	Not applicable	10,000	-	-	10,000	-	-	-	-	-
Hascol Petroleum Limited (note 6.1.2.1 & 6.1.2.2) *	Not applicable	January 06, 2022	1,250	Not applicable	80,000	-	-	80,000	-	-	-	-	-
COMMERCIAL BANKS													
Dubai Islamic Bank Pakistan Limited (AA-, VIS, non-traded)	Semi-annually / At maturity	July 14, 2027	1,000,000	6 months KIBOR plus base rate of 0.50%	538	-	-	538	553,046	556,023	2,977	2.99	3.68
Meezan Bank Limited Tier - II (AA+, VIS) (a related party of the Fund)	Semi-annually / At maturity	September 22, 2026	1,000,000	6 months KIBOR plus base rate of 0.50%	298	-	298	-	-	-	-	-	-
FERTILIZER													
Fatima Fertilizer Company Limited (AA-, PACRA)	Semi-annually	November 28, 2021	500	6 months KIBOR plus base rate of 1.10%	200,666	-	200,666	-	-	-	-	-	-
POWER GENERATION & DISTRIBUTION													
K-Electric Limited Sukuk V (AA+, VIS, non-traded)	Quarterly / Quarterly commencing from November 3, 2022	August 3, 2027	5,000	3 months KIBOR plus base rate of 1.70%	184,600	18,000	31,400	171,200	869,781	874,147	4,366	4.70	5.79
The Hub Power Company Limited (AA+, PACRA, traded)	Quarterly / Semi-annually	August 22, 2023	75,000	3 months KIBOR plus base rate of 1.90%	2,455	-	-	2,455	187,797	193,718	5,921	1.04	1.28
The Hub Power Company Limited (AA+, PACRA, non-traded)	Quarterly / Semi-annually commencing from September 19, 2022	March 19, 2024	100,000	12 months KIBOR plus base rate of 1.90%	6,550	300	3,500	3,350	343,040	344,643	1,603	1.85	2.28
Hub Power Holdings Limited (AA+, PACRA) (note 6.1.2.4)	Quarterly / Semi-annually commencing from May 12, 2024	November 12, 2025	100,000	6 months KIBOR plus base rate of 2.50%	6,000	-	-	6,000	592,518	592,518	-	3.18	3.92
Engro Powergen Thar (Private) Limited (A, PACRA, non-traded)	Quarterly / Annually commencing from August 2, 2022	August 2, 2024	5,000	3 months KIBOR plus base rate of 1.10%	62,400	-	-	62,400	312,000	330,481	18,481	1.78	2.19
Lucky Electric Power Company Limited (AA, PACRA)	At maturity	December 15, 2022	1,000,000	6 months KIBOR plus base rate of 1.20%	-	350	-	350	350,000	350,000	-	1.88	2.32
PHARMACEUTICALS													
AGP Limited (A+, PACRA)	Quarterly	June 9, 2022	5,000	3 months KIBOR plus base rate of 1.30%	1,624	992	2,616	-	-	-	-	-	-
OBS AGP (Private) Limited (A+, VIS, traded)	Quarterly / Quarterly commencing from October 15, 2022	July 15, 2026	100,000	3 months KIBOR plus base rate of 1.55%	-	3,900	600	3,300	330,000	331,650	1,650	1.78	2.20

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2021	Purchased during the year	Sold / Redeemed 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	
					----- (Number of certificates) -----			----- (Rupees in '000) -----		----- % -----			
CEMENT & CONSTRUCTION													
Javedan Corporation Limited (AA-, VIS, non-traded)	Semi-annually	October 4, 2026	83,333	6 months KIBOR plus base rate of 1.75%	1,000	-	200	800	59,400	59,568	168	0.32	0.39
STEEL & ALLIED PRODUCTS													
Agha Steel Industries Limited (A+, VIS, non-traded)	Quarterly / Quarterly commencing from January 9, 2022	October 9, 2025	937,500	3 months KIBOR plus base rate of 0.80%	250	-	68	182	158,905	165,069	6,164	0.89	1.09
CHEMICALS													
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded)	Quarterly / Semi-annually commencing from July 11, 2024	July 11, 2026	100,000	3 months KIBOR plus base rate of 0.90%	478	-	-	478	48,804	51,146	2,342	0.27	0.34
TEXTILE COMPOSITE													
Masood Textile Mills Limited (A, VIS, non-traded)	Quarterly	December 17, 2024	785,714	3 months KIBOR plus base rate of 2.00%	150	-	23	127	89,691	89,356	(335)	0.48	0.59
MISCELLANEOUS													
International Brands Limited (AA, VIS)	Quarterly / Monthly	May 5, 2022	4,451	3 months KIBOR plus base rate of 0.50%	4,000	-	4,000	-	-	-	-	-	-
Shakarganj Food Products Limited (BBB+, VIS, non-traded) (note 6.1.2.1)	Quarterly	July 10, 2025	700,000	3 months KIBOR plus base rate of 1.75%	100	-	-	100	65,256	67,892	2,636	0.36	0.45
Total as at June 30, 2022									3,960,238	4,006,211	45,973	21.52	26.52
Total as at June 30, 2021									4,501,262	4,525,280	24,018	16.61	28.48

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

6.1.2.1 The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the Circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said Circular. As at June 30, 2022, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

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

Name of non-compliant investment	Type of Investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					Net assets	Total assets
					----- % -----	
Arzoo Textile Mills Limited (note 6.1.2.1.1)	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited (note 6.1.2.1.1)	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.1.2)	Non-traded sukuk certificates	15,403	15,403	-	-	-
Hascol Petroleum Limited (note 6.1.2.1.3)	Non-traded sukuk certificates	99,259	99,259	-	-	-
Shakarganj Food Products Limited (note 6.1.2.1.4)	Non-traded sukuk certificates	67,892	-	67,892	0.36	0.36
Total - June 30, 2022		311,026	243,134	67,892	0.36	0.36
Total - June 30, 2021		328,461	198,134	130,327	0.48	0.46

- 6.1.2.1.1** On May 6, 2011, Arzoo Textile Mills Limited and Eden Housing 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 assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 70 million and Rs. 58.472 million respectively have also been held as provision against the outstanding principal as at June 30, 2022.
- 6.1.2.1.2** The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk as per the approval of contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore, in accordance with the requirement of circular no.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs 15.403 million has also been held as provision against the outstanding principal as at June 30, 2022.
- 6.1.2.1.3** On April 1, 2021, sukuk certificates of Hascol Petroleum Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 99.259 million (June 30, 2021: Rs. 54.259 million) have also been held as provision. The face value of sukuk certificates is Rs. 100 million as at June 30, 2022.
- 6.1.2.1.4** In accordance with the Offering Document of the Fund, rating of any debt security in the portfolio of Income Scheme shall not be lower than the A-. Sukuk of Shakarganj Food Products Limited has been assigned a credit rating of BBB+ by VIS Credit Rating Company Limited dated November 23, 2020 making it non-compliant with the said constitutive document.
- 6.1.2.2** 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 above mentioned sukuk certificates of Agha Steel Industries Limited, Engro Powergen Thar (Private) Limited and Shakarganj Food Products Limited have been valued at a discretionary rate of Rs 103.6540, Rs 105.9234 and Rs 104.4499 when the reported market rate on MUFAP valuation sheet as at June 30, 2022 was Rs 105.8879, Rs 108.1771 and 107.3077 respectively. The mark up in prices has been done within allowable limits.
- 6.1.2.3** Sukuk certificates of Hub Power Holdings Limited and Lucky Electric Power Company Limited are carried at their cost as they are not valued by MUFAP.

	Note	2022	2021
		(Rupees in '000)	
6.1.2.4 Movement of provision			
Balance as at July 1		198,134	143,875
Charge for the year	6.1.2.1.3	45,000	54,259
Reversal for the year		-	-
Balance as at June 30		<u>243,134</u>	<u>198,134</u>

6.2 Certificates of musharakah

Name of the investee company	Maturity date	Profit rate	As at July 1, 2021	Placed during the year	Matured during the year	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
						(Rupees in '000)			% -----	
Orix Modaraba (AA, PACRA)	April 29, 2022	12.05	600,000	-	600,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	December 1, 2021	7.80	300,000	-	300,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	December 21, 2021	9.30	300,000	-	300,000	-	-	-	-	-
Total as at June 30, 2022			<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total as at June 30, 2021			<u>1,600,000</u>	<u>2,252,830</u>	<u>2,652,830</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>4.39</u>	<u>7.56</u>

6.3 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	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	
			(Number of certificates)			(Rupees in '000)			Net assets of the Fund	Total market value of investments	%
K-Electric Limited CP-16 (A-1+, PACRA)	September 16, 2021	6 months KIBOR plus base rate of 0.60%	225	-	225	-	-	-	-	-	-
K-Electric Limited CP-18 (A-1+, VIS)	October 19, 2021	6 months KIBOR plus base rate of 0.55%	130	-	130	-	-	-	-	-	-
Lucky Electric Power Company Limited ICP-1 (A-1, PACRA)	May 9, 2022	6 months KIBOR plus base rate of 0.75%	-	1,050	1,050	-	-	-	-	-	-
Mughal Iron & Steel Industries Limited ICP-1 (A-2, VIS)	July 21, 2022	6 months KIBOR plus base rate of 1.75%	-	300	-	300	303,122	303,122	-	1.63	2.01
Lucky Electric Power Company Limited ICP-2 (A-1, PACRA)	July 12, 2022	6 months KIBOR plus base rate of 1.50%	-	250	-	250	249,081	249,081	-	1.34	1.65
Total as at June 30, 2022							552,203	552,203	-	2.97	3.66
Total as at June 30, 2021							348,011	348,011	-	1.28	2.19

6.3.1 The nominal value of these commercial papers is Rs 1,000,000 each.

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

	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
Market value of investments	6.1.1, 6.1.2, 6.2 & 6.3	15,097,091	15,889,474
Less: carrying value of investments	6.1.1, 6.1.2, 6.2 & 6.3	(15,098,080)	(15,796,445)
		<u>(989)</u>	<u>93,029</u>

7 ADVANCE, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		282	267
Advance tax	7.1	3,127	3,127
Profit receivable on balances with banks		45,778	90,133
Profit receivable on sukuk certificates		273,591	153,757
Profit receivable on certificates of musharakah		-	6,230
ATM deposit with Meezan Bank Limited		2,704	2,704
		<u>325,582</u>	<u>256,318</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on profit on debt securities and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt securities and profit on bank deposits amounts to Rs 3.127 million.

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

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2022	2021
			(Rupees in '000)	
	Remuneration payable	8.1	1,464	751
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	190	98
	Allocated expenses payable	8.3	157	4,326
	Selling and marketing expenses payable	8.4	7,205	27,213
	Sales load payable		3,653	2,815
	Sindh Sales Tax payable on sales load		475	366
	Certificate charges payable		-	1
			<u>13,144</u>	<u>35,570</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 0.5% (2021: 0.5%) per annum of the average annual 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 17.278 million (2021: Rs 22.638 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 17.186 million (2021: Rs 22.675 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.15% (2021: 0.15%) of the average annual net assets of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

8.4 In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to September 30, 2021	Rate applicable from October, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.3% of the average annual net assets of the Fund	0.4% of the average annual net assets of the Fund	0.4% of the average annual net assets of the Fund	0.3% of the average annual net assets of the Fund

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			(Rupees in '000)	
	Remuneration payable	9.1	1,246	2,177
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	162	283
			<u>1,408</u>	<u>2,460</u>

9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2021: 0.075%) per annum of the average annual net assets of the Fund.

9.2 During the year, an amount of Rs 2.590 million (2021: Rs 3.396 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 2.711 million (2021: Rs 3.342 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 (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			(Rupees in '000)	
	Auditors' remuneration payable		459	430
	Printing charges payable		-	566
	Brokerage payable		527	207
	Shariah advisor fee payable		531	538
	Withholding tax payable		163,987	123,938
	Capital gain tax payable		33,900	86,196
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	-	130,733
	Zakat payable		381	517
	Other payable		954	61
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.2	50,417	50,417
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	2,642	2,642
			253,798	396,245

11.1 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these financial statements of the Fund.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 53.059 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.15 (2021: Re 0.10) 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	419	401
Half yearly review fee	150	130
Fee for other certifications	100	92
Out of pocket expenses	12	5
	<u>681</u>	<u>628</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.22% (2021: 1.45%) which includes 0.10% (2021: 0.23%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these financial statements.

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 CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

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

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

The details of 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)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable	1,464	751
Sindh Sales Tax payable on remuneration of the Management Company	190	98
Allocated expenses payable	157	4,326
Selling and marketing expenses payable	7,205	27,213
Sales load payable	3,653	2,815
Sindh Sales Tax on sales load payable	475	366
Certificate charges payable	-	1
Central Depository Company of Pakistan Limited - Trustee		
Security deposit	100	100
Remuneration payable	1,246	2,177
Sindh Sales Tax payable on remuneration of the Trustee	162	283
Meezan Bank Limited		
Balances with bank	147,637	90,730
Profit receivable on savings accounts	199	-
Profit receivable on sukuk certificates	-	8,038
Investment of nil sukuk certificates (2021: 298 sukuk certificates)	-	308,615
Sales load payable	1,030	2,145
Sindh Sales Tax on sales load payable	134	279
ATM deposit	2,704	2,704
Shariah advisor fee payable	531	538
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Investment of 1,418,225 units (2021: 1,681,170 units)	73,084	86,536
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Investment of 936,854 units (2021: 1,452,832 units)	48,278	74,782
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Investment of 2,080,458 units (2021: 3,297,127 units)	107,211	169,715
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of nil units (2021: 840,428 units)	-	43,260
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 217,135 units (2021: 200,139 units)	11,189	10,302
Directors and Executives of the Management Company		
Investment of 260,557 units (2021: 504,281 units)	13,427	25,957

Transactions during the year	2022	2021
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	132,905	174,135
Sindh Sales Tax on remuneration of the Management Company	17,278	22,638
Allocated expenses	39,872	52,240
Selling and marketing expenses	98,795	128,003
Units issued: 7,606,241 units (2021: 1,157,861 units)	400,117	60,000
Units redeemed: 7,606,241 units (2021: 1,157,861 units)	400,467	62,364
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	19,922	26,120
Sindh Sales Tax on remuneration of the Trustee	2,590	3,396
CDS charges	59	1,086
Meezan Bank Limited		
Profit on savings accounts	2,544	2,356
Profit on sukuk certificates	10,515	26,789
Sale of Pakistan Energy Sukuk II certificates: nil certificates (2021: 1,540,000 sukuk certificates)	-	7,702,310
Sale of GoP Ijarah Sukuk Certificates - XXV - VRR: 2,500 sukuk certificates (2021: nil certificates)	253,000	-
Shariah advisor fee	1,073	1,080
Meezan Sovereign Fund		
Purchase of Pakistan Energy Sukuk II certificates: 130,000 sukuk certificates (2021: nil certificates)	662,999	-
MSAF - Meezan Strategic Allocation Plan - I		
Units issued: 4,524,388 units (2021: 1,951,560 units)	240,143	103,100
Units redeemed: 4,524,388 units (2021: 6,150,184 units)	241,280	332,546
MSAF - Meezan Strategic Allocation Plan - II		
Units issued: 2,913,682 units (2021: 1,067,723 units)	154,745	56,400
Units redeemed: 2,913,682 units (2021: 3,485,498 units)	155,719	187,990
MSAF - Meezan Strategic Allocation Plan - III		
Units issued: 2,688,979 units (2021: 1,386,262 units)	142,388	72,900
Units redeemed: 2,688,979 units (2021: 5,365,517 units)	143,037	286,958
MSAF - Meezan Strategic Allocation Plan - IV		
Units issued: 1,104,674 units (2021: 1,202,649 units)	58,512	63,000
Units redeemed: 1,104,674 units (2021: 5,223,379 units)	58,803	276,009
MSAF - Meezan Strategic Allocation Plan - V		
Units issued: 374,414 units (2021: 350,016 units)	19,830	18,370
Units redeemed: 374,414 units (2021: 1,387,069 units)	19,928	73,443


Transactions during the year
2022 **2021**
 (Rupees in '000)

Meezan Financial Planning Fund of Funds
- Aggressive Allocation Plan

Units issued: 241,623 units (2021: 2,201,104 units)	12,615	119,121
Units redeemed: 504,568 units (2021: 1,746,351 units)	26,714	95,363
Dividend paid	5,987	38
Refund of capital	178	5,342

Meezan Financial Planning Fund of Funds
- Moderate Allocation Plan

Units issued: 489,959 units (2021: 2,279,852 units)	25,671	123,287
Units redeemed: 1,005,937 units (2021: 1,886,624 units)	53,631	102,694
Dividend paid	3,520	33
Refund of capital	451	4,617

Meezan Financial Planning Fund of Funds
- Conservative Allocation Plan

Units issued: 807,839 units (2021: 5,120,910 units)	42,684	278,431
Units redeemed: 2,024,508 units (2021: 3,812,653 units)	109,293	208,207
Dividend paid	7,607	74
Refund of capital	1,101	10,477

Meezan Financial Planning Fund of Funds - MAAP - I

Units issued: 989,214 units (2021: 3,401,272 units)	52,304	181,009
Units redeemed: 1,829,642 units (2021: 4,300,976 units)	96,664	228,479
Dividend paid	-	19
Refund of capital	-	2,670

Al Meezan Investment Management Limited - Employees' Gratuity Fund

Units issued: 16,996 units (2021: 200,139 units)	875	10,640
Dividend paid	875	300
Refund of capital	-	340

Directors and Executives of the Management Company

Units issued: 4,007,564 units (2021: 3,826,864 units)	209,303	204,061
Units redeemed: of 4,185,267 units (2021: 3,854,379 units)	221,528	206,934
Dividend paid	687	685
Refund of capital	329	935

17 FINANCIAL INSTRUMENTS BY CATEGORY

2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Balances with banks	-	3,440,427
Investments	15,097,091	15,097,091
Receivable against conversion of units	-	86,611
Deposit and other receivables	-	322,173
3,849,211	15,097,091	18,946,302

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

(Rupees in '000)

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	13,144	-	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee	1,408	-	1,408
Payable to Meezan Bank Limited	1,164	-	1,164
Payable against redemption and conversion of units	65,446	-	65,446
Accrued expenses and other liabilities	2,471	-	2,471
	<u>83,633</u>	<u>-</u>	<u>83,633</u>

2021		
At amortised cost	At fair value through profit or loss	Total

(Rupees in '000)

Financial assets

Balances with banks	12,514,171	-	12,514,171
Investments	-	15,889,474	15,889,474
Receivable against conversion of units	18,133	-	18,133
Receivable against sale of investments	506	-	506
Deposit and other receivables	252,924	-	252,924
	<u>12,785,734</u>	<u>15,889,474</u>	<u>28,675,208</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	35,570	-	35,570
Payable to Central Depository Company of Pakistan Limited - Trustee	2,460	-	2,460
Payable to Meezan Bank Limited	2,424	-	2,424
Payable against redemption and conversion of units	952,543	-	952,543
Dividend payable	36,220	-	36,220
Accrued expenses and other liabilities	1,802	-	1,802
	<u>1,031,019</u>	<u>-</u>	<u>1,031,019</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Market risk

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

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

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

(i) Profit rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 175.053 million (2021: Rs. 280.555 million).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds fixed rate GoP Ijara 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 for the year and net assets of the Fund would have been higher / lower by Rs 10.322 million (2021: Rs 3.480 million).

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

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

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

----- 2022 -----					
Effective 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% - 16.25%	3,440,383	-	44	3,440,427
Investments	Weighted Average 6 months T-Bills & KIBOR + 0.5% to KIBOR +2.5%	13,101,441	1,995,650	-	15,097,091
Receivable against conversion of units		-	-	86,611	86,611
Deposit and other receivables		-	-	322,173	322,173
		16,541,824	1,995,650	408,828	18,946,302
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	13,144	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	1,408	1,408
Payable to Meezan Bank Limited		-	-	1,164	1,164
Payable against redemption and conversion of units		-	-	65,446	65,446
Accrued expenses and other liabilities		-	-	2,471	2,471
		-	-	83,633	83,633
On-balance sheet gap (a)		16,541,824	1,995,650	325,195	18,862,669
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total interest rate sensitivity gap (a+b)		16,541,824	1,995,650	-	-
Cumulative interest rate sensitivity gap		16,541,824	18,537,474	18,537,474	-

Effective profit rate (%)	2021				Total
	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
	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% - 7.32%	12,514,127	-	-	44	12,514,171
Investments - Sukuk certificates	KIBOR + 0.5% - KIBOR + 2.50%	3,760,442	719,838	-	45,000	4,525,280
Investments - Government securities	KIBOR - 0.10% - 6MTB	-	9,816,183	-	-	9,816,183
Investments - Others	KIBOR + 1.15%	1,548,011	-	-	-	1,548,011
Receivable against conversion of units		-	-	-	18,133	18,133
Receivable against sale of investments		-	-	-	506	506
Deposit and other receivables		-	-	-	252,924	252,924
		17,822,580	10,536,021	-	316,607	28,675,208

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	35,570	35,570
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,460	2,460
Payable to Meezan Bank Limited		-	-	-	2,424	2,424
Payable against conversion and redemption of units		-	-	-	952,543	952,543
Dividend payable		-	-	-	36,220	36,220
Accrued expenses and other liabilities		-	-	-	1,802	1,802
		-	-	-	1,031,019	1,031,019

On-balance sheet gap (a)

	17,822,580	10,536,021	-	(714,412)	27,644,189
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Off-balance sheet financial instruments

	-	-	-	-	-
--	---	---	---	---	---

Off-balance sheet gap (b)

	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

	17,822,580	10,536,021	-		
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Cumulative interest rate sensitivity gap

	17,822,580	28,358,601	28,358,601		
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(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.

18.2 Liquidity risk

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

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

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 redemption requests during the year ended June 30, 2022.

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 balances with banks 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	3,440,427	-	-	-	-	3,440,427
Investments	552,203	-	350,000	4,489,947	9,704,941	15,097,091
Receivable against conversion of units	86,611	-	-	-	-	86,611
Deposit and other receivables	88,895	190,949	39,525	-	2,804	322,173
	4,168,136	190,949	389,525	4,489,947	9,704,941	18,946,302
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	13,144	-	-	-	-	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee	1,408	-	-	-	-	1,408
Payable to Meezan Bank Limited	1,164	-	-	-	-	1,164
Payable against redemption and conversion of units	65,446	-	-	-	-	65,446
Accrued expenses and other liabilities	1,481	990	-	-	-	2,471
	82,643	990	-	-	-	83,633
Net financial assets / (liabilities)	4,085,493	189,959	389,525	4,489,947	9,704,941	18,862,669
----- 2021 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- (Rupees in '000) -----						
Financial assets						
Balances with banks	12,514,171	-	-	-	-	12,514,171
Investments	-	221,140	1,636,275	4,264,149	9,767,910	15,889,474
Receivable against conversion of units	18,133	-	-	-	-	18,133
Receivable against sale of investments	506	-	-	-	-	506
Deposit and other receivables	116,959	49,151	84,010	-	2,804	252,924
	12,649,769	270,291	1,720,285	4,264,149	9,767,910	28,672,504
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	35,570	-	-	-	-	35,570
Payable to Central Depository Company of Pakistan Limited - Trustee	2,460	-	-	-	-	2,460
Payable to Meezan Bank Limited	2,424	-	-	-	-	2,424
Payable against redemption and conversion of units	952,543	-	-	-	-	952,543
Dividend payable	36,220	-	-	-	-	36,220
Accrued expenses and other liabilities	268	968	566	-	-	1,802
	1,029,485	968	566	-	-	1,031,019
Net financial assets / (liabilities)	11,620,284	269,323	1,719,719	4,264,149	9,767,910	27,641,485

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	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	3,440,427	3,440,427	12,514,171	12,514,171
Investments in debt instruments	15,097,091	4,558,414	15,889,474	6,073,291
Receivable against conversion of units	86,611	86,611	18,133	18,133
Receivable against sale of investments	-	-	506	506
Deposit and other receivables	322,173	319,469	252,924	250,220
	<u>18,946,302</u>	<u>8,404,921</u>	<u>28,675,208</u>	<u>18,856,321</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	56.00%	5.78%
AA+	-	-
AA	-	0.03%
AA-	0.01%	0.01%
A+	43.99%	94.18%
	<u>100.00%</u>	<u>100.00%</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired except for sukuk certificates Arzoo Textiles Limited, Security Leasing Corporation II, Eden Housing Limited and Hascol Petroleum Limited as disclosed in note 6 to these financial statements.

19 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2022 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	2022			
	Level 1	Level 2	Level 3	Total
ASSETS	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'				
Sukuk certificates	-	14,544,888	-	14,544,888
Certificates of musharakah *	-	-	-	-
Commercial papers **	-	552,203	-	552,203
	<u>-</u>	<u>15,097,091</u>	<u>-</u>	<u>15,097,091</u>
	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'				
Sukuk certificates	-	14,341,463	-	14,341,463
Certificates of musharakah *	-	1,200,000	-	1,200,000
Commercial papers **	-	348,011	-	348,011
	<u>-</u>	<u>15,889,474</u>	<u>-</u>	<u>15,889,474</u>

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

** The valuation of commercial papers has been done based on amortisation to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and are placed with counterparties which have high credit rating except for the commercial paper of Mughal Iron & Steel Industries Limited which has a tenure of one year, however, this has also been valued on the same basis.

20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

21 UNIT HOLDING PATTERN OF THE FUND

Category	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	23,820	14,717,133	79.08%	21,230	20,951,529	76.90%
Associated companies /						
Directors	6	245,762	1.32%	7	401,154	1.47%
Insurance companies	5	373,706	2.01%	8	478,728	1.76%
Banks and DFIs	-	-	0.00%	1	400,182	1.47%
Retirement funds	104	1,275,224	6.85%	103	1,468,165	5.39%
Private limited companies	51	800,071	4.30%	46	962,591	3.53%
Public limited companies	3	10,306	0.06%	3	9,504	0.03%
Others	77	1,187,234	6.38%	74	2,574,322	9.45%
	<u>24,066</u>	<u>18,609,435</u>	<u>100.00%</u>	<u>21,472</u>	<u>27,246,175</u>	<u>100.00%</u>

22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	31.04%	JS Global Capital Limited	65.34%
Next Capital Limited	26.90%	Next Capital Limited	11.59%
BIPL Securities Limited	14.63%	BIPL Securities Limited	0.45%
Paramount Capital (Private) Limited	10.99%	Summit Capital (Private) Limited	0.26%
Summit Capital (Private) Limited	8.72%	BMA Capital Management Limited	10.61%
Alfalah CLSA Securities (Private) Limited	4.05%	Invest One Markets Limited	11.75%
C & M Management (Private) Limited	3.41%		
BMA Capital Management Limited	0.27%		

22.1 The Fund has traded with only the above mentioned 8 brokers / dealers during the year ended June 30, 2022 (2021: 6 brokers / dealers).

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

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

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

- Meezan Cash Fund;
- Meezan Fixed Term Fund; and
- Meezan Rozana Amdani Fund

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 9, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 9, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

25 GENERAL

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

26 DATE OF AUTHORISATION FOR ISSUE

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

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

KUNYANG CHHISH

A generational wealth legacy and the delight of conquering a summit are both exhilarating.

Height 7,823 meters,
belongs to the range Hispar Karakoram



MEEZAN SOVEREIGN FUND (MSF)

Meezan Sovereign Fund is Pakistan's first Shariah Compliant Government Securities Fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return.

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 Bank Limited -
Islamic Banking

Habib Metropolitan Bank Limited - Islamic
Banking MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic
Banking Sindh Bank Limited
Soneri Bank Limited
The Bank Of Punjab Limited
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



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Sovereign Fund (MSF)

Type of Fund

Open end Sovereign mutual fund which falls under the category of Income Funds.

Objective

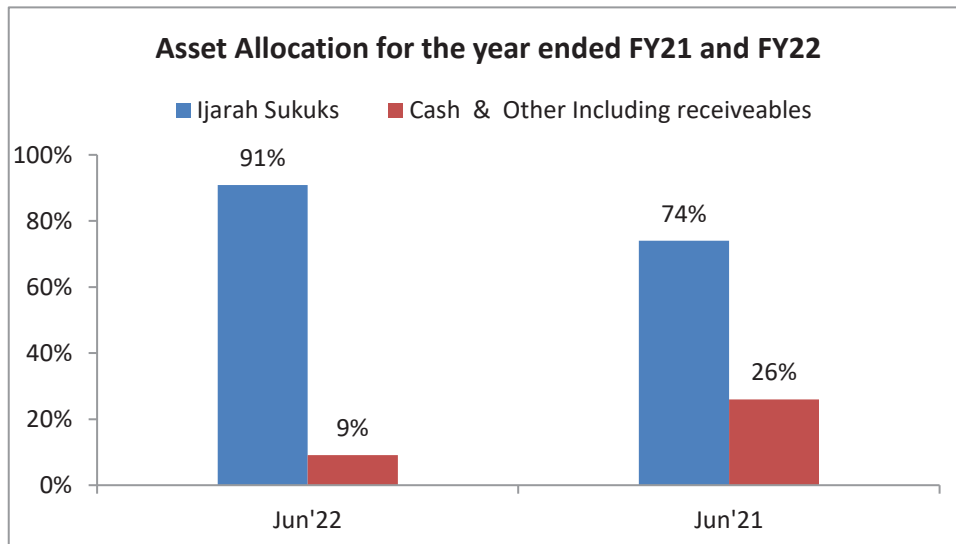
The Fund's primary objective is to provide investors with a low risk and stable rate of current income by primarily investing in Shariah Compliant Sovereign Securities.

Investment Policy and Strategy

The investment policy of the fund demarcates that at least 70% of the net assets of the fund shall be invested in Shariah compliant fixed income government securities on a monthly average basis while at least 10% of the fund size has to be maintained in cash on a monthly average basis. The remaining allocation can be in other permissible Islamic investment avenues. The instruments in which MSF invests are Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Certificate of Islamic Investments, Islamic bank deposits and other Sovereign Islamic income products.

Asset Allocation for the year ended FY21 and FY22

The asset allocation of the fund on June 30, 2021 and June 30, 2022 is as follows:



Performance Review

Meezan Sovereign Fund (MSF) provided a return of 8.27% to its investors for the year ended June 30, 2022 against a deposits at Islamic Banks (benchmark) return of 3.34%.



Pure. Profit.



	MSF	Deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 30, 2020	51.59	
Net Asset Value as on June 30, 2021	51.67	
Return for the year	8.27%	3.34%
Underperformance	4.93%	

During the year, the Fund earned a gross income of Rs. 765 million, which was primarily due to profit on Sukuks certificates worth Rs. 669 million. Profit on saving accounts at Islamic banks contributed Rs. 116 million. On the other side, the fund accrued realized loss and unrealized loss worth Rs. 19 million and Rs. 2 million respectively. The fund also incurred expenses totalling to Rs. 61 million, which brought the net income figure to Rs. 703 million. The net assets of the Fund as at June 30, 2022 were Rs. 6,196 million as compared to Rs. 9,939 million at the end of last year depicting decrease of 38%. The net asset value per unit as at June 30, 2022 was Rs. 51.6654 as compared to Rs. 51.5918 per unit as on June 30, 2021.

Distributions

Interim Pay-out by the Fund during the fiscal year ended June 30, 2022 was Rs. 4.1829 per unit (8.36%). Total distribution made by the fund was Rs. 348 million.

Fund Stability Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of AA(f) to Meezan Sovereign Fund.

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MSF amounting to Rs. 41.52 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 MSF by 0.42%. This is one-off event and is not likely to be repeated in the future.

Unit holder Break down:

(As on June 30, 2022)

Range (Units)	No. of investors
1 - 9,999	7,117
10,000 - 49,999	974
50,000 - 99,999	191
100,000 - 499,999	137
500,000 and above	28
Total	8,447

PERFORMANCE TABLE

	2022	2021	2020
Net assets (Rs. in '000) (ex-distribution)	6,196,077	9,939,252	9,736,331
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	51.6654	51.5918	51.5476
Offer price per unit as at June 30 (Rs.) (ex-distribution)	52.2492	52.1747	51.8388
Distribution (%)			
Interim			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	8.4	7.8	11.4
Annual			
Dates of distribution (interim)			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	24-Jun-22	25-Jun-21	26-Jun-20
Dates of distribution (annual)	-	-	-
Income distribution (Rs. in '000)	348,331	617,730	973,049
Growth distribution (Rs. in '000)	-	-	-
Highest offer price per unit (Rs.)	56.332	56.0695	57.5204
Lowest offer price per unit (Rs.)	52.1293	51.8486	51.8202
Highest redemption price per unit (Rs.)	55.7026	55.443	57.1973
Lowest redemption price per unit (Rs.)	51.5469	51.5574	51.5291
Total return (%)	8.27	7.65	11.17
Weighted Average Portfolio Duration (years)	0.34	0.33	0.31
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2022	8.27	7.96	9.02



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Sovereign Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Twelfth year of operations of Meezan Sovereign Fund (MSF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedures to be followed in ensuring *Shari'ah* compliance in every investment.

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.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MSF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

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

Shariah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN SOVEREIGN 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 Sovereign Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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 Sovereign Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Sovereign 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 5,794.717 million and balances with banks aggregated to Rs 384.892 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.

AGS

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

AB



- 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: AR2022100815qrKiuEmk

**MEEZAN SOVEREIGN FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**



	Note	2022 (Rupees in '000)	2021 (Rupees in '000)
Assets			
Balances with banks	5	384,892	2,060,201
Investments	6	5,794,717	7,613,507
Receivable against conversion of units		79,729	526,734
Deposit, prepayments and other receivables	7	115,438	88,668
Total assets		6,374,776	10,289,110
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	2,521	9,590
Payable to Central Depository Company of Pakistan Limited - Trustee	9	329	830
Payable to the Securities and Exchange Commission of Pakistan	10	1,789	1,822
Payable to Meezan Bank Limited		516	834
Payable against redemption and conversion of units		35,110	153,609
Accrued expenses and other liabilities	11	138,434	183,173
Total liabilities		178,699	349,858
Net assets		6,196,077	9,939,252
Unit holders' fund (as per statement attached)		6,196,077	9,939,252
Contingencies and commitments	12		
		(Number of units)	
Number of units in issue		119,927,049	192,651,699
		(Rupees)	
Net asset value per unit		51.6654	51.5918

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
		(Rupees in '000)	
Income			
Profit on sukuk certificates		668,615	574,146
Net realised (loss) / gain on sale of sukuk certificates		(18,505)	10,472
Profit on savings accounts with banks		116,275	107,841
Other income		578	-
		766,963	692,459
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(2,431)	101,175
Total income		<u>764,532</u>	<u>793,634</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	44,732	45,554
Sindh Sales Tax on remuneration of the Management Company	8.2	5,815	5,922
Allocated expenses	8.3	13,419	13,666
Selling and marketing expenses	8.4	26,839	33,464
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	5,172	5,922
Sindh Sales Tax on remuneration of the Trustee	9.2	672	770
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	1,789	1,822
Auditors' remuneration	13	578	537
Legal and professional charges		184	55
Fees and subscription		1,172	1,013
Brokerage expense		643	686
Bank and settlement charges		125	672
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11.1	(40,077)	13,671
Total expenses		<u>61,063</u>	<u>123,754</u>
Net income for the year before taxation		<u>703,469</u>	<u>669,880</u>
Taxation	15	-	-
Net income for the year after taxation		<u><u>703,469</u></u>	<u><u>669,880</u></u>
Allocation of net income for the year			
Net income for the year after taxation		703,469	669,880
Income already paid on units redeemed		(434,081)	(424,806)
		<u>269,388</u>	<u>245,074</u>
Accounting income available for distribution			
- Relating to capital gains		-	111,647
- Excluding capital gains		269,388	133,427
		<u>269,388</u>	<u>245,074</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN SOVEREIGN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	(Rupees in '000)	
Net income for the year after taxation	703,469	669,880
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>703,469</u></u>	<u><u>669,880</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN SOVEREIGN 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	9,634,121	305,131	9,939,252	9,438,622	297,709	9,736,331
Issue of 313,601,076 units (2021: 475,605,732 units)						
- Capital value (at net asset value per unit at the beginning of the year)	16,179,244	-	16,179,244	24,516,334	-	24,516,334
- Element of income	434,015	-	434,015	938,609	-	938,609
Total proceeds on issuance of units	16,613,259	-	16,613,259	25,454,943	-	25,454,943
Redemption of 386,325,726 units (2021: 471,834,316 units)						
- Capital value (at net asset value per unit at the beginning of the year)	19,931,240	-	19,931,240	24,321,927	-	24,321,927
- Element of income	346,251	434,081	780,332	557,439	424,806	982,245
Total payments on redemption of units	20,277,491	434,081	20,711,572	24,879,366	424,806	25,304,172
Total comprehensive income for the year	-	703,469	703,469	-	669,880	669,880
Distribution for the year ended June 30, 2022	-	(262,606)	(262,606)	-	-	-
Refund of capital for the year ended June 30, 2022	(85,725)	-	(85,725)	-	-	-
Distribution for the year ended June 30, 2021	-	-	-	-	(237,652)	(237,652)
Refund of capital for the year ended June 30, 2021	-	-	-	(380,078)	-	(380,078)
Total distribution during the year	(85,725)	(262,606)	(348,331)	(380,078)	(237,652)	(617,730)
Net assets at the end of the year	5,884,164	311,913	6,196,077	9,634,121	305,131	9,939,252
Undistributed income brought forward						
- Realised income		203,956			297,512	
- Unrealised income		101,175			197	
		<u>305,131</u>			<u>297,709</u>	
Accounting income available for distribution						
- Relating to capital gains		-			111,647	
- Excluding capital gains		269,388			133,427	
		<u>269,388</u>			<u>245,074</u>	
Interim distribution during the year at Rs. 4.1829 per unit i.e. 8.3658% of the par value of Rs. 50/- each (June 24, 2022)		(262,606)			-	
Interim distribution during the year at Rs. 3.8954 per unit i.e. 7.7908% of the par value of Rs. 50/- each (June 26, 2021)		-			(237,652)	
Undistributed income carried forward		<u>311,913</u>			<u>305,131</u>	
Undistributed income carried forward						
- Realised income		314,344			203,956	
- Unrealised (loss) / income		(2,431)			101,175	
		<u>311,913</u>			<u>305,131</u>	
Net asset value per unit at the beginning of the year			<u>51.5918</u>			<u>51.5476</u>
Net asset value per unit at the end of the year			<u>51.6654</u>			<u>51.5918</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN SOVEREIGN FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		703,469	669,880
Adjustments for:			
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	2,431	-101,175
		705,900	568,705
Decrease / (increase) in assets			
Investments - net		1,816,359	-330,042
Deposit, prepayments and other receivables		-26,770	16,570
		1,789,589	-313,472
(Decrease) / increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		-7,069	866
Payable to Central Depository Company of Pakistan - Trustee		-501	294
Payable to the Securities and Exchange Commission of Pakistan		-33	855
Payable to Meezan Bank Limited		-318	422
Accrued expenses and other liabilities		-44,739	19,092
		-52,660	21,529
Net cash generated from operating activities		2,442,829	276,762
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		16,974,539	24,697,878
Payments against redemption and conversion of units		-20,830,071	-25,256,829
Dividend paid		-262,606	-237,652
Net cash used in financing activities		-4,118,138	-796,603
Net decrease in cash and cash equivalents during the year		-1,675,309	-519,841
Cash and cash equivalents at the beginning of the year		2,060,201	2,580,042
Cash and cash equivalents at the end of the year	5	384,892	2,060,201

The annexed notes from 1 to 26 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN SOVEREIGN 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 Sovereign Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund 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 Fund has been formed to provide the unit holders preservation of capital along with Halal returns by investing primarily in a portfolio of Shariah compliant government securities, thus minimising the credit risk of investments. The Fund also keeps an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on high returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is an open end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

1.4 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AA(f) dated January 12, 2021).

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the approved 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the 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 4.2 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value.

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.2 Financial assets

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.2.3 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.

4.2.3.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

4.2.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

4.2.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss arising on derecognition of financial assets is taken to the Income Statement.

4.3 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 value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

4.4 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.

4.5 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.

4.6 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.

4.7 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on the day when the application is received. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.8 Distribution to unit holders

Distribution to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.9 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

4.11 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.

4.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.13 Earnings per unit

Earnings per unit is calculated by dividing the net income for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings 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.

4.14 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	384,888	2,057,357
	Current accounts		4	2,844
			384,892	2,060,201
5.1	This includes balance of Rs 265.464 million (2021: Rs 698.752 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 3.00% to 16.25% (2021: 1.50% to 7.32%) per annum.			
6	INVESTMENTS	Note	2022	2021
		(Rupees in '000)		
	Investments - 'at fair value through profit or loss'			
	Sukuk certificates	6.1	5,794,717	7,613,507

6.1 Sukuk certificates	Note	2022	2021
		(Rupees in '000)	
Government securities	6.1.1	5,761,444	7,502,782
Corporate sukuk certificates	6.1.2	33,273	110,725
		<u>5,794,717</u>	<u>7,613,507</u>

6.1.1 Government securities

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Sold 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	
					(Number of certificates)				(Rupees in '000)			Net assets of the Fund	Total market value of investments
Pakistan Energy Sukuk I	Semi-annually / At maturity	March 1, 2019	March 1, 2029	6 months KIBOR plus base rate of 0.80%	150,000	-	-	150,000	800,625	801,000	375	12.93%	13.82%
Pakistan Energy Sukuk II	Semi-annually / At maturity	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of 0.10%	1,154,200	-	170,000	984,200	4,960,368	4,955,447	(4,921)	79.98%	85.52%
GoP Ijarah Sukuk Certificates - XX - VRR	Semi-annually / At maturity	June 24, 2020	June 24, 2025	Weighted average 6 months T-Bills	1,000	-	1,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	1,830	-	1,830	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXII - VRR	Semi-annually / At maturity	December 9, 2025	December 9, 2025	Weighted average 6 months T-Bills	5,950	-	5,950	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIII - VRR	Semi-annually / At maturity	October 6, 2021	October 6, 2026	Weighted average 6 months T-Bills	-	15,000	15,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	-	3,050	3,000	50	5,008	4,997	(11)	0.08%	0.09%
Total as at June 30, 2022									<u>5,766,001</u>	<u>5,761,444</u>	<u>(4,557)</u>	<u>92.99%</u>	<u>99.43%</u>
Total as at June 30, 2021									<u>7,402,091</u>	<u>7,502,782</u>	<u>100,691</u>		

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy sukuk certificates I and II having nominal value of Rs 5,000 each.

6.1.2 Corporate sukuk certificates

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2021	Purchased during the year	Sold 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	
				(Number of certificates)				(Rupees in '000)			Net assets of the Fund	Total market value of investments
Power generation & distribution												
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	1,720	-	1,000	720	31,147	33,273	2,126	0.54%	0.57%
Total as at June 30, 2022								<u>31,147</u>	<u>33,273</u>	<u>2,126</u>	<u>0.54%</u>	<u>0.57%</u>
Total as at June 30, 2021								<u>110,241</u>	<u>110,725</u>	<u>484</u>		

6.1.2.1 The nominal value of these sukuk certificates is Rs 50,000 each.

	Note	2022 (Rupees in '000)	2021
6.2 Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'			
Market value of investments	6.1.1 & 6.1.2	5,794,717	7,613,507
Less: carrying value of investments	6.1.1 & 6.1.2	(5,797,148)	(7,512,332)
		<u>(2,431)</u>	<u>101,175</u>

7 DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		177	152
Profit receivable on balances with banks		3,331	9,323
Profit receivable on sukuk certificates		111,436	78,699
ATM deposit with Meezan Bank Limited		394	394
		<u>115,438</u>	<u>88,668</u>

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration payable	8.1	416	268
Sindh Sales Tax payable on remuneration of the Management Company	8.2	54	35
Allocated expenses payable	8.3	47	1,205
Selling and marketing expenses payable	8.4	1,787	7,297
Sales load payable		192	695
Sindh Sales Tax on sales load payable		25	90
		<u>2,521</u>	<u>9,590</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 0.5% (2021: 0.5%) per annum of the average annual 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 5.815 million (2021: Rs 5.922 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 5.796 million (2021: Rs 5.931 million) has been paid to the Management Company which acts as a collecting agent.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.15% (2021: 0.15%) of the average annual net assets of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

8.4 In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the following rates during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.3% of the average annual net assets of the Fund	0.4% of the average annual net assets of the Fund	0.3% of the average annual net assets of the Fund

	Note	2022	2021
(Rupees in '000)			
9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration payable	9.1	291	530
Sindh Sales Tax payable on remuneration of the Trustee	9.2	38	69
CDS charges payable		-	231
		329	830

- 9.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, with effect from October 1, 2021, the Trustee has revised its tariff as follows:

Previous Tariff (Flat Rate)	Revised Tariff (Flat Rate)
0.065% per annum of net assets	0.055% per annum of net assets

Accordingly, the Fund has charged trustee fee at the rate 0.055 percent per annum of net assets during the year with effect from October 1, 2021.

- 9.2** During the year, an amount of Rs 0.672 million (2021: Rs 0.770 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 0.703 million (2021: Rs 0.763 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

- 10.1** In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

	Note	2022	2021
(Rupees in '000)			
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		368	350
Printing charges payable		-	156
Brokerage payable		377	487
Shariah advisor fee payable		268	271
Withholding tax payable		41,908	36,570
Capital gain tax payable		12,763	22,411
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	-	40,077
Zakat payable		111	212
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.2	80,077	80,077
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	2,562	2,562
		138,434	183,173

- 11.1** 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these financial statements of the Fund.

- 11.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration made was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013, a constitutional petition was filed with the Honourable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 82.639 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.69 (2021: Re 0.43) per unit.

12 CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

13 AUDITORS' REMUNERATION	2022	2021
	(Rupees in '000)	
Annual audit fee	302	282
Fee for half yearly review of condensed interim financial statements	150	130
Fee for other certifications	102	100
Out of pocket expenses	24	25
	<u>578</u>	<u>537</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 1.13% (2021: 1.36%) which includes 0.09% (2021: 0.24%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these financial statements.

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 CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include AI Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of 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		
Remuneration payable	416	268
Sindh Sales Tax payable on remuneration of the Management Company	54	35
Allocated expenses payable	47	1,205
Selling and marketing expenses payable	1,787	7,297
Sales load payable	192	695
Sindh Sales Tax on sales load payable	25	90
Investment of 9,873,760 units (2021: 19,388,675 units)	510,132	1,000,297
Meezan Bank Limited		
Balances with bank	265,464	701,593
Profit receivable on savings accounts	88	59
Sales load payable	457	738
Sindh Sales Tax on sales load payable	59	96
Shariah advisor fee payable	268	271
ATM deposit	394	394
Investment of 9,969 units (2021: nil units)	515	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	291	530
Sindh Sales Tax payable on remuneration of the Trustee	38	69
Security deposit	100	100
CDS charges payable	-	231
Meezan Strategic Allocation Fund II - MCPP - V *		
Investment of 4 units (2021: nil units)	-	-
AI Meezan Investment Management Limited - Employees Gratuity Fund		
Investment of 187,593 units (2021: 173,525 units)	9,691	8,952
Directors and Executives of the Management Company		
Investment of 158,431 units (2021: 535,228 units)	8,185	27,613

* Nil figures due to rounding off

Transactions during the year	For the year ended June 30,	
	2022	2021
Al Meezan Investment Management Limited - Management Company	(Rupees in '000)	
Remuneration of the Management Company	44,732	45,554
Sindh Sales Tax on remuneration of the Management Company	5,815	5,922
Allocated expenses	13,419	13,666
Selling and marketing expenses	26,839	33,464
Units issued: 9,884,452 units (2021: 23,914,884 units)	510,581	1,234,482
Units redeemed: 19,399,367 units (2021: 4,526,209 units)	1,002,327	237,409
Meezan Bank Limited		
Profit on savings accounts	1,165	605
Shariah advisor fee	806	614
Units issued: 9,969 units (2021: nil units)	539	-
Dividend paid	14	-
Refund of capital	24	-
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	5,172	5,922
Sindh Sales Tax on remuneration of the Trustee	672	770
CDS charges	18	567
Meezan Islamic Income Fund		
Sale of Pakistan Energy Sukuk II certificates: 130,000 sukuk certificates (2021: nil certificates)	662,999	-
Meezan Financial Planning Fund of Funds - MAAP I		
Units issued: nil units (2021: 1,925,443 units)	-	101,785
Units redeemed: nil units (2021: 1,925,447 units)	-	102,346
Meezan Strategic Allocation Fund - MCPP - III		
Units issued: 4,798,411 units (2021: 948,831 units)	257,387	51,384
Units redeemed: 4,798,411 units (2021: 9,052,461 units)	260,528	490,656
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: 9,205,562 units (2021: 6,613,932 units)	492,845	352,575
Units redeemed: 9,205,562 units (2021: 27,659,225 units)	500,368	1,482,123
Meezan Strategic Allocation Fund II - MCPP - V		
Units issued: 2,375,613 units (2021: 2,853,217 units)	127,777	153,486
Units redeemed: 2,375,609 units (2021: 7,077,019 units)	128,767	376,964
Meezan Strategic Allocation Fund II - MCPP - VI		
Units issued: 2,417,989 units (2021: 507,359 units)	129,998	27,414
Units redeemed: 2,417,989 units (2021: 4,643,657 units)	131,077	250,638
Meezan Strategic Allocation Fund II - MCPP - VII		
Units issued: 2,755,659 units (2021: 376,013 units)	148,148	20,331
Units redeemed: 2,755,659 units (2021: 3,036,001 units)	149,473	164,630
Meezan Strategic Allocation Fund II - MCPP - VIII		
Units issued: nil units (2021: 199,183 units)	-	10,776
Units redeemed: nil units (2021: 1,437,426 units)	-	77,824
Meezan Strategic Allocation Fund III - MCPP - IX		
Units issued: 1,064,988 units (2021: 911,851 units)	56,917	48,437
Units redeemed: 1,064,988 units (2021: 1,960,832 units)	57,488	105,424
Al Meezan Investment Management Limited - Employees Gratuity Fund		
Units issued: 14,069 units (2021: 12,192 units)	726	628
Dividend paid	726	628
Directors and Executives of the Management Company		
Units issued: 1,594,737 units (2021: 2,206,792 units)	85,412	116,923
Units redeemed: 1,979,393 units (2021: 1,987,385 units)	106,231	105,657
Dividend paid	243	323
Refund of capital	463	727

17 FINANCIAL INSTRUMENTS BY CATEGORY

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Financial assets		
Balances with banks	384,892	384,892
Investments	-	5,794,717
Receivable against conversion of units	79,729	79,729
Deposit and other receivables	115,261	115,261
	<u>579,882</u>	<u>6,374,599</u>

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Financial liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	2,521	2,521
Payable to Central Depository Company of Pakistan Limited - Trustee	329	329
Payable against redemption and conversion of units	35,110	35,110
Payable to Meezan Bank Limited	516	516
Accrued expenses and other liabilities	1,013	1,013
	<u>39,489</u>	<u>39,489</u>

----- 2021 -----		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Financial assets		
Balances with banks	2,060,201	2,060,201
Investments	-	7,613,507
Receivable against conversion of units	526,734	526,734
Deposit and other receivables	88,516	88,516
	<u>2,675,451</u>	<u>10,288,958</u>

----- 2021 -----		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Financial liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	9,590	9,590
Payable to Central Depository Company of Pakistan Limited - Trustee	830	830
Payable against redemption and conversion of units	153,609	153,609
Payable to Meezan Bank Limited	834	834
Accrued expenses and other liabilities	1,264	1,264
	<u>166,127</u>	<u>166,127</u>

18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

18.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 61.796 million (2021: Rs. 96.709 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

----- 2022 -----						
Effective 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% - 16.25%	384,888	-	-	4	384,892
Investments	11.83% - 14.77%	801,000	4,993,717	-	-	5,794,717
Receivable against conversion of units		-	-	-	79,729	79,729
Deposit and other receivables		-	-	-	115,261	115,261
		1,185,888	4,993,717	-	194,994	6,374,599
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	2,521	2,521
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	329	329
Payable against redemption and conversion of units		-	-	-	35,110	35,110
Payable to Meezan Bank Limited		-	-	-	516	516
Accrued expenses and other liabilities		-	-	-	1,013	1,013
		-	-	-	39,489	39,489
On-balance sheet gap (a)		1,185,888	4,993,717	-	155,505	6,335,110
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,185,888	4,993,717	-		
Cumulative interest rate sensitivity gap		1,185,888	6,179,605	6,179,605		

----- 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% - 7.32%	2,057,357	-	-	2,844	2,060,201
Investments	7.20% - 8.81%	-	7,613,507	-	-	7,613,507
Receivable against conversion of units		-	-	-	526,734	526,734
Deposit, prepayments and other receivables		-	-	-	88,516	88,516
		2,057,357	7,613,507	-	618,094	10,288,958

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9,590	9,590
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	830	830
Payable against redemption and conversion of units		-	-	-	153,609	153,609
Payable to Meezan Bank Limited		-	-	-	834	834
Accrued expenses and other liabilities		-	-	-	1,264	1,264
		-	-	-	166,127	166,127

On-balance sheet gap (a)

	2,057,357	7,613,507	-	451,967	10,122,831
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total interest rate sensitivity gap (a+b)

	2,057,357	7,613,507	-		
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Cumulative interest rate sensitivity gap

	2,057,357	9,670,864	9,670,864		
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(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. The Fund does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2022.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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 redemption requests during the year ended June 30, 2022.

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 balances with banks 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	384,892	-	-	-	-	384,892	
Investments	-	-	38,270	5,756,447	-	5,794,717	
Receivable against conversion of units	79,729	-	-	-	-	79,729	
Deposit and other receivables	3,331	-	111,436	-	494	115,261	
	467,952	-	111,436	38,270	5,756,447	494	6,374,599
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	2,521	-	-	-	-	2,521	
Payable to Central Depository Company of Pakistan Limited - Trustee	329	-	-	-	-	329	
Payable against redemption and conversion of units	35,110	-	-	-	-	35,110	
Payable to Meezan Bank Limited	516	-	-	-	-	516	
Accrued expenses and other liabilities	377	636	-	-	-	1,013	
	38,853	636	-	-	-	39,489	
Net financial assets / (liabilities)	429,099	(636)	111,436	38,270	5,756,447	494	6,335,110
2021							
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	2,060,201	-	-	-	-	2,060,201	
Investments	-	-	995,714	6,617,793	-	7,613,507	
Receivable against conversion of units	526,734	-	-	-	-	526,734	
Deposit and other receivables	88,022	-	-	-	494	88,516	
	2,674,957	-	-	995,714	6,617,793	494	10,288,958
Financial liabilities							
Payable to Al Meezan Investment Management Limited Management Company	9,590	-	-	-	-	9,590	
Payable to the Central Depository Company of Pakistan Limited - Trustee	830	-	-	-	-	830	
Payable against redemption and conversion of units	153,609	-	-	-	-	153,609	
Payable to Meezan Bank Limited	834	-	-	-	-	834	
Accrued expenses and other liabilities	487	777	-	-	-	1,264	
	165,350	777	-	-	-	166,127	
Net financial assets / (liabilities)	2,509,607	(777)	-	995,714	6,617,793	494	10,122,831

18.3 Credit risk

18.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities and receivable against conversion of units.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	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	384,892	384,892	2,060,201	2,060,201
Investments	5,794,717	33,273	7,613,507	110,725
Receivable against conversion of units	79,729	79,729	526,734	526,734
Deposits and other receivables	115,261	3,458	88,122	61,317
	<u>6,374,599</u>	<u>501,352</u>	<u>10,288,564</u>	<u>2,758,977</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

18.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks, investment in sukuk certificates and related profit receivable thereon. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
Balances with banks		
AAA	75.04	75.58
AA+	0.70	0.13
AA	3.31	8.68
A+	20.92	15.50
AA-	0.03	0.11
	<u>100.00</u>	<u>100.00</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

18.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are 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 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

2022			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			
ASSETS			
Financial assets 'at fair value through profit or loss'			
Sukuk certificates	-	5,794,717	-
	<u>-</u>	<u>5,794,717</u>	<u>-</u>
<u>5,794,717</u>			
----- (Rupees in '000) -----			
ASSETS			
Financial assets 'at fair value through profit or loss'			
Sukuk certificates	-	7,613,507	-
	<u>-</u>	<u>7,613,507</u>	<u>-</u>
<u>7,613,507</u>			

20 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

21 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Individuals	8,314	4,400,331	71.01	7,060	6,378,042	64.17
Associated companies / Directors	6	525,314	8.48	6	1,018,914	10.25
Insurance companies	4	172,839	2.79	5	429,982	4.33
Retirement funds	49	575,567	9.29	55	1,190,089	11.97
Others	74	522,026	8.43	71	922,225	9.28
Total	8,447	6,196,077	100.00	7,197	9,939,252	100.00

22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2022		2021	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Summit Capital (Private) Limited	21.97	Summit Capital (Private) Limited	2.47
BIPL Securities Limited	18.01	BMA Capital Management Limited	0.28
JS Global Capital Limited	60.02	BIPL Securities Limited	1.32
		JS Global Capital Limited	95.93

22.1 The Fund has traded with only the above mentioned 3 brokers / dealers during the year ended June 30, 2022 (2021: 4 brokers / dealers).

23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

23.1 Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoab	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Intiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Eight years

23.2 The Fund manager of the Fund is Mr. Zohaib Saeed. Other Fund being managed by the Fund Manager is as follows:

- Meezan Daily Income 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 Shoab	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	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. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

25 GENERAL

25.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2022 by the Board of Directors of the Management Company.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

SALTORO KANGRI K10

An educated investor and an empowered climber both execute decisions promptly.

Height 7,742 meters
belongs to the range Saltoro Karakoram



MEEZAN CASH FUND (MCF)

Meezan Cash Fund is Pakistan's first Shariah Compliant Money Market Fund. It aims to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.



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
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Habib Metropolitan Bank Limited - Islamic Banking

MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan - Islamic Banking
Sindh Bank Limited
The Bank of Punjab
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



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Cash Fund (MCF)

Type of Fund

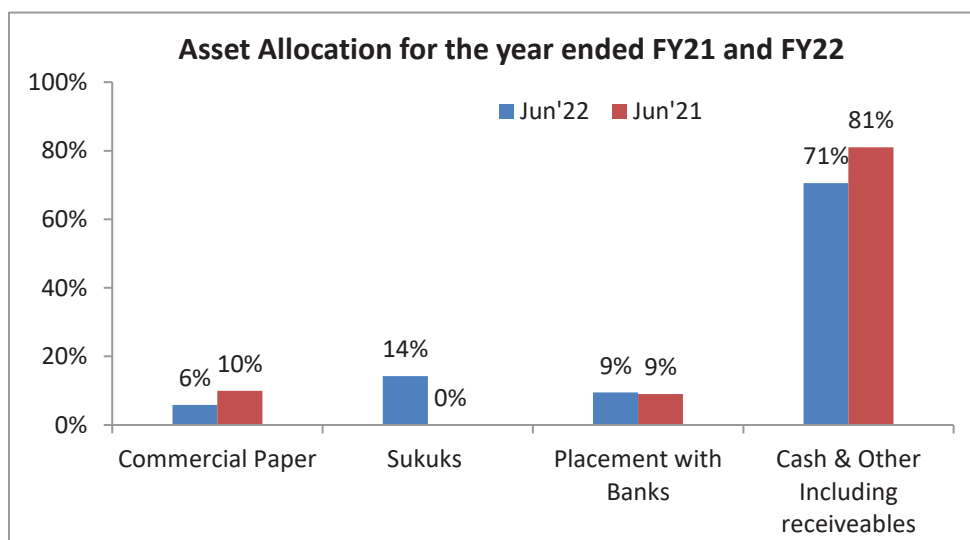
Open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

Objective

Its objective is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market & debt securities.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MCF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio weighted average time to maturity of three months.



Performance Review

Meezan Cash Fund (MCF) provided a return of 9.00% to its investors for the year ended June 30, 2022 as compared to its Six Month deposits at Islamic Banks (benchmark) return of 3.68%.

	MCF	Six Month deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 30, 2021	50.54	
Net Asset Value as on June 30, 2022	50.61	
Return During the Period - Net	9.00%	3.68%
Outperformance – Net	5.33%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks



Pure. Profit.



The Fund earned a gross income of Rs. 1,249 million as compared to Rs. 1,038 million in last year, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,249 million. The fund also incurred expenses totalling to Rs. 79 million, which brought the net income figure to Rs. 1,170 million. The net assets of the Fund as at June 30, 2022 were Rs. 13,485 million as compared to Rs. 13,557 million at the end of last year depicting a decrease of 0.53%. The net asset value per unit as at June 30, 2022 was Rs. 50.6141 as compared to Rs. 50.5379 per unit as on June 30, 2021.

Distributions

The interim Pay out by the Fund during the fiscal year ended June 30, 2022 was Rs. 4.461 per unit (8.92%). Total distribution made by the fund was Rs. 1,080 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA (f) to Meezan Cash Fund.

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MCF amounting to Rs. 74.69 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 MCF by 0.54%. 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	21,421
10,000 - 49,999	3,056
50,000 - 99,999	665
100,000 - 499,999	421
500,000 and above	32
Total	25,595

PERFORMANCE TABLE

	2022	2021	2020	2019
Net assets (Rs '000) (ex-distribution)	13,484,524	13,557,014	14,026,439	8,851,088
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.6141	50.5379	50.4952	50.4731
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.6141	50.5379	50.4952	50.4731
Distribution (%)				
- First interim distribution	8.92	5.78	10.96	3.92
- Second interim distribution				
- Third interim distribution				
- Fourth interim distribution				
- Fifth interim distribution				
- Sixth interim distribution				
- Seventh interim distribution				
- Eighth interim distribution				
- Ninth interim distribution				
- Tenth interim distribution				
- Eleventh interim distribution				
- Final distribution				
Dates of distribution				
- First interim distribution	Jun 24, 2022	Jun 25, 2021	Jun 26, 2020	Jun 28, 2019
- Second interim distribution				
- Third interim distribution				
- Fourth interim distribution				
- Fifth interim distribution				
- Sixth interim distribution				
- Seventh interim distribution				
- Eighth interim distribution				
- Ninth interim distribution				
- Tenth interim distribution				
- Eleventh interim distribution				
- Final distribution				
Income distribution (Rupees in '000)	659,747	408,221	713,781	333,845
Growth distribution (Rupees in '000)	420,323	254,111	690,922	307,899
Highest offer price per unit (Rs.)	54.9255	53.3853	55.9183	54.3533
Lowest offer price per unit (Rs.)	50.5451	50.5041	50.4730	50.4455
Highest redemption price per unit (Rs.)	54.9255	53.3853	55.9183	54.3533
Lowest redemption price per unit (Rs.) *	50.5451	50.5041	50.4730	50.4455
Total return (%)	9.00%	5.81%	10.95%	7.84%
	One Year	Two Year	Three Year	Four Year
Average annual return (%) as at June 30, 202	9.00%	7.39%	8.57%	8.38%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Cash Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Twelfth year of operations of Meezan Cash Fund (MCF) 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 criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MCF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MCF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MCF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN CASH 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 Cash 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 Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Cash 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 4,055 million and balances with banks aggregated to Rs 9,417.419 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.



- 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. Ferguson & Co.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 21, 2022

Karachi

UDIN: AR202210081JBHGVNzX4

**MEEZAN CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**



**Meezan
Cash Fund**

	Note	2022	2021
------(Rupees in '000)-----			
Assets			
Balances with banks	5	9,417,419	10,670,565
Investments	6	4,055,000	2,724,517
Receivable against conversion of units		85,601	448,896
Profit accrued	7	194,446	56,718
Deposits and prepayments	8	597	589
Total assets		13,753,063	13,901,285
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	9	4,734	13,765
Payable to Central Depository Company of Pakistan Limited - Trustee	10	724	829
Payable to the Securities and Exchange Commission of Pakistan (SECP)	11	2,698	2,964
Payable against conversion and redemption of units		106,817	135,383
Accrued expenses and other liabilities	12	153,566	191,330
Total liabilities		268,539	344,271
Net Assets		13,484,524	13,557,014
Unit Holders' Fund (as per statement attached)		13,484,524	13,557,014
Contingencies And Commitments	13		
------(Number of units)-----			
Number Of Units In Issue		266,418,387	268,254,374
------(Rupees)-----			
Net Asset Value Per Unit		50.6141	50.5379

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
------(Rupees in '000)-----			
Income			
Profit on corporate sukuks		72,296	171,939
Profit on commercial papers		38,290	32,944
Profit on term deposits		137,135	76,387
Profit on Bai Muajjal		-	43,693
Profit on saving accounts with banks		1,001,433	713,629
Net realised loss on sale of investments		-	(193)
Other income		111	-
Total income		<u>1,249,265</u>	<u>1,038,399</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	9.1	67,457	76,154
Sindh Sales Tax on remuneration of the Management Company	9.2	8,769	9,900
Selling and marketing expense	9.3	40,474	54,925
Allocated expenses	9.4	20,237	24,282
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	7,767	9,633
Sindh Sales Tax on remuneration of the Trustee	10.2	1,010	1,252
Annual fees to the Securities and Exchange Commission of Pakistan	11	2,698	2,964
Auditors' remuneration	14	551	509
Fees and subscription		1,423	1,459
Legal and professional charges		693	215
Brokerage expenses		-	30
Bank and settlement charges		595	1,027
(Reversal of) / provision for Sindh Workers' Welfare Fund	12.2	(72,854)	17,121
Total expenses		<u>78,820</u>	<u>199,471</u>
Net income for the year before taxation		<u>1,170,445</u>	<u>838,928</u>
Taxation	16	-	-
Net income for the year after taxation		<u>1,170,445</u>	<u>838,928</u>
Allocation of net income for the year			
Net income for the year after taxation		1,170,445	838,928
Income already paid on units redeemed		(491,120)	(420,213)
		<u>679,325</u>	<u>418,715</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		679,325	418,715
		<u>679,325</u>	<u>418,715</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	------(Rupees in '000)-----	
Net income for the year after taxation	1,170,445	838,928
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,170,445</u>	<u>838,928</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN CASH FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	2022			2021		
	(Rupees in '000)			(Rupees in '000)		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
Net assets at the beginning of the year	13,448,645	108,369	13,557,014	13,928,564	97,875	14,026,439
Issuance of 713,145,935 units (2021: 753,726,620 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	36,040,898	-	36,040,898	38,059,677	-	38,059,677
- Element of income	1,378,045	-	1,378,045	948,774	-	948,774
Total proceeds on issuance of units	37,418,943	-	37,418,943	39,008,451	-	39,008,451
Redemption of 714,981,922 units (2021: 763,251,908 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	36,133,685	-	36,133,685	38,540,558	-	38,540,558
- Element of income	957,003	491,120	1,448,123	693,701	420,213	1,113,914
Total payments on redemption of units	37,090,688	491,120	37,581,808	39,234,259	420,213	39,654,472
Total comprehensive income for the year	-	1,170,445	1,170,445	-	838,928	838,928
Distribution for the year ended June 30, 2022	-	(659,747)	(659,747)	-	-	-
Distribution for the year ended June 30, 2021	-	-	-	-	(408,221)	(408,221)
Refund of Capital for the year ended June 30, 2022	(420,323)	-	(420,323)	-	-	-
Refund of Capital for the year ended June 30, 2021	-	-	-	(254,111)	-	(254,111)
Total distribution during the year	(420,323)	(659,747)	(1,080,070)	(254,111)	(408,221)	(662,332)
Net assets at the end of the year	13,356,577	127,947	13,484,524	13,448,645	108,369	13,557,014
Undistributed income brought forward						
- Realised income		108,369			97,875	
- Unrealised income		-			-	
		<u>108,369</u>			<u>97,875</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		679,325			418,715	
		<u>679,325</u>			<u>418,715</u>	
Distribution during the year: Rs. 4.4610 per unit i.e 8.92% of the par value of Rs. 50/- each [2020: Rs. 2.8901 per unit i.e 5.78% of the par value of Rs. 50/- each.]		(659,747)			(408,221)	
Undistributed income carried forward		<u><u>127,947</u></u>			<u><u>108,369</u></u>	
Undistributed income carried forward						
- Realised income		127,947			108,369	
- Unrealised income		-			-	
		<u><u>127,947</u></u>			<u><u>108,369</u></u>	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			<u>50.5379</u>			<u>50.4952</u>
Net assets value per unit at the end of the year			<u>50.6141</u>			<u>50.5379</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**



**Meezan
Cash Fund**

	Note	2022	2021
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		1,170,445	838,928
(Increase) / decrease in assets			
Investments - net		(1,330,483)	2,397,674
Profit accrued		(137,728)	3,571
Deposits and prepayments		(8)	(6)
		(1,468,219)	2,401,239
(Decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(9,031)	(4,271)
Payable to Central Depository Company of Pakistan Limited - Trustee		(105)	(143)
Payable to the Securities and Exchange Commission of Pakistan		(266)	564
Accrued expenses and other liabilities		(37,764)	(33,384)
		(47,166)	(37,234)
Net cash (used in) / generated from operating activities		<u>(344,940)</u>	<u>3,202,933</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		37,361,915	38,490,400
Payments against redemption and conversion of units		(37,610,374)	(39,719,257)
Dividend paid		(659,747)	(408,221)
Net cash used in financing activities		<u>(908,206)</u>	<u>(1,637,078)</u>
Net decrease / (increase) in cash and cash equivalents during the year		<u>(1,253,146)</u>	<u>1,565,855</u>
Cash and cash equivalents at the beginning of the year		11,970,565	10,404,710
Cash and cash equivalents at the end of the year	18	<u><u>10,717,419</u></u>	<u><u>11,970,565</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN CASH 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 Cash Fund (the Fund) was established under a Trust Deed executed under the Trust Act, 1882 between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund was required to be registered under the Sindh Trust Act. Accordingly, on September 9, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.
- 1.3** The objective of the Fund is to maximise preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and Shariah compliant debt securities. The Fund shall also keep exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point in time. Under the trust deed, all the conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.4** The Fund is categorized as an open-end Shariah Compliant (Islamic) Money Market Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.5** The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AM1 dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA(f) by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AA(f) dated January 12, 2021).
- 1.6** Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in conformity 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 VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain 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 classified as 'at fair value through profit or loss' which are measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years 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 Classification and subsequent measurement

4.3.1.1 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); and
- at fair value through profit or loss (FVPL) based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 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.

4.3.3 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, in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has been placed on the Management Company's website as required under the SECP's circular.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

4.3.5 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.

4.3.6 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 arising 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 distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision for duties and charges and provision for transaction costs, if applicable.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place;
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method;
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise; and
- Income on sukuk certificates, commercial papers and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

4.12 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 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 utilized. 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% of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90% 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 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	9,417,232	10,670,379
	Current accounts		187	186
			<u>9,417,419</u>	<u>10,670,565</u>

5.1 These include balance of Rs. 539.768 million (2021: 321.188 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other savings accounts have expected profit rates ranging from 3.00% to 16.40% (2021: 1.50% to 7.00%) per annum.

6	INVESTMENTS	Note	2022	2021
------(Rupees in '000)-----				
	At fair value through profit or loss			
	Corporate sukus	6.1	2,755,000	-
	Commercial papers	6.2	-	1,424,517
	Term deposit receipts - having original maturity of 3 months or less	6.3	1,300,000	1,300,000
			<u>4,055,000</u>	<u>2,724,517</u>

6.1 Corporate sukus

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	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	
			----- (Number of certificates) -----			----- (Rupees in '000) -----		net assets of the Fund	total market value of investment	----- % -----	
K-Electric Limited - III (A1+, PACRA) (note 6.1.1)	Sep 01, 2022	6 months KIBOR plus base rate of 0.85%	-	450	-	450	450,000	450,000	-	3.3%	11%
K-Electric Limited - IV (AA, PACRA) (note 6.1.1)	Sep 23, 2022	6 month KIBOR plus base rate of 0.85%	-	450	-	450	430,000	430,000	-	3.2%	11%
K-Electric Limited - V (AA, PACRA) (note 6.1.1)	Oct 13, 2022	6 month KIBOR plus base rate of 0.95%	-	750	-	750	750,000	750,000	-	5.6%	19%
Hub Power Company Limited (AA-, PACRA) (note 6.1.2)	Oct 27, 2022	6 month KIBOR plus base rate of 1.00%	-	3,250	-	3,250	325,000	325,000	-	2.4%	8%
Lucky Electric Power Company Limited (AA, PACRA) (note 6.1.1)	Dec 15, 2022	6 month KIBOR plus base rate of 1.20%	-	800	-	800	800,000	800,000	-	5.9%	20%
Total as at June 30, 2022							<u>2,755,000</u>	<u>2,755,000</u>			
Total as at June 30, 2021							<u>-</u>	<u>-</u>			

6.1.1 The nominal value of these sukuk certificates is Rs 1,000,000 each.

6.1.2 The nominal value of these sukuk certificates is Rs 100,000 each.

6.2 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions / maturity 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	
			----- (Number of certificates) -----			----- (Rupees in '000) -----		net assets of the fund	total market value of investment	----- % -----	
K-Electric Limited CP XV (A-1+, PACRA) (note 6.2.1)	September 2, 2021	6 month KIBOR plus base rate of 0.60%	625	-	625	-	-	-	-	-	-
K-Electric Limited CP XVI (A-1+, PACRA) (note 6.2.1)	September 16, 2021	6 month KIBOR plus base rate of 0.60%	300	-	300	-	-	-	-	-	-
K-Electric Limited CP XVII (A-1+, VIS) (note 6.2.1)	October 6, 2021	6 month KIBOR plus base rate of 0.55%	325	-	325	-	-	-	-	-	-
K-Electric Limited CP XVIII (A-1+, VIS) (note 6.2.1)	October 19, 2021	6 month KIBOR plus base rate of 0.55%	200	-	200	-	-	-	-	-	-
K-Electric Limited CP XIX (A-1+, VIS) (note 6.2.1)	January 12, 2022	6 month KIBOR plus base rate of 0.45%	-	325	325	-	-	-	-	-	-
Total as at June 30, 2022							<u>-</u>	<u>-</u>			
Total as at June 30, 2021							<u>1,424,517</u>	<u>1,424,517</u>			

6.2.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term Deposit Receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2021	Term deposit receipts placed during the year	Matured during the year	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 investment
			(Rupees in '000)							
Having original maturity of 3 months or less										
United Bank Limited - Ameen	July 5, 2021	7.00%	1,300,000	-	1,300,000	-	-	-	-	-
United Bank Limited - Ameen	August 9, 2021	6.80%	-	1,300,000	1,300,000	-	-	-	-	-
United Bank Limited - Ameen	September 9, 2021	6.80%	-	1,300,000	1,300,000	-	-	-	-	-
United Bank Limited - Ameen	October 8, 2021	7.00%	-	1,300,000	1,300,000	-	-	-	-	-
United Bank Limited - Ameen	November, 8 2021	7.00%	-	1,300,000	1,300,000	-	-	-	-	-
Askari Bank Limited	December 1, 2021	7.15%	-	1,100,000	1,100,000	-	-	-	-	-
United Bank Limited - Ameen	December 2, 2021	8.35%	-	1,100,000	1,100,000	-	-	-	-	-
Meezan Bank Limited	December 3, 2021	7.46%	-	1,100,000	1,100,000	-	-	-	-	-
The Bank of Punjab	March 15, 2022	11.25%	-	1,300,000	1,300,000	-	-	-	-	-
Meezan Bank Limited	February 21, 2022	10.05%	-	500,000	500,000	-	-	-	-	-
Meezan Bank Limited	March 21, 2022	9.85%	-	1,300,000	1,300,000	-	-	-	-	-
Askari Bank Limited	June 13, 2022	13.50%	-	1,200,000	1,200,000	-	-	-	-	-
Bank Alfalah Limited	July 13, 2022	16.20%	-	1,300,000	-	1,300,000	1,300,000	-	9.64%	32%
As at June 30, 2022				<u>14,100,000</u>	<u>14,100,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>		
As at June 30, 2021						<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>		

7 PROFIT ACCRUED

Note

2022

2021

----- (Rupees in '000) -----

Profit accrued on:

Balances with banks
Term deposit receipts
Sukuk certificates

111,935	48,989
10,386	7,729
<u>72,125</u>	<u>-</u>
<u>194,446</u>	<u>56,718</u>

8 DEPOSITS AND PREPAYMENTS

Security deposit with Central Depository Company of Pakistan Limited
Prepayments
ATM deposit with Meezan Bank Limited

100	100
297	289
200	200
<u>597</u>	<u>589</u>

9 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration payable
Sindh Sales Tax payable on remuneration of the Management Company
Selling and marketing expenses payable
Allocated expenses payable

9.1	1,109	449
9.2	144	57
9.3	3,368	10,478
9.4	113	2,781
	<u>4,734</u>	<u>13,765</u>

9.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.5% of average annual net assets of the Fund (2021: 0.5% from July 01, 2020 till May 07, 2021 of average annual net assets of the Fund and 0.6% of average annual net assets of the Fund from May 08, 2021 till June 30, 2021). The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 8.769 million (2021: Rs 9.900 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. 8.682 million (2021: Rs. 9.965 million) has been paid to the Management Company which acts as a collecting agent.

9.3 The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) upto a maximum limit approved by the Board of Directors of the Management Company as part of annual plan.

In accordance with Circular 11 dated July 5, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 0.3% per annum of the average annual net assets (2021: 0.4% per annum of the average annual net assets of the Fund from July 1, 2020 to March 9, 2021 and at 0.3% per annum from March 10, 2021 to June 30, 2021) during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

- 9.4** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.15% of the average annual net assets of the Fund (2021: 0.15% of the average annual net assets of the funds from July 01, 2020 till May 07, 2021 and at 0.25% of the average annual net assets of the fund from May 08, 2021 till June 30, 2021) during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
		------(Rupees in '000)-----	
Remuneration of the Trustee	10.1	641	734
Sindh Sales Tax payable on remuneration of the Trustee	10.2	83	95
		724	829

- 10.1** The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, with effect from October 1, 2021, the Trustee has revised its tariff as follows:

Previous Tariff (Flat Rate)	Revised Tariff (Flat Rate)
0.065% per annum of net assets	0.055% per annum of net assets

Accordingly, the Fund has charged trustee fee at the rate 0.055 percent per annum of net assets during the year with effect from October 1, 2021.

- 10.2** During the year, an amount of Rs. 1.010 million (2021: Rs. 1.252 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. 1.022 million (2021: Rs. 1.269 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, 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.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
		------(Rupees in '000)-----	
Auditors' remuneration payable		365	335
Printing expenses payable		-	111
Brokerage payable		-	49
Shariah advisor fee payable		661	653
Withholding tax payable		111,902	73,530
Capital gain tax payable		12,791	15,532
Federal Excise Duty payable on remuneration of the Management Company	12.1	27,018	27,018
Provision for Sindh Workers' Welfare Fund	12.2	-	72,854
Other expenses payable		70	463
Zakat payable		759	785
		153,566	191,330

- 12.1** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 27.018 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re 0.10 (2021: Re 0.10) per unit.

- 12.2** 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

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 the Asset Management Companies, in consultation with the SECP, have reversed the cumulative provision for SWWF recognised in the condensed interim 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. Accordingly, going forward, no provision for SWWF has been recognised in the financial statements of the Fund.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

14	Note	2022	2021
		------(Rupees in '000)-----	
AUDITORS' REMUNERATION			
Annual audit fee		401	364
Half yearly review		137	119
Out of pocket expenses		13	26
		551	509

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 1.12% (2021: 1.35%) which includes 0.09% (2021: 0.21%) 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 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

16 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 unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.



The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Moreover, super tax introduced in Finance Act, 2022 is also not applicable on Funds (Section 4C of the Income Tax Ordinance, 2001).

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

17.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

17.2 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.

17.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

17.4 Detail of transactions with connected persons and balances with them are as follows:

Balances

	2022	2021
	------(Rupees in '000)-----	
Al Meezan Investment Management Limited - Management Company		
Management fee payable	1,109	449
Sindh Sales Tax payable on the remuneration of the Management Company	144	57
Selling and marketing expenses payable	3,368	10,478
Allocated expenses payable	113	2,781
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	641	734
Sindh Sales Tax payable on trustee fee	83	95
Security deposit with Central Depository Company of Pakistan Limited	100	100
Meezan Bank Limited		
Balance with bank	539,768	321,188
Profit receivable on saving account	656	159
Shariah advisor fee payable	661	653
ATM deposit	200	200
Directors and Executives of the Management Company		
Investment of 7,830,474 units (2021: 8,454,024 units)	396,332	427,248

Transactions during the year

	For the year ended June 30,	
	2022	2021
	------(Rupees in '000)-----	
Al Meezan Investment Management Limited - Management Company		
Remuneration of Al Meezan Investment Management Limited - Management Company	67,457	76,154
Sindh Sales Tax on the remuneration of the Management Company	8,769	9,900
Selling and marketing expenses	40,474	54,925
Allocated expenses	20,237	24,282
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	7,767	9,633
Sindh Sales Tax on remuneration of the Trustee	1,010	1,252
CDS charges	6	380

Transactions during the year	For the year ended June 30,	
	2022	2021
	------(Rupees in '000)-----	
Meezan Bank Limited		
Profit on saving accounts	4,360	2,649
Term deposits receipts placed	2,900,000	-
Term deposits matured	2,900,000	-
Profit on term deposit receipt	19,762	-
Shariah advisor fee	1,087	1,128
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: nil units (2021: 3,239,124 units)	-	165,000
Units redeemed: nil units (2021: 3,239,124 units)	-	165,077
Meezan Strategic Allocation Fund II - MCPP - V		
Units issued: nil units (2021: 569,301 units)	-	29,000
Units redeemed: nil units (2021: 569,301 units)	-	29,014
Directors and Executives of the Management Company		
Units issued: 5,122,156 units (2021: 7,920,760 units)	271,208	414,021
Units redeemed: 5,586,316 units (2021: 7,767,557 units)	290,747	404,946
Dividend Paid	30,152	18,785
Refund of Capital	1,943	1,471

17.5 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

18 CASH AND CASH EQUIVALENTS	Note	2022		2021	
		------(Rupees in '000)-----			
Balances with banks	5	9,417,419		10,670,565	
Term deposit receipt (with original maturity of three months)	6.3	1,300,000		1,300,000	
		<u>10,717,419</u>		<u>11,970,565</u>	

19 FINANCIAL INSTRUMENTS BY CATEGORY

	-----2022-----		
	At amortised cost	At fair value through profit or loss	Total
	------(Rupees in '000)-----		
Financial assets			
Balances with banks	9,417,419	-	9,417,419
Investments	-	4,055,000	4,055,000
Receivable against conversion of units	85,601	-	85,601
Profit accrued	194,446	-	194,446
Deposits	300	-	300
	<u>9,697,766</u>	<u>4,055,000</u>	<u>13,752,766</u>
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	4,734	-	4,734
Payable to Central Depository Company of Pakistan Limited - Trustee	724	-	724
Payable against conversion and redemption of units	106,817	-	106,817
Accrued expenses and other liabilities	1,096	-	1,096
	<u>113,371</u>	<u>-</u>	<u>113,371</u>
	-----2021-----		
	At amortised cost	At fair value through profit or loss	Total
	------(Rupees in '000)-----		
Financial assets			
Balances with banks	10,670,565	-	10,670,565
Investments	-	2,724,517	2,724,517
Receivable against conversion of units	448,896	-	448,896
Profit accrued	56,718	-	56,718
Deposits	300	-	300
	<u>11,176,479</u>	<u>2,724,517</u>	<u>13,900,996</u>

----- 2021 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Financial liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	13,765	-
Payable to Central Depository Company of Pakistan Limited - Trustee	829	-
Payable against conversion and redemption of units	135,383	-
Accrued expenses and other liabilities	1,611	-
	<u>151,588</u>	<u>-</u>
	<u>151,588</u>	<u>151,588</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

20.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks and investments in commercial papers and term deposit receipts. 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

The Fund's profit rate risk arises from the balances in savings accounts and investments in term deposit receipts. At June 30, 2022, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 134.722 million (2021: Rs 119.704 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers. At June 30, 2022, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs nil (2021: Rs 14.245 million).

The composition of the Fund's investment portfolio and KIBOR 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.

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 interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

2022						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to 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 16.40%	9,417,232	-	-	187	9,417,419
Investments	6.8% - 16.83%	2,180,000	1,875,000	-	-	4,055,000
Receivable against conversion of units		-	-	-	85,601	85,601
Profit accrued		-	-	-	194,446	194,446
Deposits		-	-	-	300	300
		11,597,232	1,875,000	-	280,534	13,752,766
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	4,734	4,734
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	724	724
Payable against conversion and redemption of units		-	-	-	106,817	106,817
Accrued expenses and other liabilities		-	-	-	1,096	1,096
		-	-	-	113,371	113,371
On-balance sheet gap (a)		11,597,232	1,875,000	-	167,163	13,639,395
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		11,597,232	1,875,000	-		
Cumulative profit rate sensitivity gap		11,597,232	13,472,232	13,472,232		

2021						
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
Rupees in '000						
Financial assets						
Balances with banks	1.50% to 7.50%	10,670,379	-	-	186	10,670,565
Investments	KIBOR + 1.00% and 9.59% - 14.70%	2,211,308	513,209	-	-	2,724,517
Receivable against conversion of units		-	-	-	448,896	448,896
Profit accrued		-	-	-	56,718	56,718
Deposits		-	-	-	300	300
		12,881,687	513,209	-	506,100	13,900,996
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	13,765	13,765
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	829	829
Payable against conversion and redemption of units		-	-	-	135,383	135,383
Accrued expenses and other liabilities		-	-	-	1,611	1,611
		-	-	-	151,588	151,588
On-balance sheet gap (a)		12,881,687	513,209	-	354,512	13,749,408
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		12,881,687	513,209	-		
Cumulative profit rate sensitivity gap		12,881,687	13,394,896	13,394,896		

(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 interest 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.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

----- 2022 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
-----Rupees in '000-----						
Balances with banks	9,417,419	-	-	-	-	9,417,419
Investments	1,300,000	880,000	1,875,000	-	-	4,055,000
Receivable against conversion of units	85,601	-	-	-	-	85,601
Profit accrued	122,321	38,360	33,765	-	-	194,446
Deposits	-	-	-	-	300	300
	10,925,341	918,360	1,908,765	-	300	13,752,766
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	4,734	-	-	-	-	4,734
Payable to Central Depository Company of Pakistan Limited - Trustee	724	-	-	-	-	724
Payable against conversion and redemption of units	106,817	-	-	-	-	106,817
Accrued expenses and other liabilities	-	1,096	-	-	-	1,096
	112,275	1,096	-	-	-	113,371
Net financial assets	10,813,066	917,264	1,908,765	-	300	13,639,395

----- 2021 -----						
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	10,670,565	-	-	-	-	10,670,565
Investments	1,300,000	911,308	513,209	-	-	2,724,517
Receivable against conversion of units	448,896	-	-	-	-	448,896
Profit accrued	56,718	-	-	-	-	56,718
Deposits	-	-	-	-	300	300
	12,476,179	911,308	513,209	-	300	13,900,996

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	13,765	-	-	-	-	13,765
Payable to Central Depository Company of Pakistan Limited - Trustee	829	-	-	-	-	829
Payable against conversion and redemption of units	135,383	-	-	-	-	135,383
Accrued expenses and other liabilities	49	1,562	-	-	-	1,611
	150,026	1,562	-	-	-	151,588

Net financial assets

	12,326,153	909,746	513,209	-	300	13,749,408
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20.3 Credit risk

20.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

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	9,417,419	9,417,419	10,670,565	10,670,565
Investments	4,055,000	4,055,000	2,724,517	2,724,517
Receivable against conversion of units	85,601	85,601	448,896	448,896
Profit accrued	194,446	194,446	56,718	56,718
Deposits	300	300	300	300
	13,752,766	13,752,766	13,900,996	13,900,996

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	99.95	87.53
AA+	0.04	-
AA	0.01	12.47
	<u>100.00</u>	<u>100.00</u>

Ratings of outstanding investments have been disclosed in related notes to the financial statements.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties, any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 are unsecured and are not impaired.

21 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		
Term deposit receipts - having original maturity of 3 months or less *	-	1,300,000	-
Corporate sukuks *	-	2,755,000	-
	-	<u>4,055,000</u>	-
	2021		
	Level 1	Level 2	Level 3
Financial assets - at fair value through profit or loss	Rupees in '000		
Commercial papers **	-	1,424,517	-
Term deposit receipts - having original maturity of 3 months or less *	-	1,300,000	-
	-	<u>2,724,517</u>	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers have been carried out based on amortisation of commercial papers to their fair values as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

22 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 requirements 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 20, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2022 -----			----- 2021 -----		
	Number of unit holders	Investment amount	Percentage of total	Number of unit holders	Investment amount	Percentage of total
	(Rupees in '000)			(Rupees in '000)		
Individuals	25,068	11,535,521	85.55	19,923	11,767,767	87.27
Associated Companies /						
Directors	6	390,135	2.89	4	380,173	2.82
Insurance Companies	3	235,599	1.75	4	7,179	0.05
Retirement Funds	72	684,797	5.08	56	528,670	3.92
Private Limited						
Companies	70	133,266	0.99	62	575,826	4.27
Others	385	505,206	3.75	186	297,399	2.21
	<u>25,604</u>	<u>13,484,524</u>	<u>100.00%</u>	<u>20,235</u>	<u>13,557,014</u>	<u>100.00%</u>

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

The Fund has not traded with any broker during the year ended June 30, 2022 (2021: JS Global Capital Limited - 100%).

25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

25.1 Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Eight years

25.2 The Fund manager of the Fund is Mr. Faizan Saleem. Other funds being managed by the Fund Manager are as follows:

- Meezan Sovereign Fund
- Meezan Daily Income Fund



26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

27 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.

28 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

PUMARI CHHISH

Mountain climbing and investments both require intrinsic understanding of marginal benefits.

Height 7,492 meters,
belongs to the range Hispar Karakoram



MEEZAN DAILY INCOME FUND(MDIF)

Meezan Daily Income Fund is an Allocation Plan under “Meezan Daily Income Fund (MDIF)” with an objective to provide investors with a competitive rate of return, together with daily payout, through investment in Shariah Compliant Fixed Income 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

Al Baraka Islamic Bank B.S.C (E.C)	Allied Bank Limited - Islamic Banking
Askari Bank Ltd - - Islamic Banking	Bank Islami Pakistan Limited
Bank of Khyber - Islamic Banking	Dubai Islamic Bank
Habib Bank Limited - Islamic Banking	Meezan Bank Limited
Soneri Bank Ltd - Islamic Banking	The Bank of Punjab - Islamic Banking
United Bank Limited- Islamic Banking	

LEGAL ADVISER

Bawanev & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (+9221) 35156191-94 Fax: (+9221) 35156195
E-mail: bawanev@cyber.net.pk

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Daily Income Fund (MDIP-I)

Type of Fund

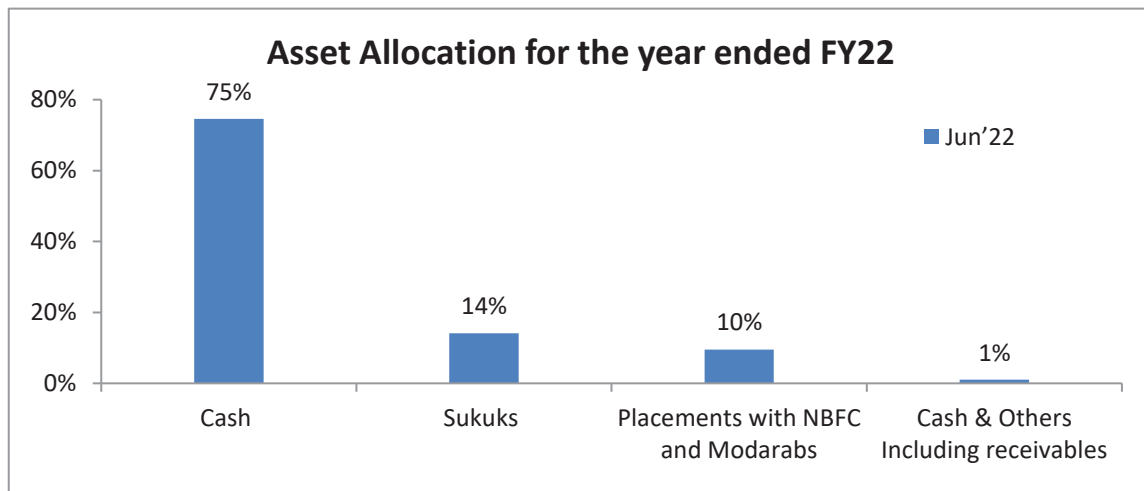
Open end money market fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

Objective

Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the credit risk, the investment policy limits the investment avenues to short term tenors in corporate sukuk. As per its investment policy, MDIP I can invest or place funds in instruments with a credit rating of at least 'double A' (AA).



Performance Review

Meezan Daily Income Fund (MDIP-I) provided a return of 10.58% to its investors for the year ended June 30, 2022 as compared to its benchmark return of 3.39%

Launched date September 13, 2022

	MDIP-I	Six Month deposits at Islamic Banks (Benchmark)
Net Asset Value as on September 13, 2021	50.00	
Net Asset Value as on June 30, 2022	50.00	
Return for the year	10.58%	3.39%
Outperformance	7.19%	

Benchmark: 6 Months average deposit rates of 3 A-rated Islamic Banks



Pure. Profit.



The Fund earned a gross income of Rs. 1.542 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,542 million. The fund also incurred expenses totalling to Rs. 60 million, which brought the net income figure to Rs. 1,482 million. The net assets of the Fund as at June 30, 2021 were Rs. 30,649 million. The net asset value per unit as at June 30, 2022 was Rs. 50 (Ex-dividend).

Distributions

The Total Pay-out by the Fund during the period ended June 30, 2022 was Rs. 4.0337 per unit (8.07%). Total distribution made by the fund was Rs. 1,482 million.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA+ (f) to the Fund.

Breakdown of unit holdings by size

(As on June 30, 2022)

Range (Units)	No. of investors
1 - 9,999	2,133
10,000 - 49,999	2,740
50,000 - 99,999	844
100,000 - 499,999	821
500,000 and above	189
Total	6,727

PERFORMANCE TABLE

	2022	2021	2019
Net assets (Rs '000) (ex-distribution)	30,648,644	N/A	N/A
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	N/A	N/A
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.5650	N/A	N/A
Distribution (%)	4.0337	N/A	N/A
- Final distribution			
Income distribution (Rupees in '000)	2,925,426	N/A	N/A
Growth distribution (Rupees in '000)	-	N/A	N/A
Highest offer price per unit (Rs.)	50.5650	N/A	N/A
Lowest offer price per unit (Rs.)	50.5650	N/A	N/A
Highest redemption price per unit (Rs.)	50.0000	N/A	N/A
Lowest redemption price per unit (Rs.) *	50.0000	N/A	N/A
Total return (%)	6.61	N/A	N/A
Weighted Average Portfolio Duration (years)	0.00	N/A	N/A
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2022	6.61%	N/A	N/A

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up. e



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Daily Income Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from Sep 13, 2021 to June 30, 2022 was the First year of operations of Meezan Daily Income Fund (MDIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedures to be followed in ensuring *Shari'ah* compliance in every investment.

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.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MDIF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MDIF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MDIF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

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
Shariah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN DAILY INCOME 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 Daily Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from September 14, 2021 to 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 Daily Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Daily Income 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 period from September 14, 2021 to June 30, 2022, 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 period from September 14, 2021 to June 30, 2022 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 7,294 million and balances with banks aggregated to Rs 22,995.517 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; and▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

AM

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

ABB



- 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: AR202210081XJqIaG8FE

**MEEZAN DAILY INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**



	Note	2022 MDIP-I (Rupees in '000)
Assets		
Balances with banks	5	22,995,517
Investments	6	7,294,000
Receivable against conversion of units		47,229
Deposits, prepayments and profit receivable	7	484,814
Preliminary expenses and floatation costs	8	648
Total assets		30,822,208
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	9	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee	10	2,072
Payable to the Securities and Exchange Commission of Pakistan (SECP)	11	2,638
Payable to Meezan Bank Limited		15,378
Payable against conversion and redemption of units		107,446
Accrued expenses and other liabilities	12	37,943
Total liabilities		173,564
Net assets		30,648,644
Unit holders' fund (as per statement attached)		30,648,644
Contingencies and commitments	13	
Number of units in issue		612,972,871
Net asset value per unit		50.0000

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

MEEZAN DAILY INCOME FUND
INCOME STATEMENT
FOR THE PERIOD FROM SEPTEMBER 14, 2021 TO JUNE 30, 2022

	Note	For the period from September 14, 2021 to June 30, 2022 MDIP-I (Rupees in '000)
Income		
Profit on sukuks		166,703
Income on commercial papers		31,281
Profit on certificate of musharaka		136,314
Profit on term deposit receipts		37,177
Profit on savings accounts with banks		1,170,881
Net realised loss on sale of investment		(235)
Total income		<u>1,542,121</u>
Expenses		
Remuneration of AI Meezan Investment Management Limited - Management Company	9.1	26,983
Sindh Sales Tax on remuneration of the Management Company	9.2	3,508
Selling and marketing expenses	9.3	13,093
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	9,892
Sindh Sales Tax on remuneration of the Trustee	10.2	1,286
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	11	2,638
Auditors' remuneration	14	212
Brokerage expenses		38
Bank and settlement charges		568
Amortisation of preliminary expenses and floatation costs	8	121
Fees and subscription		1,556
Total expenses		<u>59,895</u>
Net income for the period before taxation		<u>1,482,226</u>
Taxation	16	-
Net income for the period after taxation		<u><u>1,482,226</u></u>
Allocation of net income for the period		
Net income for the period after taxation		1,482,226
Income already paid on units redeemed		-
		<u><u>1,482,226</u></u>
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		1,482,226
		<u><u>1,482,226</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN DAILY INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM SEPTEMBER 14, 2021 TO JUNE 30, 2022**



**For the period
from
September 14,
2021 to June
30, 2022
MDIP-I
(Rupees in '000)**

Net income for the period after taxation	1,482,226
Other comprehensive income for the period	-
Total comprehensive income for the period	<u><u>1,482,226</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

MEEZAN DAILY INCOME FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD FROM SEPTEMBER 14, 2021 TO JUNE 30, 2022

	For the period from September 14, 2021 to June 30, 2022		
	MDIP-I		
	Capital value	Undistributed income	Total
	------(Rupees in '000)-----		
Issuance of 1,393,049,810 units			
- Capital value (at par value)	69,652,491	-	69,652,491
- Element of income	-	-	-
Total proceeds on issuance of units	69,652,491	-	69,652,491
Redemption of 780,076,939 units			
- Capital value (at par value)	39,003,847	-	39,003,847
- Element of loss	-	-	-
Total payments on redemption of units	39,003,847	-	39,003,847
Total comprehensive income for the period	-	1,482,226	1,482,226
Distributions during the period*	-	(1,482,226)	(1,482,226)
Net income for the year less distribution	-	-	-
Net assets at the end of the period	<u>30,648,644</u>	<u>-</u>	<u>30,648,644</u>
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		1,482,226	
		1,482,226	
Distributions during the period*		(1,482,226)	
Undistributed income carried forward		<u>-</u>	
Undistributed income carried forward			
- Realised gain		-	
- Unrealised gain		-	
		<u>-</u>	
		<u>(Rupees)</u>	
Net asset value per unit at the end of the period		<u>50.0000</u>	

* Meezan Daily Income Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the period from September 14, 2021 to June 30, 2022 amounted to Rs. 4.0337 per unit.

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN DAILY INCOME FUND
CASH FLOW STATEMENT
FOR THE PERIOD FROM SEPTEMBER 14, 2021 TO JUNE 30, 2022

	Note	For the period from September 14, 2021 to June 30, 2022 MDIP-I (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		1,482,226
Adjustment for non-cash items:		
Amortisation of preliminary expenses and floatation costs	8	121
		<u>1,482,347</u>
Increase in assets		
Investments - net		(4,350,000)
Deposits, prepayments and profit receivable		(484,814)
Preliminary expenses and floatation costs paid		(769)
		<u>(4,835,583)</u>
Increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company		8,087
Payable to Central Depository Company of Pakistan Limited - Trustee		2,072
Payable to the Securities and Exchange Commission of Pakistan (SECP)		2,638
Payable to Meezan Bank Limited		15,378
Accrued expenses and other liabilities		37,943
		<u>66,118</u>
Net cash used in operating activities		<u>(3,287,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units		69,605,262
Payment against redemption and conversion of units		(38,896,401)
Dividend paid		(1,482,226)
Net cash generated from financing activities		<u>29,226,635</u>
Net increase in cash and cash equivalents during the period		<u>25,939,517</u>
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	18	<u><u>25,939,517</u></u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



**MEEZAN DAILY INCOME FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM SEPTEMBER 14, 2021 TO JUNE 30, 2022**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Daily Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 13, 2021 under Sindh Trusts Act, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

1.2 The Fund is an open ended Shariah compliant Income Scheme with allocation plans. The investment objective of the Fund is to earn return by investing in Shariah compliant fixed income instruments and has the following specific features:

- (a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day); and
- (b) Daily dividend received by the unit holders shall be reinvested.

By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.

1.3 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on Pakistan Stock Exchange Limited.

1.4 The Management Company has been assigned a quality rating of AM1 by VIS dated December 27, 2021 and by PACRA dated June 23, 2022. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.6 As per offering document approved by SECP, the accounting period, in case of the first period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from September 14, 2021.

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 repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017 part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The estimates and judgments 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 that investments have been carried at fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Funds' 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.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.2 Classification and subsequent measurement

a) Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

b) Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

c) Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

4.3.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss 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 period 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.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives 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 period also includes portion of income already paid on units redeemed during the period. As more fully explained in note 1.2 to the financial statements, the Fund is required to make distribution on each business day.

Distributions declared subsequent to the period end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on balances with banks, certificate of musharaka and term deposit receipts is recognised on accrual basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates and commercial papers is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by the SECP for which the profits are recorded on cash 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 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 period after taxation of the Fund by the weighted average number of units outstanding during the period.

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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2022 MDIP-I (Rupees in '000)
5 BALANCES WITH BANKS		
Balances with bank in:		
Savings accounts	5.1	<u>22,995,517</u>
5.1	These includes balance amounting to Rs. 458.682 million maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 6.01% per annum. Other savings accounts of the Fund have expected profit rates ranging from 3.70% to 16.40% per annum.	
6 INVESTMENTS		
At fair value through profit or loss		
Commercial papers	6.1	-
Sukuk certificates	6.2	4,350,000
Term deposit receipts	6.3	-
Certificates of musharaka	6.4	<u>2,944,000</u>
		<u>7,294,000</u>

6.1 Commercial papers

Name of the security	Maturity date	Profit rate	Purchased during the period	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 / (diminution) as at June 30, 2022	Percentage in relation to	
									Net assets of the Fund	Total market value of investment
						Number of certificates			(Rupees in '000)	
K-Electric Limited ICP - 22 (AA, VIS)	April 07, 2022	6 months Kibor plus base rate of 0.5%	425	425	-	-	-	-	-	-
K-Electric Limited ICP - 24 (AA, VIS)	May 16, 2022	6 months Kibor plus base rate of 0.6%	300	300	-	-	-	-	-	-
Total as at June 30, 2022						-	-	-		

6.1.1 The nominal value of these commercial papers is Rs. 1,000,000 each.

6.2 Sukuk certificates	Note	2022 MDIP-I (Rupees in '000)
Government securities - GOP Ijarah sukuk	6.2.1	-
Corporate sukuks	6.2.2	4,350,000
		<u>4,350,000</u>

6.2.1 Government Securities - GOP Ijarah Sukuk

Name of the Security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	Purchased during the period	Sold 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	
											Net assets of the Fund	Total market value of investments
										Number of certificates		
GoP Ijarah Sukuk Certificates - XXIII VRR	Semi-annually / At maturity	October 06, 2021	October 06, 2026	Weighted Average 6 months T-Bills	2,000	2,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted Average 6 months T-Bills	5,000	5,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXV VRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted Average 6 months T-Bills	15,000	15,000	-	-	-	-	-	-
Total as at June 30, 2022						-	-	-	-	-	-	-

6.2.1.1 The nominal value of the GoP Ijarah sukuk certificates is Rs 100,000 each.

6.2.2 Corporate sukuks

Name of the security	Maturity date	Profit rate	Purchased during the period	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 / (diminution) as at June 30, 2022	Percentage in relation to	
									Net assets of the Fund	Total market value of investment
						Number of certificates			(Rupees in '000)	
Hub Power Company Limited VII (AA+, PACRA) (note 6.2.2.1)	May 02, 2022	6 months KIBOR plus base rate of 0.80%	4,750	4,750	-	-	-	-	-	-
K-Electric Limited PPSTS - 1 (AA, PACRA) (note 6.2.2.2)	August 04, 2022	6 months KIBOR plus base rate of 0.85%	625	-	625	625,000	625,000	-	2.04	8.57
K-Electric Limited PPSTS - 2 (AA, PACRA) (note 6.2.2.2)	August 15, 2022	6 months KIBOR plus base rate of 0.85%	675	-	675	675,000	675,000	-	2.20	9.25
K-Electric Limited PPSTS - 3 (AA, PACRA) (note 6.2.2.2)	September 01, 2022	6 months KIBOR plus base rate of 0.85%	675	-	675	675,000	675,000	-	2.20	9.25



Name of the security	Maturity date	Profit rate	Purchased during the period	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 / (diminution) as at June 30, 2022	Percentage in relation to	
									Number of certificates	(Rupees in '000)
									%	
K-Electric Limited PPSTS - 4 (AA, PACRA) (note 6.2.2.2)	September 23, 2022	6 months KIBOR plus base rate of 0.85%	300	-	300	300,000	300,000	-	0.98	4.11
K-Electric Limited PPSTS - 5 (AA, PACRA) (note 6.2.2.2)	October 12, 2022	6 months KIBOR plus base rate of 0.95%	400	-	400	400,000	400,000	-	1.31	5.48
Hub Power Company Limited XI (AA+, PACRA) (note 6.2.2.1)	October 27, 2022	6 months KIBOR plus base rate of 1.00%	6,750	-	6,750	675,000	675,000	-	2.20	9.25
Lucky Electric Power Company Limited PPSTS - 2 (AA, PACRA) (note 6.2.2.2)	December 15, 2022	6 months KIBOR plus base rate of 1.20%	1,000	-	1,000	1,000,000	1,000,000	-	3.26	13.74

6.2.2.1 The nominal value of the sukuk certificates is Rs 100,000 and the profit and principal of corporate sukuks is receivable at maturity.

6.2.2.2 The nominal value of the sukuk certificates is Rs 1,000,000 and the profit and principal of corporate sukuks is receivable at maturity.

6.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	Placed during the period	Matured during the period	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 investment
		%	(Rupees in '000)					%	
Meezan Bank Limited (related party) (AAA, VIS)	March 21, 2022	9.85%	1,200,000	1,200,000	-	-	-	-	-
The Bank of Punjab (AA+, PACRA)	March 28, 2022	11.40%	1,000,000	1,000,000	-	-	-	-	-

6.4 Certificates of musharaka

Name of the company	Maturity date	Profit rate	Placed during the period	Matured during the period	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 investment
		%	(Rupees in '000)					%	
First Habib Modaraba (AA+, PACRA)	January 31, 2022	11.65%	700,000	700,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	January 31, 2022	11.65%	700,000	700,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	April 28, 2022	10.90%	700,000	700,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	April 28, 2022	10.90%	700,000	700,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	May 9, 2022	10.90%	300,000	300,000	-	-	-	-	-
First Habib Modaraba (AA+, PACRA)	July 28, 2022	15.00%	718,000	-	718,000	718,000	-	2.34	9.84
First Habib Modaraba (AA+, PACRA)	July 28, 2022	15.00%	718,000	-	718,000	718,000	-	2.34	9.84
OLP Modaraba (Formerly Orix)	July 29, 2022	15.50%	700,000	-	700,000	700,000	-	2.28	9.60

Name of the company	Maturity date	Profit rate	Placed during the period	Matured during the period	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 investment
		%	(Rupees in '000)					%	
First Habib Modaraba (AA+, PACRA)	August 9, 2022	15.00%	308,000	-	308,000	308,000	-	1.00	4.22
First Habib Modaraba (AA+, PACRA)	August 19, 2022	15.00%	500,000	-	500,000	500,000	-	1.63	6.85
Total as at June 30, 2022			6,044,000	3,100,000	2,944,000	2,944,000	-		

6.5 Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'

	Note	2022 MDIP-I (Rupees in '000)
Market value of investments	6.1,6.2, 6.3 & 6.4	7,294,000
Carrying value of investments	6.1,6.2, 6.3 & 6.4	7,294,000
		-

7 DEPOSITS, PREPAYMENTS AND PROFIT RECEIVABLE

Security deposit with Central Depository Company of Pakistan Limited		100
Profit receivable on balances with banks		276,751
Profit receivable on sukuk certificates		135,697
Profit receivable on certificates of musharaka		71,188
Prepayments		78
Others		1,000
		<u>484,814</u>

8 PRELIMINARY EXPENSES AND FLOATATION COSTS

At the beginning of the period		769
Less: amortisation during the period	8.1	(121)
At the end of the year		<u>648</u>

8.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

9 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED-MANAGEMENT COMPANY

	Note	2022 MDIP-I (Rupees in '000)
Management fee payable	9.1	1,027
Sindh Sales Tax on remuneration of the Management Company	9.2	134
Selling and marketing expenses payable	9.3	2,135
Sales load payable		4,240
Sindh Sales Tax on sales load payable		551
		<u>8,087</u>

9.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, during the period, the Management Company has charged remuneration at the following rates:

From September 14, 2021 to September 30, 2021	From October 1, 2021 to December 7, 2021
Nil	0.1% per annum of the average annual net assets

From December 8, 2021 to January 13, 2022	From January 14, 2022 to January 31, 2022
0.2% per annum of the average annual net assets	0.4% per annum of the average annual net assets

From February 01, 2022 to June 30, 2022
0.2% per annum of the average annual net assets

The remuneration is payable to the Management Company monthly in arrears.

9.2 During the period, an amount of Rs. 3.508 million was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 3.374 million has been paid to the Management Company which acts as a collecting agent.

9.3 In accordance with Circular 11 dated July 5, 2019, the Management Company is entitled for charging selling and marketing expenses to Collective Investment Schemes (CISs) managed by them upto a maximum limit approved by the Board of Directors as part of annual plan. The Management Company, based on its own discretion, has charged selling and marketing expenses while keeping in view the overall return and the total expense ratio limit at the following rates subject to the total expense charged not being higher than the actual expense incurred during the period:

From September 14, 2021 to September 30, 2021	From October 1, 2021 to June 30, 2022
Nil	0.1% per annum of the average annual net assets

	Note	2022 MDIP-I (Rupees in '000)
10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
Remuneration payable	10.1	1,834
Sindh Sales Tax on remuneration payable to the Trustee	10.2	238
		<u>2,072</u>

10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed, at the rate of 0.075% per annum of net assets of the Fund.

10.2 During the period, an amount of Rs 1.286 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 1.048 million was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% per annum of average annual net assets during the period.

	2022 MDIP-I (Rupees in '000)
12 ACCRUED EXPENSES AND OTHER LIABILITIES	
Brokerage payable	16
Auditors' remuneration payable	131
Zakat Payable	612
Withholding tax payable	36,645
Shariah advisory fee payable	539
	<u>37,943</u>

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022.

**For the period
from
September 14,
2021 to June
30, 2022
MDIP-I
(Rupees in '000)**

14 AUDITORS' REMUNERATION

Statutory audit fee	133
Half yearly review fee	79
	<u>212</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 is 0.36% which includes 0.05% representing government levies on the Fund such as sales taxes, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

16 TAXATION

The Fund's income is exempt from income tax as per 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 the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute at least 90 percent of the net accounting income other than capital gains to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the period from September 14, 2021 to June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the period.

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.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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.

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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them as at period end are as follows:



	2022 MDIP-I (Rupees in '000)
Balances	
AI Meezan Investment Management Limited - Management Company	
Management fee payable	1,027
Sindh Sales Tax on management fee payable	134
Selling and marketing expenses payable	2,135
Sales Load Payable	4,240
Sindh Sales Tax on sales load payable	551
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable to the Trustee	1,834
Sindh Sales Tax on remuneration of the Trustee	238
Security deposit	100
Meezan Bank Limited	
Balance with bank	458,682
Profit receivable on saving account	1,202
Sales Load Payable	13,609
Sindh Sales Tax on sales load payable	1,769
Shariah advisor fee payable	539
Meezan Strategic Allocation Fund - MSAP - I	
Investment of 1,667,038 units	83,352
Meezan Strategic Allocation Fund - MSAP - II	
Investment of 1,452,507 units	72,625
Meezan Strategic Allocation Fund - MSAP - III	
Investment of 923,647 units	46,182
Meezan Strategic Allocation Fund - MSAP - IV	
Investment of 409,858 units	20,493
Meezan Strategic Allocation Fund - MSAP - V	
Investment of 220,543 units	11,027
Meezan Financial Planning Fund Of Funds - MAAP - I	
Investment of 340,490 units	17,025
Directors and Executives of the Management Company	
Investment of 7,558,695 units	377,935
Transactions during the period	For the period from September 14, 2021 to June 30, 2022 MDIP-I (Rupees in '000)
AI Meezan Investment Management Limited - Management Company	
Remuneration for the period	26,983
Sindh Sales Tax on management fee for the period	3,508
Selling and marketing expense	13,093
Units issued: 64,476,273 units	3,223,814
Units redeemed: 64,476,273 units	3,223,814
Dividend paid	57,161

For the period
from
**September 14,
2021 to June
30, 2022**
MDIP-I
(Rupees in '000)

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	9,892
Sindh Sales Tax on remuneration of the Trustee	1,286
CDS charges	7

Meezan Bank Limited

Profit on savings account	5,389
Shariah advisory fee	862
Term deposit receipt placed	1,200,000
Term deposit receipt matured	1,200,000
Profit on term deposit receipts	9,067

Meezan Strategic Allocation Fund - MSAP - I

Units issued: 7,957,107 units	397,855
Units redeemed: 6,290,069 units	314,503
Dividend paid	7,769

Meezan Strategic Allocation Fund - MSAP - II

Units issued: 5,342,797 units	267,140
Units redeemed: 3,890,290 units	194,515
Dividend paid	5,564

Meezan Strategic Allocation Fund - MSAP - III

Units issued: 5,095,204 units	254,760
Units redeemed: 4,171,557 units	208,578
Dividend paid	4,814

Meezan Strategic Allocation Fund - MSAP - IV

Units issued: 2,160,094 units	108,005
Units redeemed: 1,750,236 units	87,512
Dividend paid	1,934

Meezan Strategic Allocation Fund - MSAP - V

Units issued: 706,934 units	35,347
Units redeemed: 486,391 units	24,320
Dividend paid	791

Meezan Financial Planning Fund Of Funds - MAAP - I

Units issued: 1,986,772 units	99,339
Units redeemed: 1,646,282 units	82,314
Dividend paid	1,731

Directors and Executives of the Management Company

Units issued: 17,030,250 units	851,513
Units redeemed: 9,471,555 units	473,578
Dividend Paid	11,334

		Note	2022 MDIP-I (Rupees in '000)
18	CASH AND CASH EQUIVALENTS		
	Balances with banks	5	22,995,517
	Certificates of musharaka	6.4	2,944,000
			25,939,517

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio 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.

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 profit rate risk			Not exposed to 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 bank	3.7% - 16.40%	22,995,517	-	-	-	22,995,517
Investments	11.61% - 16.83%	5,219,000	2,075,000	-	-	7,294,000
Receivable against conversion of units		-	-	-	47,229	47,229
Deposits and profit receivable		-	-	-	484,736	484,736
		28,214,517	2,075,000	-	531,965	30,821,482
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	8,087	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	2,072	2,072
Payable to Meezan Bank Limited		-	-	-	15,378	15,378
Payable against conversion and redemption of units		-	-	-	107,446	107,446
Accrued expenses and other liabilities		-	-	-	686	686
		-	-	-	133,669	133,669
On-balance sheet gap (a)		<u>28,214,517</u>	<u>2,075,000</u>	<u>-</u>	<u>398,296</u>	<u>30,687,813</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>28,214,517</u>	<u>2,075,000</u>	<u>-</u>		
Cumulative profit rate sensitivity gap		<u>28,214,517</u>	<u>30,289,517</u>	<u>30,289,517</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.



The Fund does not hold any instruments that expose it to price risk as of June 30, 2022.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period from September 14, 2021 to June 30, 2022.

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	-	-	-	-	-	22,995,517	
Investments	3,083,000	2,075,000	-	-	-	7,294,000	
Receivable against conversion of units	-	-	-	-	-	47,229	
Deposits and profit receivable	106,748	37,785	-	-	1,100	484,736	
	25,517,849	3,189,748	2,112,785	-	-	1,100	30,821,482
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	8,087	-	-	-	-	8,087	
Payable to Central Depository Company of Pakistan Limited - Trustee	2,072	-	-	-	-	2,072	
Payable to Meezan Bank Limited	15,378	-	-	-	-	15,378	
Payable against conversion and redemption of units	107,446	-	-	-	-	107,446	
Accrued expenses and other liabilities	686	-	-	-	-	686	
	133,669	-	-	-	-	-	133,669
Net assets / (liabilities)	25,384,180	3,189,748	2,112,785	-	-	1,100	30,687,813

20.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

The table below analyses the Fund's maximum exposure to credit risk:

	2022	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000	
Balances with banks	22,995,517	22,995,517
Investments	7,294,000	7,294,000
Receivable against conversion of units	47,229	47,229
Deposits, prepayments and profit receivable	484,814	484,736
	<u>30,821,560</u>	<u>30,821,482</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements with banks, investments and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk
	2022
AAA	39.12%
AA-	14.75%
A+	46.13%
	<u>100.00%</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

20.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 are unsecured and are not impaired.

21 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			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
Financial assets 'at fair value through profit or loss'				
Sukuk certificates*	-	4,350,000	-	-
Certificates of musharaka*	-	2,944,000	-	-
	-	7,294,000	-	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

22 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 20, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2022 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	6,593	25,603,197	83.54
Associated Companies /	8	572,492	1.87
Insurance Companies	1	2,250	0.01
Bank / DFIs	1	9,557	0.03
Retirement Funds	29	890,480	2.91
Private limited companies	80	3,141,323	10.25
Others	15	429,345	1.40
	<u>6,727</u>	<u>30,648,644</u>	<u>100%</u>

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2022	
Name of broker	Percentage of commission paid
JS Global Capital Limited	91.18%
Summit Capital (Private) Limited	5.88%
Invest One Markets Limited	2.94%
	<u>100.00%</u>

25 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 Shoab	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

The Fund Manager of the Fund is Mr. Zohaib Saeed. Other fund being managed by the Fund Manager is Meezan Sovereign Fund.

26 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furqan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoab, CFA	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

27 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

28 GENERAL

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

TIRICH MIR

Investments and mountain climbing teach you about change, and how to prepare for changes.

Height 7,708 meters,
belongs to the range Hindu Kush



MEEZAN ROZANA AMDANI FUND (MRAF)

Meezan Rozana Amdani Fund's investment objective is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market 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 - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Bank Of Punjab - Islamic Banking
Bank Alfalah Limited

Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited - Islamic Banking
Meezan Bank Limited
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



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Rozana Amdani Fund (MRAF)

Type of Fund

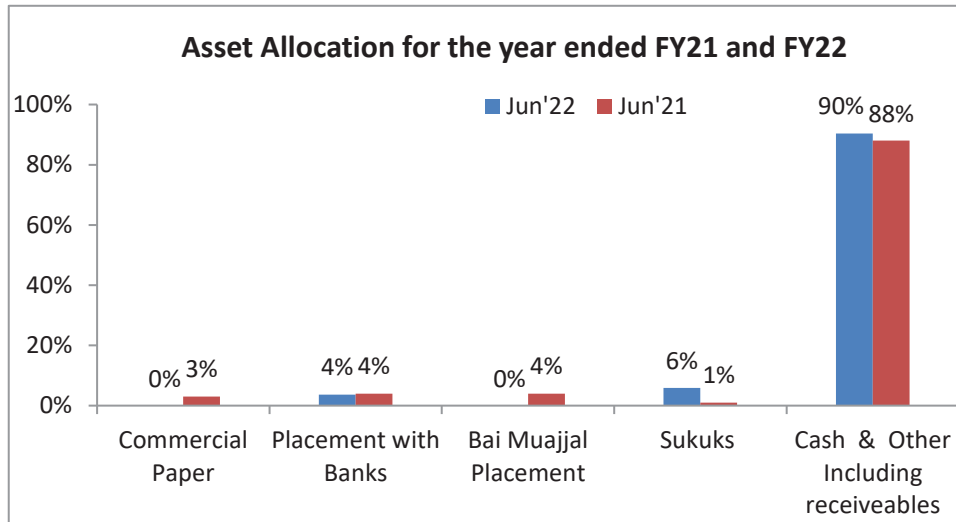
Open end money market fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

Objective

Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high-quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MRAF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio weighted average time to maturity of three months.



Performance Review

Meezan Rozana Amdani Fund (MRAF) provided a return of 9.95% to its investors for the year ended June 30, 2022 as compared to its Six Month deposits at Islamic Banks (benchmark) return of 3.68%.



Pure. Profit.



	MRAF	Six Month deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 30, 2021	50.00	
Net Asset Value as on June 30, 2022	50.00	
Return During the Period - Net	9.95%	3.68%
Outperformance – Net	6.27%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 4,966 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 4,965 million. The fund also incurred expenses totalling to Rs. 20 million, which brought the net income figure to Rs. 4,946 million. The net assets of the Fund as at June 30, 2022 were Rs. 72,760 million as compared to Rs. 74,704 million at the end of last year depicting decrease of 2.60%. The net asset value per unit as at June 30, 2022 was Rs. 50 (Ex-dividend).

Distributions

The Total Pay-out by the Fund during the period ended June 30, 2022 was Rs. 4.7407 per unit (9.48%). Total distribution made by the fund was Rs. 4,946 million.

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MRAF amounting to Rs. 151.38 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 MRAF by 0.27%. This is one-off event and is not likely to be repeated in the future.

Fund Stability Rating

VIS Credit Rating Company has assigned Stability Rating of AA+ (f) to the Fund.

Breakdown of unit holdings by size

(As on June 30, 2022)

Range (Units)	No. of investors
1 - 9,999	898
10,000 - 49,999	2,539
50,000 - 99,999	750
100,000 - 499,999	944
500,000 and above	282
Total	5,413

PERFORMANCE TABLE

	2022	2021	2020
Net assets (Rs '000) (ex-distribution)	72,759,939	74,704,297	53,350,947
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	50.0000	50.0000
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.0000	50.0000	50.0000
Distribution (%)	4.7407	3.2009	5.5092
- Final distribution			
Income distribution (Rupees in '000)	4,946,448	2,925,426	3,537,655
Growth distribution (Rupees in '000)	-	-	-
Highest offer price per unit (Rs.)	50.0000	50.0000	50.0000
Lowest offer price per unit (Rs.)	50.0000	50.0000	50.0000
Highest redemption price per unit (Rs.)	50.0000	50.0000	50.0000
Lowest redemption price per unit (Rs.) *	50.0000	50.0000	50.0000
Total return (%)	9.95%	6.61%	11.76%
Weighted Average Portfolio Duration (years)	0	0.04	0.06
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2022	9.95%	8.28%	9.44%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up. e



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Rozana Amdani Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2021 to June 30, 2022 was the Fourth year of operations of Meezan Rozana Amdani Fund (MRAF) 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 criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MRAF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MRAF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MRAF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ROZANA AMDANI 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 Rozana Amdani 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 Rozana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Rozana Amdani 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 7,025 million and balances with banks aggregated to Rs 64,902.950 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.

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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: AR202210081Dxvw2zTE1



MEEZAN ROZANA AMDANI FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022

	2022	2021
Note	(Rupees in '000)	
Assets		
Balances with banks	64,902,950	56,743,167
Investments	7,025,000	17,726,099
Receivable against conversion of units	412,683	436,029
Accrued profit	822,165	257,354
Deposit and prepayments	1,300	294
Preliminary expenses and floatation costs	300	500
Total assets	73,164,398	75,163,443
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	3,400	-
Payable to Central Depository Company of Pakistan Limited - Trustee	3,110	3,554
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10,366	9,092
Payable against conversion and redemption of units	303,764	280,124
Accrued expenses and other liabilities	83,819	166,376
Total liabilities	404,459	459,146
Net assets	72,759,939	74,704,297
Unit holders' fund (as per statement attached)	72,759,939	74,704,297
Contingencies and commitments	14	
	(Number of units)	
Number of units in issue	1,455,198,746	1,494,085,918
	(Rupees)	
Net asset value per unit	50.0000	50.0000

The annexed notes from 1 to 29 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN ROZANA AMDANI FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
Note	(Rupees in '000)	
Income		
Profit on commercial papers and sukuks	352,543	307,396
Profit on term deposit receipts	472,068	370,121
Profit on Bai muajjal	321,850	605,383
Profit on saving accounts with banks	3,821,794	1,952,953
Net realised loss on sale of investments	(1,685)	(3,557)
Total income	4,966,570	3,232,296
Expenses		
Remuneration of AI Meezan Investment Management Limited - Management Company	10.1 82,143	90,384
Sindh Sales Tax on remuneration of the Management Company	10.2 10,679	11,750
Selling and marketing expenses	10.3 18,227	87,004
Allocated expenses	10.4 -	7,839
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1 29,976	29,548
Sindh Sales Tax on remuneration of the Trustee	11.2 3,897	3,841
Annual fees to the Securities and Exchange Commission of Pakistan	12 10,366	9,092
Auditors' remuneration	15 503	457
Amortisation of preliminary expenses and floatation costs	9 200	199
Fees and subscription	1,320	1,304
Legal and professional charges	184	22
Brokerage expense	362	884
Bank and settlement charges	3,464	4,843
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	13.1 (141,199)	59,703
Total expenses	20,122	306,870
Net income for the year before taxation	4,946,448	2,925,426
Taxation	17 -	-
Net income for the year after taxation	4,946,448	2,925,426
Allocation of net income for the year		
Net income for the year after taxation	4,946,448	2,925,426
Income already paid on units redeemed	-	-
	4,946,448	2,925,426
Accounting income available for distribution		
- Relating to capital gains	-	-
- Excluding capital gains	4,946,448	2,925,426
	4,946,448	2,925,426

The annexed notes from 1 to 29 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN ROZANA AMDANI FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	(Rupees in '000)	
Net income for the year after taxation	4,946,448	2,925,426
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>4,946,448</u></u>	<u><u>2,925,426</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI 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	74,704,297	-	74,704,297	53,350,947	-	53,350,947
Issuance of 2,727,961,332 (2021: 2,530,147,897) units						
- Capital value (at par value per unit at the beginning of the year)	136,398,067	-	136,398,067	126,507,395	-	126,507,395
- Element of income	-	-	-	-	-	-
Total proceeds on issuance of units	136,398,067	-	136,398,067	126,507,395	-	126,507,395
Redemption of 2,766,848,504 (2021: 2,103,080,902) units						
- Capital value (at par value per unit at the beginning of the year)	138,342,425	-	138,342,425	105,154,045	-	105,154,045
- Element of loss	-	-	-	-	-	-
Total payments on redemption of units	138,342,425	-	138,342,425	105,154,045	-	105,154,045
Total comprehensive income for the year	-	4,946,448	4,946,448	-	2,925,426	2,925,426
Distribution during the year *	-	(4,946,448)	(4,946,448)	-	(2,925,426)	(2,925,426)
Net income for the year less distribution	-	-	-	-	-	-
Net assets at the end of the year	72,759,939	-	72,759,939	74,704,297	-	74,704,297
Undistributed income brought forward						
- Realised income		-			-	
- Unrealised income		-			-	
Accounting income available for distribution		-			-	
- Relating to capital gains		4,946,448			2,925,426	
- Excluding capital gains		4,946,448			2,925,426	
Distribution during the year: Rs. 4.7407 per unit i.e. 9.48% of the par value of Rs. 50/- each (2021: Rs. 3.2009 per unit i.e. 6.4%)		(4,946,448)			(2,925,426)	
Undistributed income carried forward		-			-	
Undistributed income carried forward						
- Realised income		-			-	
- Unrealised income		-			-	
		-			-	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year		50.0000			50.0000	
Net assets value per unit at the end of the year		50.0000			50.0000	

* Meezan Rozana Amdani Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the year ended June 30, 2022 amounted to Rs 4.7407 (2021: Rs.3.2009) per unit.

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN ROZANA AMDANI FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022	2021
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		4,946,448	2,925,426
Adjustment for non-cash items:			
Amortisation of preliminary expenses and floatation costs		200	199
Decrease in assets			
Investments - net		1,531,099	6,566,069
Accrued profit		(564,811)	(73,057)
Deposits and prepayments		(1,006)	(16)
		965,282	6,492,996
(Decrease) / increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		3,400	(36,196)
Payable to Central Depository Company of Pakistan Limited - Trustee		(444)	341
Payable to the Securities and Exchange Commission of Pakistan		1,274	2,435
Accrued expenses and other liabilities		(82,557)	51,948
		(78,327)	18,528
Net cash generated from operating activities		5,833,603	9,437,149
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		136,421,413	126,166,917
Payments against redemption and conversion of units		(138,318,785)	(105,398,511)
Dividend paid		(4,946,448)	(2,938,705)
Net cash (used in) / generated from financing activities		(6,843,820)	17,829,701
Net (decrease) / increase in cash and cash equivalents during the year		(1,010,217)	27,266,850
Cash and cash equivalents at the beginning of the year		68,613,167	41,346,317
Cash and cash equivalents at the end of the year	19	67,602,950	68,613,167

The annexed notes from 1 to 29 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN ROZANA AMDANI 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 Rozana Amdani Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 29, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The investment objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.

1.3 The Fund is an open-end Shariah Compliant Money Market Scheme and has the following specific features:

- (a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day); and
- (b) Daily dividend received by the unit holders shall be reinvested.

By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.

1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

1.5 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA+(f) by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AA+(f) dated January 12, 2021).

1.6 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.4 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'financial assets at fair value through profit or loss' which are measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the term of the transaction.

4.4 Financial assets

4.4.1 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.

4.4.2 Classification and subsequent measurement

a) Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognised at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

b) Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The Fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

c) Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, considering the specific credit and financial condition of the debt security issuer and in accordance with the provisioning policy duly approved by the Board of Directors of the Management Company. The provisioning policy approved by the Board of Directors has also been placed on the Management Company's website as required under the SECP's circular.

4.4.3 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset.

4.4.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.5 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

4.6 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.

4.7 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.

4.8 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.

4.9 Issue and redemption of units

Units of the scheme shall be allocated on the basis of purchase (offer) price applicable on the date of realization of subscription money into the bank account of the scheme.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company receives redemption applications during business hours on that date. The redemption price represents NAV as on the close of business day, less any duties, taxes, charges on redemption and provision for transactions costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration by 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. As more fully explained in note 1.3 to the financial statements, the Fund is required to make distribution on each business day.

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.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recognised on the date at which the transaction takes place;
- Profit on bank deposits and term deposit receipts is recognised on time proportion basis using the effective yield method;
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise;
- Income on sukuk certificates, placements and commercial papers is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Income on bai muajjal is recognised on time proportion basis, the difference between the sale and the credit price is recognised over the credit period.

4.13 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.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. 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.

4.15 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.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS
Note **2022** **2021**
(Rupees in '000)

Balances with banks in:

Savings accounts	5.1	64,902,906	56,743,123
Current accounts		44	44
		<u>64,902,950</u>	<u>56,743,167</u>

- 5.1** These include a balance of Rs. 86.416 million (2021: Rs. 72.245 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other savings accounts of the Fund have expected profit rates ranging from 4.0% to 16.40% per annum (2021: 2.05% to 7.60% per annum).

6 INVESTMENTS
Note **2022** **2021**
(Rupees in '000)
At fair value through profit or loss

Corporate sukuks	6.1	4,325,000	675,000
Commercial papers	6.2	-	2,281,052
Term deposit receipts - having original maturity of 3 months or less	6.3	2,700,000	11,870,000
Bai Muajjal receivable	6.4	-	2,900,047
		<u>7,025,000</u>	<u>17,726,099</u>

6.1 Corporate sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions 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)	Percentage in relation to	
			-----Certificates-----			(Rupees in '000)		Net assets of the Fund		Total market value of investments	
The Hub Power Company Limited IV (A-1+, PACRA) (note 6.1.1)	November 05, 2021	6 months KIBOR plus base rate of 1.10%	6,750	-	6,750	-	-	-	-	0.00%	0.00%
The Hub Power Company Limited VII (AA+, PACRA) (note 6.1.1)	May 02, 2022	6 months KIBOR plus base rate of 1.30%	-	5,250	5,250	-	-	-	-	0.00%	0.00%
The Hub Power Company Limited PPSTS (AA+, PACRA) (note 6.1.1)	October 27, 2022	6 months KIBOR plus base rate of 1%	-	6,000	-	6,000	600,000	600,000	-	0.82%	8.54%
K-Electric Limited - I (A-1+, PACRA) (note 6.1.1)	August 04, 2022	6 months KIBOR plus base rate of 0.85%	-	6,750	-	6,750	675,000	675,000	-	0.93%	9.61%
K-Electric Limited - II (A-1+, PACRA) (note 6.1.1)	August 15, 2022	6 months KIBOR plus base rate of 0.85%	-	6,250	-	6,250	625,000	625,000	-	0.86%	8.90%
K-Electric Limited - III (A-1+, PACRA) (note 6.1.2)	September 01, 2022	6 months KIBOR plus base rate of 0.85%	-	675	-	675	675,000	675,000	-	0.93%	9.61%
K-Electric Limited - IV (A-1+, PACRA) (note 6.1.2)	September 23, 2022	6 months KIBOR plus base rate of 0.85%	-	600	-	600	600,000	600,000	-	0.82%	8.54%
K-Electric Limited - V (A-1+, PACRA) (note 6.1.2)	September 23, 2022	6 months KIBOR plus base rate of 0.95%	-	150	-	150	150,000	150,000	-	0.21%	2.14%
Lucky Electric Limited - II (A-1+, PACRA) (note 6.1.2)	December 15, 2022	6 months KIBOR plus base rate of 1.2%	-	1,000	-	1,000	1,000,000	1,000,000	-	1.37%	14.23%
Total as at June 30, 2022							<u>4,325,000</u>	<u>4,325,000</u>		<u>5.94%</u>	<u>61.57%</u>
Total as at June 30, 2021							<u>675,000</u>	<u>675,000</u>		<u>0.90%</u>	<u>3.81%</u>

6.1.1 The nominal value of these sukuk certificates is Rs 100,000 each.

6.1.2 The nominal value of these sukuk certificates is Rs 1,000,000 each.

6.1.3 The profit payments and principal redemptions of these sukuk certificates are receivable at maturity.

6.2 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2021	Purchases during the year	Sales / redemptions / maturity 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 a percentage of net assets of the Fund	As a percentage of total market value of investments
			Certificates			(Rupees in '000)		%			
K-Electric Limited CP-15 (A-1+, PACRA)	September 02, 2021	6 months KIBOR plus base rate of 0.60%	675	-	675	-	-	-	-	-	-
K-Electric Limited CP-16 (A-1+, PACRA)	September 16, 2021	6 months KIBOR plus base rate of 0.60%	525	-	525	-	-	-	-	-	-
K-Electric Limited CP-17 (A-1+, VIS)	October 06, 2021	6 months KIBOR plus base rate of 0.55%	525	-	525	-	-	-	-	-	-
K-Electric Limited CP-18 (A-1+, VIS)	October 19, 2021	6 months KIBOR plus base rate of 0.55%	600	-	600	-	-	-	-	-	-
K-Electric Limited CP-19 (A-1+, VIS)	January 12, 2022	6 months KIBOR plus base rate of 0.45%	-	375	375	-	-	-	-	-	-
K-Electric Limited CP-20 (A-1+, VIS)	January 27, 2022	6 months KIBOR plus base rate of 0.45%	-	675	675	-	-	-	-	-	-
K-Electric Limited CP-22 (A-1+, PACRA)	April 07, 2022	6 months KIBOR plus base rate of 0.50%	-	675	675	-	-	-	-	-	-
K-Electric Limited CP-23 (A-1+, VIS)	May 04, 2022	6 months KIBOR plus base rate of 0.6%	-	750	750	-	-	-	-	-	-
K-Electric Limited CP-24 (A-1+, VIS)	May 16, 2022	6 months KIBOR plus base rate of 0.6%	-	500	500	-	-	-	-	-	-
Total as at June 30, 2022							-	-		-	-
Total as at June 30, 2021							2,281.052	2,281.052		3.05%	12.87%

6.2.1 The nominal value of these commercial papers is Rs 1,000,000 each.

6.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2021	Placed during the year	Matured during the year	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised gain / (loss) as at June 30, 2022	As a percentage of net assets of the Fund	Percentage of total market value of investments
		%	----- (Rupees in '000) -----						%	

Having original maturity of 3 months or less

United Bank Limited - Ameen	July 5, 2021	7.00%	4,300,000	-	4,300,000	-	-	-	-	-
Meezan Bank Limited (related party)	August 2, 2021	7.10%	2,800,000	-	2,800,000	-	-	-	-	-
Meezan Bank Limited (related party)	August 2, 2021	7.10%	750,000	-	750,000	-	-	-	-	-
Meezan Bank Limited (related party)	August 2, 2021	7.10%	500,000	-	500,000	-	-	-	-	-
Meezan Bank Limited (related party)	August 2, 2021	7.10%	950,000	-	950,000	-	-	-	-	-
United Bank Limited - Ameen	August 9, 2021	6.80%	-	4,300,000	4,300,000	-	-	-	-	-
Askari Bank Limited	September 1, 2021	7.15%	2,570,000	-	2,570,000	-	-	-	-	-
United Bank Limited - Ameen	September 9, 2021	6.80%	-	4,300,000	4,300,000	-	-	-	-	-
United Bank Limited - Ameen	October 8, 2021	7.00%	-	4,300,000	4,300,000	-	-	-	-	-
United Bank Limited - Ameen	November 8, 2021	7.00%	-	4,300,000	4,300,000	-	-	-	-	-
Askari Bank Limited	December 1, 2021	7.15%	-	1,500,000	1,500,000	-	-	-	-	-
United Bank Limited - Ameen	December 2, 2021	8.35%	-	4,500,000	4,500,000	-	-	-	-	-
Meezan Bank Limited (related party)	December 3, 2021	7.46%	-	4,500,000	4,500,000	-	-	-	-	-
United Bank Limited - Ameen	January 31, 2022	11.00%	-	2,000,000	2,000,000	-	-	-	-	-
Meezan Bank Limited (related party)	February 21, 2022	10.05%	-	4,500,000	4,500,000	-	-	-	-	-
The Bank of Punjab	March 15, 2022	11.25%	-	4,200,000	4,200,000	-	-	-	-	-
Meezan Bank Limited (related party)	March 21, 2022	9.85%	-	4,500,000	4,500,000	-	-	-	-	-
Bank Alfalah Limited	July 13, 2022	16.20%	-	2,700,000	-	2,700,000	2,700,000	-	3.71%	38.43%

As at June 30, 2022

45,600,000	54,770,000	2,700,000	2,700,000	-	3.71%	38.43%
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As at June 30, 2021

64,891,259	55,537,697	11,870,000	11,870,000
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6.3.1 The profit payments and principal redemptions of these term deposits are receivable at maturity.

6.4 Bai Muajjal receivable

Name of the counterparty	Maturity date	Profit rate	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2022	As a percentage of net assets of the Fund	Percentage of total market value of investments
			----- (Rupees in '000) -----				%	

Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	444,735	14,046	14,046	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	281,653	8,895	8,895	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	445,118	13,704	13,704	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	281,910	8,679	8,679	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	445,208	13,618	13,618	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	281,982	8,626	8,626	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	445,298	13,533	13,533	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	282,039	8,571	8,571	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	445,410	13,448	13,448	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	282,110	8,517	8,517	-	-	-
Samba Bank Limited (AA, VIS)	December 15, 2021	7.25%	247,988	6,995	6,995	-	-	-

Name of the counterparty	Maturity date	Profit rate	Total transaction price	Total deferred income	Accrued profit for the year	Carrying value as at June 30, 2022	As a percentage of net assets of the Fund	Percentage of total market value of investments
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	442,969	16,510	15,588	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	280,520	10,455	9,871	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	443,067	16,421	15,591	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	280,584	10,399	9,873	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	443,165	16,333	15,595	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	280,647	10,343	9,876	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	443,262	16,244	15,598	-	-	-
Pak Brunei Investment Company Limited (AA+, VIS)	December 17, 2021	7.60%	280,711	10,287	9,878	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	447,154	11,737	11,737	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	447,244	11,652	11,652	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	283,304	7,381	7,381	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	447,334	11,567	11,567	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	283,362	7,327	7,327	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	447,424	11,482	11,482	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	283,447	7,274	7,274	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	447,840	11,141	11,141	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	283,676	7,057	7,057	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	447,919	11,056	11,056	-	-	-
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 15, 2021	7.15%	148,826	3,673	3,673	-	-	-
Total as at June 30, 2022			10,745,906	326,973	321,850	-	-	-
Total as at June 30, 2021			27,829,092	938,786	605,383	2,900,047		

	Note	2022	2021
		(Rupees in '000)	
7 ACCRUED PROFIT			
Profit accrued on:			
Bank balances		663,676	203,378
Term deposit receipts		21,571	44,753
Sukuk certificates		136,918	9,223
		<u>822,165</u>	<u>257,354</u>
8 DEPOSIT AND PREPAYMENTS			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Prepayments		200	194
ATM deposit with Meezan Bank Limited		1,000	-
		<u>1,300</u>	<u>294</u>
9 PRELIMINARY EXPENSES AND FLOTATION COSTS			
At the beginning of the year		500	699
Less: amortisation during the year		(200)	(199)
At the end of the year	9.1	<u>300</u>	<u>500</u>
9.1	Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the NBFC Regulations.		
10 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Remuneration payable	10.1	1,802	-
Sindh Sales Tax payable on remuneration of the Management Company	10.2	234	-
Selling and marketing expenses payable	10.3	1,364	-
		<u>3,400</u>	<u>-</u>

- 10.1** As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the following rates during the year:

2022	
Period	Rate applicable
From July 1, 2021 to July 5, 2021	Nil
From July 6, 2021 to September 16, 2021	0.20% of the average annual net assets
From September 17, 2021 to June 30, 2022	0.15% of the average annual net assets

2021	
Period	Rate applicable
From July 1, 2020 to May 7, 2021	0.2% of the average annual net assets
From May 8, 2021 to May 31, 2021	0.25% of the average annual net assets
From June 1, 2021 to June 24, 2021	0.2% of the average annual net assets
June 25, 2021	0.1% of the average annual net assets
From June 26, 2021 to June 30, 2021	Nil

The remuneration is payable to the Management Company monthly in arrears.

- 10.2** During the year, an amount of Rs. 10.679 million (2021: Rs. 11.750 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 10.445 million (2021: Rs. 11.937 million) has been paid to the Management Company which acts as a collecting agent.
- 10.3** In accordance with Circular 11 dated July 5, 2019 issued by SECP, with respect to charging selling and marketing expenses, the Management Company, based on its own discretion has charged selling and marketing expenses at the following rates of the average annual net assets of the Fund during the year, subject to total expense charged being lower than actual expense incurred.

2022	
Period	Rates
From July 1, 2021 to July 31, 2021	Nil
From August 1, 2021 to September 16, 2021	0.10% of the average annual net assets
September 17, 2021 to September 30, 2021	Nil
From October 1, 2021 to June 30, 2022	0.03% of the average annual net assets

2021	
Period	Rates
From July 1, 2020 to August 31, 2020	0.4% of the average annual net assets
From September 1, 2020 to December 11, 2020	0.03% of the average annual net assets
From December 12, 2020 to January 31, 2021	Nil
From February 1, 2021 to March 9, 2021	0.02% of the average annual net assets
From March 10, 2021 to June 30, 2021	Nil

- 10.4** In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has not charged such expenses to the Fund during the year. For the year ended June 30, 2021, the Management Company charged such expenses at 0.02% of the average annual net assets of the Fund for the period from May 8, 2021 to May 31, 2021, subject to total expense charged being lower than actual expense incurred.

11	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022 (Rupees in '000)	2021
	Remuneration of the Trustee	11.1	2,752	3,145
	Sindh Sales Tax payable on remuneration of the Trustee	11.2	358	409
			<u>3,110</u>	<u>3,554</u>

- 11.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. During the year, with effect from October 1, 2021, the Trustee has revised its tariff as follows:

Previous Tariff (Flat Rate)	Revised Tariff (Flat Rate)
0.065% per annum of net assets	0.055% per annum of net assets

Accordingly, the Fund has charged remuneration of the Trustee at the rate 0.065 percent from July 01, 2021 till September 30, 2021 and 0.055 percent per annum of net assets during the period from October 1, 2021 till June 30, 2022.

- 11.2 During the year, an amount of Rs 3.897 million (2021: Rs. 3.841 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 3.948 million (2021: Rs. 3.802 million) was paid to the Trustee which acts as a collecting agent.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (2021: 0.02%) of average annual net assets during the current year.

	Note	2022 (Rupees in '000)	2021
13 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		290	280
Brokerage payable		-	163
Shariah advisor fee payable		537	538
Withholding tax payable		80,207	21,675
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	-	141,199
CDS charges payable		2,544	1,679
Zakat payable		230	532
Other payable		11	310
		<u>83,819</u>	<u>166,376</u>

- 13.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

During the current 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 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 these financial statements.

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.



	2022	2021
	(Rupees in '000)	
15 AUDITORS' REMUNERATION		
Annual audit fee	332	304
Half yearly review fee	145	129
Out of pocket expenses	26	24
	<u>503</u>	<u>457</u>

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2021 is 0.31% (2021: 0.68%) which includes 0.05% (2021: 0.19%) 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 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

17 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. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

18.2 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.

18.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

18.4 Detail of transactions with connected persons and balances with them are as follows:

Balances	2022	2021
	(Rupees in '000)	
Al Meezan Investment Management Limited - Management Company		
Remuneration payable to the Management Company	1,802	-
Sindh Sales Tax payable on remuneration of the Management Company	234	-
Selling and marketing expense payable	1,364	-
Investment of 1,179,212 units (2021: 19,269,396 units)	<u>58,961</u>	<u>9,634,670</u>

Balances	2022	2021
	(Rupees in '000)	
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable to the Trustee	2,752	3,145
Sindh Sales Tax on remuneration of the Trustee	358	409
Security deposit	100	100
CDS charges payable	2,544	1,679
Meezan Bank Limited		
Balance with bank	86,416	72,245
Profit receivable on saving account	1,986	312
Term deposit receipt placed	-	5,000,000
Profit on term deposit receipt	-	4,085
Shariah advisor fee payable	537	538
ATM deposit	1,000	-
Meezan Strategic Allocation Fund - MSAP - I		
Investment of nil units (2021: 3,548,805 units)	-	177,440
Meezan Strategic Allocation Fund - MSAP - II		
Investment of nil units (2021: 2,266,119 units)	-	113,306
Meezan Strategic Allocation Fund - MSAP - III		
Investment of nil units (2021: 2,609,764 units)	-	130,488
Meezan Strategic Allocation Fund - MSAP - IV		
Investment of nil units (2021: 1,081,951 units)	-	54,098
Meezan Strategic Allocation Fund - MSAP - V		
Investment of nil units (2021: 302,398 units)	-	15,120
Meezan Strategic Asset Allocation Fund - MCPP - III		
Investment of 3,503,861 units (2021: 4,314,182 units)	175,193	215,709
Meezan Strategic Allocation Fund -II - MCPP - IV		
Investment of 7,987,860 units (2021: 8,383,770 units)	399,393	419,189
Meezan Strategic Allocation Fund-II - MCPP - V		
Investment of 1,129,971 units (2021: 1,583,794 units)	56,499	79,190
Meezan Strategic Allocation Fund II- MCPP - VI		
Investment of 1,331,913 units (2021: 1,863,801 units)	66,596	93,190
Meezan Strategic Allocation Fund II- MCPP - VII		
Investment of 781,119 units (2021: 1,916,378 units)	39,056	95,819
Meezan Strategic Allocation Fund II- MCPP - VIII		
Investment of nil units (2021: 694,122 units)	-	34,706
Meezan Strategic Allocation Fund III- MCPP - IX		
Investment of 6,682,038 units (2021: 1,096,628 units)	334,102	54,831
AI Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 501,508 units (2021: 426,440 units)	25,075	21,322
Unitholders holding 10 percent or more of the Fund		
Investment of 152,229,568 units (2021: 161,063,788 units units)	7,611,478	8,053,189
Directors and Executives of the Management Company		
Investment of 7,428,001 units (2021: 540,520 units units)	371,400	27,026


Transactions during the year

	2022	2021
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration of the Management Company	82,143	90,384
Sindh Sales Tax on remuneration of the Management Company	10,679	11,750
Selling and marketing expenses	18,227	87,004
Allocated expense	-	7,839
Units issued: 64,730,439 units (2021: 49,528,950 units)	3,236,522	2,476,448
Units redeemed: 82,820,622 units (2021: 64,250,000 units)	4,141,031	3,212,500
Dividend paid	35,892	111,167
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	29,976	29,548
Sindh Sales Tax on remuneration of the Trustee	3,897	3,841
CDS charges	1,854	4,122
Units issued: 2,000,000 units (2021: nil units)	100,000	-
Units redeemed: 2,041,669 units (2021: nil units)	102,083	-
Dividend paid	2,083	-
Meezan Bank Limited		
Profit on savings account	7,419	6,198
Term deposit receipts placed	13,500,000	7,400,000
Term deposit receipts matured	18,500,000	2,400,000
Profit on term deposit receipts	128,088	19,511
Shariah advisory fee expense	1,078	1,078
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 65,728 units (2021 : 3,836,605 units)	3,286	191,830
Units redeemed: 3,614,533 units (2021 : 287,800 units)	180,727	14,390
Dividend paid	3,286	584
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 41,413 units (2021: 2,374,119 units)	2,071	118,706
Units redeemed: 2,307,532 units (2021 :108,000 units)	115,377	5,400
Dividend paid	2,071	403
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 48,418 units (2021: 2,617,164 units)	2,421	130,858
Units redeemed: 2,658,182 units (2021: 7,400 units)	132,909	370
Dividend paid	2,421	390
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 17,598 units (2021: 1,114,551 units)	880	55,728
Units redeemed: 1,099,549 units (2021: 32,600 units)	54,977	1,630
Dividend paid	880	211
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 5,753 units (2021: 313,398 units)	288	15,670
Units redeemed: 308,152 units (2021: 11,000 units)	15,408	550
Dividend paid	288	57
Meezan Strategic Asset Allocation Fund - MCPP - III		
Units issued: 6,005,209 units (2021: 5,469,268 units)	300,260	273,463
Units redeemed: 6,815,530 units (2021: 1,155,086 units)	340,777	57,754
Dividend paid	13,392	4,847
Meezan Strategic Allocation Fund II - MCPP - IV		
Units issued: 11,260,798 units (2021: 14,821,466 units)	563,040	741,073
Units redeemed: 11,656,707 units (2021: 6,437,696 units)	582,835	321,885
Dividend paid	28,461	10,353

Transactions during the year		2022	2021	
		(Rupees in '000)		
Meezan Strategic Allocation Fund II - MCPP - V				
Units issued: 2,780,922 units (2021: 5,729,419 units)		139,046	286,471	
Units redeemed: 3,234,745 units (2021: 4,145,625 units)		161,737	207,281	
Dividend paid		5,320	5,724	
Meezan Strategic Allocation Fund II - MCPP - VI				
Units issued: 2,484,267 units (2021: 2,624,277 units)		124,213	131,214	
Units redeemed: 3,016,155 units (2021: 760,476 units)		150,808	38,024	
Dividend paid		5,856	2,305	
Meezan Strategic Allocation Fund II - MCPP - VII				
Units issued: 3,161,311 units (2021: 2,337,000 units)		158,066	116,850	
Units redeemed: 4,296,570 units (2021: 420,622 units)		214,829	21,031	
Dividend paid		6,173	2,064	
Meezan Strategic Allocation Fund II - MCPP - VIII				
Units issued: 8,804 units (2021: 907,433 units)		440	45,372	
Units redeemed: 702,926 units (2021: 213,311 units)		35,146	10,666	
Dividend paid		440	757	
Meezan Strategic Allocation Fund III - MCPP - IX				
Units issued: 10,709,546 units (2021: 1,469,861 units)		535,477	73,493	
Units redeemed: 5,124,136 units (2021: 373,233 units)		256,207	18,662	
Dividend paid		20,239	1,157	
AI Meezan Investment Management Limited - Employees' Gratuity Fund				
Units issued: 335,068 units (2021: 426,440 units)		16,753	21,322	
Units redeemed: 260,000 units (2021: nil units)		13,000	-	
Dividend paid		2,753	1,122	
Unitholders holding 10 percent or more of the Fund				
Units issued: 260,265,461 units (2021: 221,560,000)		13,013,273	11,078,000	
Units redeemed: 272,474,751 units (2021: 124,000,000 units)		13,623,738	6,200,000	
Dividend paid		168,754	221,713	
Directors and Executives of the Management Company				
Units issued: 9,243,468 units (2021: 918,419 units)		462,173	45,921	
Units redeemed: 2,251,759 units (2021: 541,504 units)		112,588	27,075	
Dividend paid		2,107	625	
19	CASH AND CASH EQUIVALENTS	Note	2022	2021
		(Rupees in '000)		
	Balances with banks	5	64,902,950	56,743,167
	Term deposit receipts (with original maturity of three months or less)	6.3	2,700,000	11,870,000
			67,602,950	68,613,167
20	FINANCIAL INSTRUMENTS BY CATEGORY			
		2022		
		At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)				
	Financial assets			
	Balances with banks	64,902,950	-	64,902,950
	Investments	-	7,025,000	7,025,000
	Receivable against conversion of units	412,683	-	412,683
	Accrued profit	822,165	-	822,165
	Deposit	1,100	-	1,100
		66,138,898	7,025,000	73,163,898

2022			
At amortised cost	At fair value through profit or loss	Total	
(Rupees in '000)			
Payable to Al Meezan Investment Management Limited - Management Company	3,400	-	3,400
Payable to Central Depository Company of Pakistan Limited - Trustee	3,110	-	3,110
Payable against conversion and redemption of units	303,764	-	303,764
Accrued expenses and other liabilities	3,382	-	3,382
	<u>313,656</u>	<u>-</u>	<u>313,656</u>

Financial liabilities

2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial assets

Balances with banks	56,743,167	-	56,743,167
Investments	-	17,726,099	17,726,099
Receivable against conversion of units	436,029	-	436,029
Accrued profit	257,354	-	257,354
Deposit	100	-	100
	<u>57,436,650</u>	<u>17,726,099</u>	<u>75,162,749</u>

2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	3,554	-	3,554
Payable against conversion and redemption of units	280,124	-	280,124
Accrued expenses and other liabilities	2,970	-	2,970
	<u>286,648</u>	<u>-</u>	<u>286,648</u>

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations and the directives issued by the SECP.

Risks managed and measured by the Fund are explained below:

21.1 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) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. 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

The Fund's profit rate risk arises from the balances in saving accounts and investment in corporate sukuks and term deposit receipts. At June 30, 2022, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 719.28 million (2021: Rs 692.88 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2022, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs nil (2021: Rs. 51.811 million).

The composition of the Fund's investment portfolio and KIBOR 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.

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 interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2021 can be determined as follows:

----- 2022 -----						
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to 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	4.0% to 16.40%	64,902,906	-	-	44	64,902,950
Investments	11.61% to 16.83%	5,425,000	1,600,000	-	-	7,025,000
Receivable against conversion of units		-	-	-	412,683	412,683
Accrued profit		-	-	-	822,165	822,165
Deposits		-	-	-	1,100	1,100
		70,327,906	1,600,000	-	1,235,992	73,163,898
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	3,400	3,400
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,110	3,110
Payable against conversion and redemption of units		-	-	-	303,764	303,764
Accrued expenses and other liabilities		-	-	-	3,382	3,382
		-	-	-	313,656	313,656
On-balance sheet gap (a)		70,327,906	1,600,000	-	922,336	72,850,242
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		70,327,906	1,600,000	-		
Cumulative profit rate sensitivity gap		70,327,906	71,927,906	71,927,906		

----- 2021 -----						
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to 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	2.05% to 7.60%	56,743,123	-	-	44	56,743,167
Investments	7.00% to 8.75%	13,726,765	3,999,334	-	-	17,726,099
Receivable against conversion of units		-	-	-	436,029	436,029
Accrued profit		-	-	-	257,354	257,354
Deposits		-	-	-	100	100
		<u>70,469,888</u>	<u>3,999,334</u>	<u>-</u>	<u>693,527</u>	<u>75,162,749</u>
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	3,554	3,554
Payable against conversion and redemption of units		-	-	-	280,124	280,124
Accrued expenses and other liabilities		-	-	-	2,970	2,970
		<u>-</u>	<u>-</u>	<u>-</u>	<u>286,648</u>	<u>286,648</u>
On-balance sheet gap (a)		<u>70,469,888</u>	<u>3,999,334</u>	<u>-</u>	<u>406,879</u>	<u>74,876,101</u>
Off-balance sheet financial instruments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap (a+b)		<u>70,469,888</u>	<u>3,999,334</u>	<u>-</u>		
Cumulative profit rate sensitivity gap		<u>70,469,888</u>	<u>74,469,222</u>	<u>74,469,222</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 interest 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.

21.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2022.

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 balances with banks 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	64,902,950	-	-	-	-	64,902,950
Investments	-	5,425,000	1,600,000	-	-	7,025,000
Receivable against conversion of units	412,683	-	-	-	-	412,683
Profit accrued	685,247	136,918	-	-	-	822,165
Deposits	-	-	-	-	1,100	1,100
	66,000,880	5,561,918	1,600,000	-	1,100	73,163,898
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	3,400	-	-	-	-	3,400
Payable to Central Depository Company of Pakistan Limited - Trustee	3,110	-	-	-	-	3,110
Payable against conversion and redemption of units	303,764	-	-	-	-	303,764
Accrued expenses and other liabilities	2,555	827	-	-	-	3,382
	312,829	827	-	-	-	313,656
Net financial assets	65,688,051	5,561,091	1,600,000	-	1,100	72,850,242
----- 2021 -----						
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	56,743,167	-	-	-	-	56,743,167
Investments	-	13,726,765	3,999,334	-	-	17,726,099
Receivable against conversion of units	436,029	-	-	-	-	436,029
Accrued profit	248,131	9,223	-	-	-	257,354
Deposits	-	-	-	-	100	100
	57,427,327	13,735,988	3,999,334	-	100	75,162,749
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	3,554	-	-	-	-	3,554
Payable against conversion and redemption of units	280,124	-	-	-	-	280,124
Accrued expenses and other liabilities	2,152	818	-	-	-	2,970
	285,830	818	-	-	-	286,648
Net financial assets	57,141,497	13,735,170	3,999,334	-	100	74,876,101

21.3 Credit risk

21.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, commercial papers, corporate sukuks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. The investment committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	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-----		-----Rupees In '000-----	
Balances with banks	64,902,950	64,902,950	56,743,167	56,743,167
Investments	7,025,000	7,025,000	17,726,099	17,726,099
Receivable against conversion of units	412,683	412,683	436,029	436,029
Accrued profit	822,165	822,165	257,354	257,354
Deposits	1,100	1,100	100	100
	<u>73,163,898</u>	<u>73,163,898</u>	<u>75,162,749</u>	<u>75,162,749</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets.

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets	
	2022	2021
AAA	93.84%	96.43%
AA	6.16%	3.57%
	<u>100.00%</u>	<u>100.00%</u>

Ratings of corporate sukuks and commercial papers have been disclosed in related notes to the financial statements.

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 are unsecured and are not impaired.

22 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 and June 30, 2021, the Fund held the following financial instruments measured at fair values:

	2022		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuku *	-	4,325,000	-
Commercial papers **	-	-	-
Term deposit receipts - having original maturity of 3 months or less *	-	2,700,000	-
Bai Muajjal receivable **	-	-	-
	-	7,025,000	-
	2021		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuku *	-	675,000	-
Commercial papers **	-	2,281,052	-
Term deposit receipts - having original maturity of 3 months or less *	-	11,870,000	-
Bai Muajjal receivable **	-	2,900,047	-
	-	17,726,099	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation to their face values / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit ratings.

23 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 requirements of minimum fund size at

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 21, 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.

24 UNIT HOLDING PATTERN OF THE FUND

Category	2022			2021		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investments	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investments
Individuals	5,052	24,257,653	33.34	3,678	17,162,643	22.97
Associated Companies /						
Directors	11	1,498,470	2.06	15	2,476,683	3.32
Insurance Companies	3	122,771	0.17	2	20,909	0.03
Banks and DFIs	1	1,002,873	1.38	2	451,745	0.60
Retirement Funds	88	2,520,488	3.46	62	1,733,128	2.32
Private Limited Companies	162	24,630,623	33.85	176	45,594,133	61.03
Others	96	18,727,061	25.74	50	7,265,056	9.73
	5,413	72,759,939	100.00	3,985	74,704,297	100.00

25 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2022	2021
	Percentage of commission paid	
Paramount Capital (Private) Limited	30%	26%
JS Global Capital Limited	-	8%
Invest one markets (Private) Limited	70%	66%
	<u>100%</u>	<u>100%</u>

25.1 The Fund has traded with only the above mentioned 2 brokers / dealers during the year ended June 30, 2022 (2021: 3 brokers / dealers).

26 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

26.1 Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Eight years

26.2 The Fund Manager of the Fund is Mr. Faizan Saleem. Other funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund; and
- Meezan Fixed Term Fund.

27 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 9, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 9, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

28 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.

29 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



Al Meezan
Investment Management Ltd.

CHOGOLISA

Unforeseen circumstances and volatile conditions urge prompt decision-making for both investors and mountaineers.

Height 7,665 meters,
belongs to the range Masherbrum Karakoram



MEEZAN FINANCIAL PLANNING FUND OF FUNDS (MFPF)

Meezan Financial Planning Fund of Funds invests in Shariah Compliant Fixed Income and Equity Mutual Funds in line with the risk tolerance of the investor and in doing so, it strives to generate returns on investment aligned with respective allocation plans.



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

Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

Bawaney & Partners
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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



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Financial Planning Fund of Funds (MFPF)

Type of Fund

Open-end Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MFPF has sixteen Allocation Plans which allow investors to invest according to their risk tolerance levels.

The Aggressive Allocation Plan

This Allocation Plan is suitable for Investors having a relatively higher risk tolerance and/or wish to save for long term. It shall invest at least 65% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.

The Moderate Allocation Plan

This Allocation Plan is suitable for Investors having a relatively moderate risk tolerance and/or wish to save for medium to long term. It shall invest at least 45% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds

The Conservative Allocation Plan

This Allocation Plan is suitable for Investors having a relatively low risk tolerance and/or wish to save for short to medium term. It shall invest at least 20% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.

Meezan Asset Allocation Plan – I – IV (MAAP I-IV)

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a combination of KSE Meezan Index 30's performance and average 6 month Islamic bank deposits as per the following detail:

Aggressive Allocation Plan	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Moderate Allocation Plan	
Conservative Allocation Plan	
Meezan Asset Allocation Plan - I	

Performance Table with Benchmark

Returns - FY22	
MFPF - Aggressive	-5.35%
Benchmark	-6.88%
MFPF - Moderate	0.44%
Benchmark	-3.54%
MFPF - Conservative	4.08%
Benchmark	-0.09%
MFPF - MAAP I	-3.36%
Benchmark	-7.33%

Aggressive Allocation Plan

The Aggressive Allocation Plan posted a total loss of Rs. 15 million in FY22 as compared to a total Income of Rs. 78 million last year. Total income comprised of realized loss on investments of Rs. 0.63 million while the unrealized loss on investments of Rs. 26 million. Dividend income and profit on saving account with banks amounted to Rs. 6 million and Rs. 0.09 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 17 million. The net assets of the Fund as at June 30, 2022 were Rs. 290 million as compared to Rs. 348 million at the end of last year depicting a decrease of 17%.

Moderate Allocation Plan

The Moderate Allocation Plan posted a total income of Rs. 1 million in FY22 as compared to a total Income of Rs. 25 million last year. Total income comprised of realized loss on investments of Rs. 0.11 million while the unrealized loss on investments of Rs. 5 million. Dividend income and profit on saving account with banks amounted to Rs. 4 million and Rs. 0.10 million. After accounting for expenses of Rs. 1 million, the Fund posted a net Income of Rs. 0.32 million. The net assets of the Fund as at June 30, 2022 were Rs. 100 million as compared to Rs. 146 million at the end of last year depicting a decrease of 46%.

Conservative Allocation Plan

The Conservative Allocation Plan posted a total Income of Rs. 9 million in FY22 as compared to a total Income of Rs. 20 million last year. Total income comprised of realized gain on investments of Rs. 3 million while the unrealized loss on investments of Rs. 3 million. Dividend income and profit on saving account with banks amounted to Rs. 8 million and Rs. 0.11 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net Income of Rs. 8 million. The net assets of the Fund as at June 30, 2022 were Rs. 141 million as compared to Rs. 224 million at the end of last year depicting a decrease of 37%.

Meezan Asset Allocation Plan - I (MAAP-I)

Meezan Asset Allocation Plan-I posted a total loss of Rs. 1 million during FY22 as compared to a total Income of Rs. 75 million last year. Total income comprised of realized loss on investments of Rs. 1 million while the unrealized loss on investments of Rs. 11 million. Dividend income and profit on saving account with banks amounted to Rs. 2 million and Rs. 0.02 million respectively. After accounting for expenses of Rs. 0.5 million, the Fund posted a net loss of Rs. 2 million. The net assets of the Fund as at June 30, 2022 were Rs. 84 million as compared to Rs. 156 million at the end of last year depicting a decrease of 46%.



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Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2022 was Rs. 2.67 per unit (5.34%) and Rs. 0.40 per unit (0.80%) in Conservative Allocation Plan and Moderate Allocation Plan respectively. Total distribution made by the fund was Rs. 5 million and Rs, 1 million in Conservative Allocation Plan and Moderate allocation Plan respectively.

SWWF Disclosure:

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by (Aggressive) amounting to Rs. 5.29 million, (Moderate) amounting to Rs. 2.70 million, (Conservative) amounting to Rs. 2 million, (MAAP - I) amounting to Rs. 8.56 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 (Aggressive) by 1.54%, (Moderate) by 1.60%, (Conservative) by 0.85%, (MAAP - I) by 5.43%. This is one-off event and is not likely to be repeated in the future.

Breakdown of unit holdings by size

(As on June 30, 2021)

Breakdown of unit holdings by size				
Range (Units)	Aggressive	Moderate	Conservative	MAAP-I
	No. of investors			
1 - 9,999	649	403	375	46
10,000 - 49,999	27	43	34	29
50,000 - 99,999	1	4	4	2
100,000 - 499,999	1	2	3	2
500,000 and above	2	-	2	1
Total	680	452	418	80

PERFORMANCE TABLE

As at June 30, 2022

	Aggressive	Moderate	Conservative	MAAP-I
	----- (Rupees in '000) -----			
Net assets (Rs. '000)	290,366	100,059	140,839	83,519
Net assets value / redemption price per unit as at June 30 (Rs.)	74.2699	71.3832	68.5516	61.4585
Offer price per unit as at June 30 (Rs.)	75.9484	72.5931	69.3263	0
Highest offer price per unit (Rs.)	84.8404	76.5763	72.9469	0
Lowest offer price per unit (Rs.)	74.5431	71.8251	69.3211	0
Highest redemption price per unit (Rs.)	82.9654	75.3000	72.1319	69.7230
Lowest redemption price per unit (Rs.)	72.8957	70.6280	68.5466	60.0864
Distribution (%)	-	0.40	2.67	-
Dates of distribution (Interim)	-	June 30, 2022	June 30, 2022	-
Average return (%)	-0.0535	0.0044	0.0408	-0.0336

As at June 30, 2021

	Aggressive	Moderate	Conservative	MAAP-I
	----- (Rupees in '000) -----			
Net assets (Rs. '000)	347,903	145,984	224,352	156,245
Net assets value / redemption price per unit as at June 30 (Rs.)	78.4701	71.4694	68.4368	63.5964
Offer price per unit as at June 30 (Rs.)	80.2435	72.6808	69.2102	0
Highest offer price per unit (Rs.)	82.1541	73.7594	69.6694	0
Lowest offer price per unit (Rs.)	63.0773	60.1512	61.2858	0
Highest redemption price per unit (Rs.)	80.3385	72.5301	68.891	65.3557
Lowest redemption price per unit (Rs.)	61.6833	59.1487	60.6011	50.3438
Distribution (%)	-	-	-	-
Dates of distribution (Interim)	-	-	-	-
Average return (%)	0.2721	0.2083	0.1293	0.2725

As at June 30, 2020

	Aggressive	Moderate	Conservative	MAAP-I
	----- (Rupees in '000) -----			
Net assets (Rs. '000)	282,740	118,569	143,879	318,119
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	61.6837	59.149	60.6014	49.9777
Offer price per unit as at June 30 (Rs.)	63.0777	60.1515	61.2861	0
Highest offer price per unit (Rs.)	72.5543	64.1803	61.6286	0
Lowest offer price per unit (Rs.)	51.4407	50.3956	53.3345	0
Highest redemption price per unit (Rs.)	70.9509	63.1106	60.94	51.4773
Lowest redemption price per unit (Rs.)	50.3039	49.5557	52.7386	41.3334
Distribution (%)	0.01	0.006	-	0.009
Dates of distribution (Interim)	June 30, 2020	June 30, 2020	-	June 30, 2020
Average return (%)	0.0686	0.1011	0.1096	0.0562

As at June 30, 2019

	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV
	----- (Rupees in '000) -----				
Net assets (Rs. '000)	365,072	203,039	221,778	592,710	471,047
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	58.1924	53.9707	54.2174	47.7447	46.1818
Offer price per unit as at June 30 (Rs.)	59.50754824	54.8855	55.2174	0	0
Highest offer price per unit (Rs.)	73.4891	69.4562	67.5615	0	0
Lowest offer price per unit (Rs.)	57.4911	54.8855	55.2173	0	0
Highest redemption price per unit (Rs.)	71.86500541	68.29851593	66.80657267	59.9347354	46.18181
Lowest redemption price per unit (Rs.)	56.2206491	53.97065323	54.60039887	46.80285135	46.08615
Distribution (%)	-	0.14	0.2	-	-
Dates of distribution (Interim)	-	June 28, 2019	June 28, 2019	-	-
Average return (%)	-0.172	-0.092	-0.01	-0.185	-0.015

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Financial Planning Fund of Funds

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Ninth year of operations of Meezan Financial Planning Fund of Funds (MFPPF) 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 6.2.7 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 criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MFPPF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MFPPF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MFPPF for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

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**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN FINANCIAL PLANNING FUND OF FUNDS

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 Financial Planning Fund of Funds (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 Financial Planning Fund of Funds

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Financial Planning Fund of Funds (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 616.454 million and balances with banks aggregated to Rs 7.760 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.

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**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: AR202210081hGAeFo40g



**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

		As at June 30, 2022				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Assets						
Balances with banks	5	1,703	4,639	834	584	7,760
Investments	6	291,075	96,280	142,740	86,359	616,454
Receivable against conversion of units		-	-	1	-	1
Profit receivable on saving accounts with banks		7	7	11	4	29
Total assets		292,785	100,926	143,586	86,947	624,244
Liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	7	24	61	31	7	123
Payable to Central Depository Company of Pakistan Limited - Trustee	8	23	5	17	6	51
Payable to Meezan Bank Limited		1	-	-	-	1
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	66	27	42	25	160
Payable on redemption and conversion of units		1,640	35	1,260	-	2,935
Payable against purchase of investments		-	-	-	7	7
Dividend payable		-	22	149	-	171
Accrued expenses and other liabilities	10	665	717	1,248	3,383	6,013
Total liabilities		2,419	867	2,747	3,428	9,461
Net assets		290,366	100,059	140,839	83,519	614,783
Unit holders' fund (as per statement attached)		290,366	100,059	140,839	83,519	614,783
Contingencies and commitments	11					
----- (Number of units) -----						
Number of units in issue		3,909,604	1,401,721	2,054,496	1,358,950	
----- (Rupees) -----						
Net asset value per unit		74.2699	71.3832	68.5516	61.4585	

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

		As at June 30, 2021				
		Aggressive	Moderate	Conservative	MAAP-I	Total
		(Rupees in '000)				
Assets						
Balances with banks	5	6,715	265	1,158	503	8,641
Investments	6	347,785	150,037	226,644	168,374	892,840
Receivable against conversion of units		19	116	241	-	376
Profit receivable on saving accounts with banks		4	17	32	4	57
Total assets		354,523	150,435	228,075	168,881	901,914
Liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	7	54	56	43	16	169
Payable to Central Depository Company of Pakistan Limited - Trustee	8	26	8	23	11	68
Payable to Meezan Bank Limited		16	11	5	-	32
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	64	27	33	52	176
Payable on redemption and conversion of units		378	518	930	-	1,826
Accrued expenses and other liabilities	10	6,082	3,831	2,689	12,557	25,159
Total liabilities		6,620	4,451	3,723	12,636	27,430
Net assets		347,903	145,984	224,352	156,245	874,484
Unit holders' fund (as per statement attached)		347,903	145,984	224,352	156,245	874,484
Contingencies and commitments	11					
----- (Number of units) -----						
Number of units in issue		4,433,576	2,042,610	3,278,232	2,456,818	
----- (Rupees) -----						
Net asset value per unit		78.4701	71.4694	68.4368	63.5964	

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director



**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

Note	For the year ended June 30, 2022					
	Aggressive	Moderate	Conservative	MAAP-I	Total	
	(Rupees in '000)					
Income						
Dividend income	5,987	3,520	7,607	1,731	18,845	
Profit on saving accounts with banks	87	96	114	22	319	
Net realised (loss) / gain on sale of investments	(627)	(106)	2,610	(864)	1,013	
Other income	1	64	50	155	270	
	<u>5,448</u>	<u>3,574</u>	<u>10,381</u>	<u>1,044</u>	<u>20,447</u>	
Net unrealised (diminution) / appreciation on re-measurement of 'investments classified as financial assets at fair value through profit or loss'	6.1	(26,170)	(5,421)	(3,321)	(10,652)	(45,564)
Total (loss) / income		<u>(20,722)</u>	<u>(1,847)</u>	<u>7,060</u>	<u>(9,608)</u>	<u>(25,117)</u>
Expenses						
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	31	26	37	9	103
Sindh Sales Tax on remuneration of the Management Company	7.2	4	3	5	1	13
Allocated expenses	7.3	364	150	233	137	884
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	232	95	148	87	562
Sindh Sales Tax on remuneration of the Trustee	8.2	30	12	19	11	72
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	9	66	27	42	25	160
Auditors' remuneration	12	236	100	150	96	582
Fees and subscription		123	50	78	46	297
Bank and settlement charges		7	6	3	5	21
Legal and professional charges		72	41	39	33	185
Reversal of provision for Sindh Workers' Welfare Fund	10.1	(5,233)	(2,673)	(1,963)	(8,530)	(18,399)
Total expenses		<u>(4,068)</u>	<u>(2,163)</u>	<u>(1,209)</u>	<u>(8,080)</u>	<u>(15,520)</u>
Net (loss) / income for the year before taxation		<u>(16,654)</u>	<u>316</u>	<u>8,269</u>	<u>(1,528)</u>	<u>(9,597)</u>
Taxation	14	-	-	-	-	-
Net (loss) / income for the year after taxation		<u>(16,654)</u>	<u>316</u>	<u>8,269</u>	<u>(1,528)</u>	<u>(9,597)</u>
Allocation of net income for the year						
Net income for the year after taxation		-	316	8,269	-	-
Income already paid on units redeemed		-	-	(3,401)	-	-
		<u>-</u>	<u>316</u>	<u>4,868</u>	<u>-</u>	<u>-</u>
Accounting income available for distribution						
- Relating to capital gains		-	-	-	-	-
- Excluding capital gains		-	316	4,868	-	5,184
		<u>-</u>	<u>316</u>	<u>4,868</u>	<u>-</u>	<u>-</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

		For the year ended June 30, 2021					
		Aggressive	Moderate	Conservative	MAAP-I	Total	
		(Rupees in '000)					
Note							
Income							
	Dividend income	38	33	74	66	211	
	Profit on saving accounts with banks	139	141	191	35	506	
	Net realised gain on sale of investments	82,105	26,477	20,509	60,347	189,438	
		82,282	26,651	20,774	60,448	190,155	
	Net unrealised (diminution) / appreciation on re-measurement of 'investments classified as financial assets at fair value through profit or loss'	6.1	(4,566)	(1,309)	(971)	14,311	7,465
	Total income	77,716	25,342	19,803	74,759	197,620	
Expenses							
	Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	52	44	65	12	173
	Sindh Sales Tax on remuneration of the Management Company	7.2	7	6	8	2	23
	Allocated expenses	7.3	333	141	171	266	911
	Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	226	96	116	182	620
	Sindh Sales Tax on remuneration of the Trustee	8.2	29	12	15	24	80
	Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	9	64	27	33	52	176
	Auditors' remuneration	12	199	84	101	182	566
	Fees and subscription		108	46	56	88	298
	Bank and settlement charges		3	2	2	3	10
	Legal and professional charges		93	39	46	60	238
	Provision for Sindh Workers' Welfare Fund	10.1	1,532	497	384	1,478	3,891
	Total expenses		2,646	994	997	2,349	6,986
	Net income for the year before taxation		75,070	24,348	18,806	72,410	190,634
	Taxation	14	-	-	-	-	-
	Net income for the year after taxation		75,070	24,348	18,806	72,410	190,634
Allocation of net income for the year							
	Net income for the year after taxation		75,070	24,348	18,806	72,410	190,634
	Income already paid on units redeemed		(8,074)	(7,384)	(2,948)	(39,071)	(57,477)
			66,996	16,964	15,858	33,339	133,157
Accounting income available for distribution							
	- Relating to capital gains		66,996	16,964	15,858	33,339	133,157
	- Excluding capital gains		-	-	-	-	-
			66,996	16,964	15,858	33,339	133,157

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director



**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	For the year ended June 30, 2022				
	Aggressive	Moderate	Conservative	MAAP-I	Total
	(Rupees in '000)				
Net (loss) / income for the year after taxation	(16,654)	316	8,269	(1,528)	(9,597)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss) / income for the year	<u>(16,654)</u>	<u>316</u>	<u>8,269</u>	<u>(1,528)</u>	<u>(9,597)</u>

	For the year ended June 30, 2021				
	Aggressive	Moderate	Conservative	MAAP-I	Total
	(Rupees in '000)				
Net income for the year after taxation	75,070	24,348	18,806	72,410	190,634
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	<u>75,070</u>	<u>24,348</u>	<u>18,806</u>	<u>72,410</u>	<u>190,634</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2022			June 30, 2022			June 30, 2022			June 30, 2022			June 30, 2022		
	Aggressive			Moderate			Conservative			MAAP-I			Total		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
(Rupees in '000)															
Net assets at the beginning of the year	249,913	97,990	347,903	81,431	64,553	145,984	151,433	72,919	224,352	62,299	93,946	156,245	545,076	329,408	874,484
Issuance of units:															
Aggressive: 769,503 units / Moderate: 1,088,928 units / Conservative: 1,401,714 units / MAAP I: nil															
- Capital value (at net asset value per unit at the beginning of the year)	60,383	-	60,383	77,825	-	77,825	95,929	-	95,929	-	-	-	234,137	-	234,137
- Element of income	445	-	445	1,528	-	1,528	2,672	-	2,672	-	-	-	4,645	-	4,645
Total proceeds on issuance of units	60,828	-	60,828	79,353	-	79,353	98,601	-	98,601	-	-	-	238,782	-	238,782
Redemption of units:															
Aggressive: 1,293,475 units / Moderate: 1,729,817 units / Conservative: 2,625,450 units / MAAP I: 1,097,868 units															
- Capital value (at net asset value per unit at the beginning of the year)	101,499	-	101,499	123,629	-	123,629	179,677	-	179,677	69,820	-	69,820	474,625	-	474,625
- Element of income	212	-	212	1,407	-	1,407	1,992	3,401	5,393	1,378	-	1,378	4,989	3,401	8,390
Total payments on redemption of units	101,711	-	101,711	125,036	-	125,036	181,669	3,401	185,070	71,198	-	71,198	479,614	3,401	483,015
Total comprehensive (loss) / income for the year	-	(16,654)	(16,654)	-	316	316	-	8,269	8,269	-	(1,528)	(1,528)	-	(9,597)	(9,597)
Interim distribution for the year ended June 30, 2022	-	-	-	-	(558)	(558)	(488)	(4,825)	(5,313)	-	-	-	(488)	(5,383)	(5,871)
Net (loss) / income for the year less distribution	-	(16,654)	(16,654)	-	(242)	(242)	(488)	3,444	2,956	-	(1,528)	(1,528)	(488)	(14,980)	(15,468)
Net assets at the end of the year	209,030	81,336	290,366	35,748	64,311	100,059	67,877	72,962	140,839	(8,899)	92,418	83,519	303,756	311,027	614,783
Undistributed income brought forward															
- Realised income		102,556			65,862			73,890			79,635			321,943	
- Unrealised (loss) / income		(4,566)			(1,309)			(971)			14,311			7,465	
		97,990			64,553			72,919			93,946			329,408	
Accounting income available for distribution															
- Relating to capital gains		-			-			-			-			-	
- Excluding capital gains		-			316			4,868			-			5,184	
		-			316			4,868			-			5,184	
Net loss for the year after taxation		(16,654)			-			-			(1,528)			(18,182)	
Distribution during the year ended June 30, 2022		-			(558)			(4,825)			-			(5,383)	
Undistributed income carried forward		81,336			64,311			72,962			92,418			311,027	
Undistributed income carried forward															
- Realised income		107,506			69,732			76,283			103,070			356,591	
- Unrealised (loss) / income		(26,170)			(5,421)			(3,321)			(10,652)			(45,564)	
		81,336			64,311			72,962			92,418			311,027	
	Rupees				Rupees			Rupees			Rupees				
Net asset value per unit as at the beginning of the year		78.4701			71.4694			68.4368			63.5964			61.4585	
Net asset value per unit as at the end of the year		74.2699			71.3832			68.5516			61.4585				

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director



MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2021			June 30, 2021			June 30, 2021			June 30, 2021			June 30, 2021					
	Aggressive			Moderate			Conservative			MAAP-I			Total					
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total			
(Rupees in '000)																		
Net assets at the beginning of the year	251,746	30,994	282,740	70,980	47,589	118,569	86,818	57,061	143,879	257,512	60,607	318,119	667,056	196,251	863,307			
Issuance of units:																		
Aggressive: 2,087,090 units / Moderate: 1,479,059 units /																		
Conservative: 3,827,015 units / MAAP I: nil																		
- Capital value (at net asset value per unit at the beginning of the year)	128,740	-	128,740	87,485	-	87,485	231,922	-	231,922	491	-	491	448,638	-	448,638			
- Element of income	25,423	-	25,423	13,965	-	13,965	23,451	-	23,451	120	-	120	62,959	-	62,959			
Total proceeds on issuance of units	154,163	-	154,163	101,450	-	101,450	255,373	-	255,373	611	-	611	511,597	-	511,597			
Redemption of units:																		
Aggressive: 2,237,225 units / Moderate: 1,441,026 units																		
Conservative: 2,922,969 units / MAAP I: 3,908,405 units																		
- Capital value (at net asset value per unit at the beginning of the year)	138,000	-	138,000	85,235	-	85,235	177,137	-	177,137	195,824	-	195,824	596,196	-	596,196			
- Element of income	17,996	8,074	26,070	5,764	7,384	13,148	13,621	2,948	16,569	-	39,071	39,071	37,381	57,477	94,858			
Total payments on redemption of units	155,996	8,074	164,070	90,999	7,384	98,383	190,758	2,948	193,706	195,824	39,071	234,895	633,577	57,477	691,054			
Total comprehensive income for the year	-	75,070	75,070	-	24,348	24,348	-	18,806	18,806	-	72,410	72,410	-	190,634	190,634			
Net assets at the end of the year	249,913	97,990	347,903	81,431	64,553	145,984	151,433	72,919	224,352	62,299	93,946	156,245	545,076	329,408	874,484			
Undistributed income brought forward																		
- Realised income				42,079			50,810			59,029			55,354			207,272		
- Unrealised loss				(11,085)			(3,221)			(1,968)			5,253			(11,021)		
				30,994			47,589			57,061			60,607			196,251		
Accounting income available for distribution																		
- Relating to capital gains	66,996			16,964			15,858			33,339			133,157					
- Excluding capital gains	-			-			-			-			-					
	66,996			16,964			15,858			33,339			133,157					
Undistributed income carried forward	97,990			47,589			72,919			93,946			329,408					
Undistributed income carried forward																		
- Realised income	102,556			65,862			73,890			79,635			321,943					
- Unrealised (loss) / income	(4,566)			(1,309)			(971)			14,311			7,465					
	97,990			64,553			72,919			93,946			329,408					
	Rupees			Rupees			Rupees			Rupees								
Net asset value per unit as at the beginning of the year	61.6837			59.1490			60.6014			49.9777								
Net asset value per unit as at the end of the year	78.4701			71.4694			68.4368			63.5964								

The annexed notes from 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

		For the year ended June 30, 2022				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES						
	(16,654)	316	8,269	(1,528)	(9,597)	
Adjustments for						
Net unrealised diminution / (appreciation) on re-measurement of investments 'at fair value through profit or loss'	6.1	26,170	5,421	3,321	10,652	45,564
	9,516	5,737	11,590	9,124	35,967	
Decrease / (increase) in assets						
Investments - net	30,540	48,336	80,583	71,363	230,822	
Profit receivable on saving accounts with banks	(3)	10	21	-	28	
	30,537	48,346	80,604	71,363	230,850	
(Decrease) / increase in liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	(30)	5	(12)	(9)	(46)	
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	(3)	(6)	(5)	(17)	
Payable to Meezan Bank Limited	(15)	(11)	(5)	-	(31)	
Payable to the Securities and Exchange Commission of Pakistan (SECP)	2	-	9	(27)	(16)	
Accrued expenses and other liabilities	(5,417)	(3,114)	(1,441)	(9,174)	(19,146)	
	(5,463)	(3,123)	(1,455)	(9,215)	(19,256)	
Net cash generated from operating activities	34,590	50,960	90,739	71,272	247,561	
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance and conversion of units	60,847	79,469	98,353	-	238,669	
Payments against redemption and conversion of units	(100,449)	(125,519)	(184,740)	(71,191)	(481,899)	
Dividend paid	-	(536)	(4,676)	-	(5,212)	
Net cash used in financing activities	(39,602)	(46,586)	(91,063)	(71,191)	(248,442)	
Net increase / (decrease) in cash and cash equivalents during the year	(5,012)	4,374	(324)	81	(881)	
Cash and cash equivalents at the beginning of the year	6,715	265	1,158	503	8,641	
Cash and cash equivalents at the end of the year	5	1,703	4,639	834	584	7,760

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director



**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

Note	For the year ended June 30, 2021					
	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
CASH FLOWS FROM OPERATING ACTIVITIES						
	75,070	24,348	18,806	72,410	190,634	
Adjustments for						
Net unrealised diminution / (appreciation) on re-measurement of investments 'at fair value through profit or loss'	6.1	4,566	1,309	971	(14,311)	(7,465)
	79,636	25,657	19,777	58,099	183,169	
(Increase) / decrease in assets						
Investments - net	(63,142)	(30,730)	(84,083)	175,407	(2,548)	
Profit receivable on saving accounts with banks	3	(2)	(22)	8	(13)	
	(63,139)	(30,732)	(84,105)	175,415	(2,561)	
Increase / (decrease) in liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	31	42	12	(11)	74	
Payable to Central Depository Company of Pakistan Limited - Trustee	4	1	5	2	12	
Payable to Meezan Bank Limited	13	10	3	-	26	
Payable to the Securities and Exchange Commission of Pakistan (SECP)	3	(1)	(1)	(22)	(21)	
Accrued expenses and other liabilities	1,256	409	377	1,170	3,212	
	1,307	461	396	1,139	3,303	
Net cash generated from / (used in) operating activities	17,804	(4,614)	(63,932)	234,653	183,911	
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance and conversion of units	154,247	101,343	255,213	611	511,414	
Payments against redemption and conversion of units	(167,154)	(98,617)	(197,810)	(234,895)	(698,476)	
Dividend paid	(40)	(112)	-	(1,184)	(1,336)	
Net cash (used in) / generated from financing activities	(12,947)	2,614	57,403	(235,468)	(188,398)	
Net increase / (decrease) in cash and cash equivalents during the year	4,857	(2,000)	(6,529)	(815)	(4,487)	
Cash and cash equivalents at the beginning of the year	1,858	2,265	7,687	1,318	13,128	
Cash and cash equivalents at the end of the year	5	6,715	265	1,158	503	8,641

The annexed notes from 1 to 24 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
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 Financial Planning Fund of Funds (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on July 27, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Fund is registered as a Notified entity under the NBFC Regulations issued through S.R.O.1203(I)/2008 on November 21, 2008. The registered office of the Management Company of the Fund, is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund was required to be registered under the Sindh Trust Act. Accordingly, on August 16, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund has been formed to enable the unit holders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. 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. The investment objectives and policies are explained in the Fund's offering

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis except for Meezan Asset Allocation Plan-I (MAAP-I) in which the offer of units is discontinued after the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of SECP after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.

1.4 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: 'AM1' dated June 23, 2021). The rating reflects the Fund's experienced management team, structured investment process and sound quality of systems and processes.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.6 The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and Meezan Asset Allocation Plan - I by investing in Shariah compliant income, money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of the SECP. A brief description of the plans are as follows:

Aggressive Allocation Plan (Aggressive)	High risk - Long term investor This plan invests at least 65 percent of its net assets in Shariah Compliant Equity Funds and the remaining portion in Shariah Compliant Fixed Income Funds.
Moderate Allocation Plan (Moderate)	Moderate risk - Medium and long term investor This plan invests at least 45 percent of its net assets in Shariah Compliant Equity Funds and at the remaining portion in Shariah Compliant Fixed Income Funds.
Conservative Allocation Plan (Conservative)	Moderate risk - Medium and short term investor This plan invests at least 20 percent of its net assets in Shariah Compliant Equity Funds and the remaining portion in Shariah Compliant Fixed Income Funds.
Meezan Asset Allocation Plan I (MAAP-I)	Moderate risk - High return through asset allocation The allocation plan can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. October 20, 2015). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan. During the year ended June 30, 2018, Meezan Asset Allocation Plan-I (MAAP-I) was reopened for investment, after completion of two years. The plan had a revised maturity date of two years from the close of the re-subscription period (i.e. November 24, 2017). During the current year, the SECP approved the extension of the plan by one year vide its letter No. SCD / AMCW / MFPEF / 137 / 2019 dated November 13, 2019. Further, after the expiry of first extension, during the current year, the SECP again approved

Each allocation plan announces separate Net Asset Value which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in conformity with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgments that have a significant effect on the financial statements of the Fund relate to classification, 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 classified as at fair value through profit or loss' which are measured at their respective fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.2 Classification

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); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the Management Company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.4 Impairment

The Fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets 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.

4.3.5 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.

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 arising on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the applications are received. The offer price of each allocation plan represents the net assets value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 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.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place;
- (ii) Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the date of book closure of the investee Fund declaring the dividend;
- (iii) Profit on balances with banks is recognised on a time proportion basis using the effective yield method; and
- (iv) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

4.13 Expenses

All expenses including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. 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. Moreover, super tax introduced in the Finance Act, 2022 is also not applicable on Funds (Section 4C of the Income Tax Ordinance, 2001).

4.15 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.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

		As at June 30, 2022				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Saving accounts	1,703	4,639	834	584	7,760	
Current accounts	-	-	-	-	-	
	<u>1,703</u>	<u>4,639</u>	<u>834</u>	<u>584</u>	<u>7,760</u>	
		As at June 30, 2021				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Saving accounts	6,288	255	1,148	493	8,184	
Current accounts	427	10	10	10	457	
	<u>6,715</u>	<u>265</u>	<u>1,158</u>	<u>503</u>	<u>8,641</u>	

5.1 These include a balance of Rs. 7.028 million (2021: Rs. 7.814 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other profit and loss sharing accounts of the Fund have expected profit rates ranging from 4.00% to 15.25% per annum (2021: 1.50% to 7.32% per annum).

6 INVESTMENTS

		As at June 30, 2022				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Investments - 'at fair value through profit or loss'	<u>291,075</u>	<u>96,280</u>	<u>142,740</u>	<u>86,359</u>	<u>616,454</u>	
		As at June 30, 2021				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Investments - 'at fair value through profit or loss'	<u>347,785</u>	<u>150,037</u>	<u>226,644</u>	<u>168,374</u>	<u>892,840</u>	

6.1 At fair value through profit or loss - Units of mutual Funds

Name of investee Funds	As at July 1, 2021	Purchases during the year	Sales 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	
								Market value on the basis of Net Assets of the Fund	Total market value of investments
					(Number of units)		(Rupees in '000)		(Percentage)
Aggressive Allocation Plan									
Meezan Islamic Fund	4,122,205	4,639,333	4,884,867	3,876,671	244,264	217,991	(26,273)	75.07	74.89
Meezan Islamic Income Fund	1,681,170	1,922,802	2,185,746	1,418,226	72,981	73,084	103	25.17	25.11
Total as at June 30, 2022					<u>317,245</u>	<u>291,075</u>	<u>(26,170)</u>	<u>100.24</u>	<u>100.00</u>
Total as at June 30, 2021					<u>352,351</u>	<u>347,785</u>	<u>(4,566)</u>		
Moderate Allocation Plan									
Meezan Islamic Fund	1,187,441	1,633,840	1,967,635	853,646	53,654	48,002	(5,652)	47.97	49.86
Meezan Islamic Income Fund	1,452,831	1,942,796	2,458,774	936,853	48,047	48,278	231	48.25	50.14
Total as at June 30, 2022					<u>101,701</u>	<u>96,280</u>	<u>(5,421)</u>	<u>96.22</u>	<u>100.00</u>
Total as at June 30, 2021					<u>151,346</u>	<u>150,037</u>	<u>(1,309)</u>		
Conservative Allocation Plan									
Meezan Islamic Fund	898,278	1,204,448	1,470,886	631,840	39,393	35,529	(3,864)	25.23	24.89
Meezan Islamic Income Fund	3,297,127	4,104,973	5,321,642	2,080,458	106,668	107,211	543	76.12	75.11
Total as at June 30, 2022					<u>146,061</u>	<u>142,740</u>	<u>(3,321)</u>	<u>101.35</u>	<u>100.00</u>
Total as at June 30, 2021					<u>227,615</u>	<u>226,644</u>	<u>(971)</u>		

Name of investee Funds	As at July 1, 2021	Purchases during the year	Sales 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	
								Market value on the basis of Net Assets of the Fund	Total market value of investments
				----- (Number of units) -----			----- (Rupees in '000) -----		
							(Percentage)		

Meezan Asset Allocation Plan I

Al Meezan Mutual Fund	3,758,262	3,758,262	6,236,046	1,280,478	22,596	20,130	(2,466)	24.10	23.31
Meezan Islamic Fund	-	47,581	47,581	-	-	-	-	-	-
Meezan Islamic Income Fund	840,427	1,829,637	2,670,061	-	-	-	-	-	-
Meezan Daily Income Fund	-	1,987,235	1,646,745	340,490	17,024	17,024	-	20.38	19.71
Meezan Dedicated Equity Fund	1,253,414	1,253,414	1,283,329	1,223,499	57,390	49,204	(8,186)	58.91	56.98
Total as at June 30, 2022					<u>97,010</u>	<u>86,359</u>	<u>(10,652)</u>	<u>103.39</u>	<u>100.00</u>

Total as at June 30, 2021

154,063 168,374 14,311

Total investments in units of mutual Funds

Al Meezan Mutual Fund	3,758,262	3,758,262	6,236,046	1,280,478	22,596	20,130	(2,466)	3.27	3.27
Meezan Islamic Fund	6,207,924	7,525,202	8,370,969	5,362,157	337,310	301,522	(35,789)	49.05	48.91
Meezan Islamic Income Fund	7,271,555	9,800,208	11,612,907	4,776,027	227,695	228,573	877	37.18	37.08
Meezan Daily Income Fund	-	1,987,235	1,646,745	340,490	17,024	17,024	-	2.77	2.76
Meezan Dedicated Equity Fund	1,253,414	1,253,414	1,283,329	1,223,499	57,390	49,204	(8,186)	8.00	7.98
Total as at June 30, 2022					<u>662,015</u>	<u>616,453</u>	<u>(45,564)</u>	<u>100.27</u>	<u>100.00</u>

Total as at June 30, 2021

885,375 892,840 7,465

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	As at June 30, 2022				
		Aggressive	Moderate	Conservative	MAAP-I	Total
----- (Rupees in '000) -----						
Remuneration payable	7.1	1	1	1	-	3
Sindh Sales Tax payable on remuneration of Management Company	7.2	-	-	-	-	-
Sales load payable		10	46	3	-	59
Sindh Sales Tax payable on sales load	7.2	1	6	-	-	7
Allocated expenses payable	7.3	12	8	27	7	54
		<u>24</u>	<u>61</u>	<u>31</u>	<u>7</u>	<u>123</u>
----- (Rupees in '000) -----						
	Note	As at June 30, 2021				
		Aggressive	Moderate	Conservative	MAAP-I	Total
----- (Rupees in '000) -----						
Remuneration payable	7.1	4	3	8	1	16
Sindh Sales Tax payable on remuneration of Management Company	7.2	1	-	1	-	2
Sales load payable		28	35	-	-	63
Sindh Sales Tax payable on sales load	7.2	4	5	-	-	9
Allocated expenses payable	7.3	17	13	34	15	79
		<u>54</u>	<u>56</u>	<u>43</u>	<u>16</u>	<u>169</u>

7.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2021: 1%) per annum of the daily bank balance of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs 0.013 million (2021: Rs 0.023 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%) and an amount of Rs. 0.015 million (2021: Rs. 0.023 million) has been paid to the Management Company which acts as a collecting agent.

7.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company based on its own discretion has charged 0.11% of the average annual net assets of the Fund for allocation of such expenses to the Fund subject to not being higher than the actual expense (2021: 0.1% from July 1, 2020 till March 9, 2021 and 0.11% with effect from March 10, 2021).

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

		As at June 30, 2022				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Remuneration payable	8.1	20	4	15	5	44
Sindh Sales Tax payable on remuneration of the Trustee	8.2	3	1	2	1	7
		<u>23</u>	<u>5</u>	<u>17</u>	<u>6</u>	<u>51</u>
		As at June 30, 2021				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Remuneration payable	8.1	23	7	20	10	60
Sindh Sales Tax payable on remuneration of the Trustee	8.2	3	1	3	1	8
		<u>26</u>	<u>8</u>	<u>23</u>	<u>11</u>	<u>68</u>

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at 0.07% (2021: 0.07%) per annum based on the daily net assets of the Fund.

8.2 During the current year, an amount of Rs 0.072 million (2021: Rs. 0.08 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2021: 13%) and an amount of Rs. 0.073 million (2021: Rs. 0.079 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Accordingly, the Fund has charged the SECP Fee at the rate of 0.02% (2021: 0.02%) of net assets during the current year.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

		As at June 30, 2022				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Withholding tax payable		-	89	483	-	572
Capital gain tax payable		9	8	66	1	84
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.2	72	40	36	16	164
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	10.2	368	497	528	3,295	4,688
Shariah advisor fee payable		64	22	37	22	145
Auditors' remuneration payable		152	61	98	49	360
Printing charges payable		-	-	-	-	-
		<u>665</u>	<u>717</u>	<u>1,248</u>	<u>3,383</u>	<u>6,013</u>
		As at June 30, 2021				
Note	Aggressive	Moderate	Conservative	MAAP-I	Total	
(Rupees in '000)						
Withholding tax payable		-	409	-	93	502
Capital gain tax payable		125	69	18	327	539
Provision for Sindh Workers' Welfare Fund	10.1	5,233	2,673	1,963	8,530	18,399
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.2	72	40	36	16	164
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	10.2	368	497	528	3,295	4,688
Shariah advisor fee payable		59	24	29	33	145
Auditors' remuneration payable		132	56	68	104	360
Printing charges payable		93	63	47	159	362
		<u>6,082</u>	<u>3,831</u>	<u>2,689</u>	<u>12,557</u>	<u>25,159</u>

- 10.1** 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, 2014 (i.e. starting from May 21, 2015).

During the current 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 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.

- 10.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.44 million, Rs 0.537 million, Rs 0.564 million and Rs 3.31 million in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and MAAP- I respectively is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision of FED not been made, the Net Asset Value of the Fund as at June 30, 2022 would have been higher by Re. 0.11, Re 0.38, Re. 0.27 and Re.2.44 per unit in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and MAAP-I (2021: Re 0.10, Re 0.26, Re 0.17 and Re 1.35 per unit) respectively.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

12 AUDITORS' REMUNERATION

	For the year ended June 30, 2022				
	Aggressive	Moderate	Conservative	MAAP-I	Total
	(Rupees in '000)				
Annual audit fee	162	65	103	60	390
Half year review fee	63	30	41	28	162
Out of pocket expenses	11	5	6	8	30
	<u>236</u>	<u>100</u>	<u>150</u>	<u>96</u>	<u>582</u>
	For the year ended June 30, 2021				
	Aggressive	Moderate	Conservative	MAAP-I	Total
	(Rupees in '000)				
Annual audit fee	144	60	72	115	391
Half year review fee	50	21	24	56	151
Out of pocket expenses	5	3	5	11	24
	<u>199</u>	<u>84</u>	<u>101</u>	<u>182</u>	<u>566</u>

13 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2022 are:

	As at June 30, 2022			
	Aggressive	Moderate	Conservative	MAAP-I
Total Expense Ratio (TER)	0.35%	0.37%	0.36%	0.36%
Government levies	0.03%	0.03%	0.03%	0.03%

	As at June 30, 2021			
	Aggressive	Moderate	Conservative	MAAP-I
Total Expense Ratio (TER)	0.82%	0.73%	0.60%	0.90%
Government levies	0.51%	0.40%	0.27%	0.60%

The above calculated ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund scheme.

14 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. No provision for taxation has been made in these financial statements during the year since the income of the Fund mostly pertains to capital gains (realised and unrealised).

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. Moreover, super tax introduced in the Finance Act, 2022 is also not applicable on funds (section 4C of the Income Tax Ordinance, 2001).

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 Connected persons include AI Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, AI Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

15.2 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.

15.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

15.4 Detail of transactions with connected persons / related parties and balances with them are as follows:

Balances	As at June 30, 2022				
	Aggressive	Moderate	Conservative	MAAP-I	Total
AI Meezan Investment Management Limited - Management Company					
Remuneration payable to the Management Company (Rs in '000)	1	1	1	-	3
Sindh Sales Tax payable on remuneration of the Management Company (Rs in '000)	-	-	-	-	-
Sales load payable (Rs in '000)	10	46	3	-	59
Sindh Sales Tax on sales load payable (Rs in '000)	1	6	-	-	7
Allocated expenses payable (Rs in '000)	12	8	27	7	54
Investment (Rs in '000)	-	-	8,882	-	8,882
Investment (Units)	-	-	129,573	-	129,573
Dividend Reinvest during the year (Rs in '000)	-	-	335	-	335

Balances	As at June 30, 2022				
	Aggressive	Moderate	Conservative	MAAP-I	Total
Meezan Bank Limited					
Bank balance (Rs in '000)	1,440	4,396	618	574	7,028
Profit receivable (Rs in '000)	5	6	10	3	24
Sales load payable (Rs in '000)	1	-	-	-	1
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable to the Trustee (Rs in '000)	20	4	15	5	44
Sindh Sales Tax payable on remuneration of the Trustee (Rs in '000)	3	1	2	1	7
Meezan Islamic Fund					
Investment (Rs in '000)	217,991	48,002	35,529	-	301,522
Investment (Units)	3,876,671	853,646	631,840	-	5,362,157
Al Meezan Mutual Fund					
Investment (Rs in '000)	-	-	-	20,130	20,130
Investment (Units)	-	-	-	1,280,478	1,280,478
Meezan Daily Income Fund					
Investment (Rs in '000)	-	-	-	17,024	17,024
Investment (Units)	-	-	-	340,490	340,490
Meezan Islamic Income Fund					
Investment (Rs in '000)	73,084	48,278	107,211	-	228,573
Investment (Units)	1,418,226	936,853	2,080,458	-	4,435,537
Meezan Dedicated Equity Fund					
Investment (Rs in '000)	-	-	-	49,204	49,204
Investment (Units)	-	-	-	1,223,499	1,223,499
Unit Holders holding 10% or more units of the Fund					
Investment (Rs in '000)	187,592	-	36,365	46,477	270,434
Investment (Units)	2,525,819	-	530,483	756,229	3,812,531
Balances					
	As at June 30, 2021				
	Aggressive	Moderate	Conservative	MAAP-I	Total
Al Meezan Investment Management Limited - Management Company					
Remuneration payable to the Management Company (Rs in '000)	4	3	8	1	16
Sindh Sales Tax payable on remuneration of the Management Company (Rs in '000)	1	-	1	-	2
Sales load payable (Rs in '000)	28	35	-	-	63
Sindh Sales Tax payable on sales load payable (Rs in '000)	4	5	-	-	9
Allocated expenses payable (Rs in '000)	17	13	34	15	79
Investment (Rs in '000)	-	-	8,582	-	8,582
Investment (Units)	-	-	125,407	-	125,407
Meezan Bank Limited					
Bank balance (Rs in '000)	6,459	30	948	377	7,814
Profit receivable (Rs in '000)	4	12	32	4	52
Sales load payable (Rs in '000)	16	11	5	-	32



Balances

	As at June 30, 2021				
	Aggressive	Moderate	Conservative	MAAP-I	Total
Central Depository Company of Pakistan Limited - Trustee					
Remuneration payable to the Trustee (Rs in '000)	23	7	20	10	60
Sindh Sales Tax on remuneration of the Trustee (Rs in '000)	3	1	3	1	8
Directors and Executives of the Management Company					
Investment (Rs in '000)	1,505	-	8,707	-	10,212
Investment (Units)	19,185	2	127,221	-	146,408
Meezan Islamic Fund					
Investment (Rs in '000)	261,249	75,255	56,929	-	393,433
Investment (Units)	4,122,205	1,187,441	898,278	-	6,207,924
Al Meezan Mutual Fund					
Investment (Rs in '000)	-	-	-	66,321	66,321
Investment (Units)	-	-	-	3,758,262	3,758,262
Meezan Islamic Income Fund					
Investment (Rs in '000)	86,536	74,782	169,715	43,260	374,293
Investment (Units)	1,681,170	1,452,831	3,297,122	840,423	7,271,546
Meezan Dedicated Equity Fund					
Investment (Rs in '000)	-	-	-	58,793	58,793
Investment (Units)	-	-	-	1,253,414	1,253,414
Unit Holders holding 10% or more units of the Fund					
Investment (Rs in '000)	198,218	-	94,731	96,074	389,023
Investment (Units)	2,526,030	-	1,384,210	1,510,678	5,420,919
Transactions	For the year ended June 30, 2022				
	Aggressive	Moderate	Conservative	MAAP-I	Total
Al Meezan Investment Management Limited - Management Company					
Remuneration to the Management Company (Rs in '000)	31	26	37	9	103
Sindh Sales Tax on remuneration of the Management Company (Rs in '000)	4	3	5	1	13
Allocated expenses (Rs in '000)	364	150	233	137	884
Meezan Bank Limited					
Profit on saving account (Rs in '000)	78	86	107	22	293
Central Depository Company of Pakistan Limited - Trustee					
Remuneration of the Trustee (Rs in '000)	232	95	148	87	562
Sindh Sales Tax on remuneration of the Trustee (Rs in '000)	30	12	19	11	72
Unit holders holding 10% or more units of the Fund					
Redeemed during the period (Rs. in '000)	-	-	60,331	48,743	109,073
Redeemed during the period (Units)	-	-	853,715	754,449	1,608,164

Transactions	For the year ended June 30, 2022				
	Aggressive	Moderate	Conservative	MAAP-I	Total
Directors and Executives of the Management Company					
Invested during the year (Rs in '000)	6,990	237	9,233	-	16,459
Invested during the year (Units)	89,067	3,275	131,075	-	223,416
Redeemed during the year (Rs in '000)	8,430	208	7,285	-	15,923
Redeemed during the year (Units)	106,567	2,824	104,122	-	213,513
Meezan Islamic Fund					
Invested during the year (Rs in '000)	30,639	27,756	18,543	3,000	79,938
Invested during the year (Units)	506,155	444,917	305,731	47,581	1,304,384
Redeemed during the year (Rs in '000)	46,275	47,575	34,025	2,844	130,719
Redeemed during the year (Units)	751,688	778,713	572,170	47,581	2,150,152
Meezan Daily Income Fund					
Invested during the year (Rs in '000)	-	-	-	99,339	99,339
Invested during the year (Units)	-	-	-	1,986,772	1,986,772
Redeemed during the year (Rs in '000)	-	-	-	82,314	82,314
Redeemed during the year (Units)	-	-	-	1,646,282	1,646,282
Dividend received during the period (Rs. in '000)	-	-	-	1,731	1,731
Al Meezan Mutual Fund					
Redeemed during the year (Rs in '000)	-	-	-	41,990	41,990
Redeemed during the year (Units)	-	-	-	2,477,784	2,477,784
Meezan Islamic Income Fund					
Invested during the year (Rs in '000)	12,615	25,671	42,684	52,304	133,275
Invested during the year (Units)	241,624	489,959	807,839	989,214	2,528,636
Redeemed during the year (Rs in '000)	26,714	53,631	109,293	96,664	286,302
Redeemed during the year (Units)	504,568	1,005,937	2,024,508	1,829,642	5,364,655
Dividend received during the year (Rs. in '000)	5,987	3,520	7,607	-	17,114
Refund of capital during the year (Rs. in '000)	178	451	1,101	-	1,731
Dividend Reinvest during the year (Units)	5,987	3,520	7,607	-	17,115
Meezan Dedicated Equity Fund					
Redeemed during the year (Rs in '000)	-	-	-	1,330	1,330
Redeemed during the year (Units)	-	-	-	29,915	29,915
Transactions					
For the year ended June 30, 2021					
Al Meezan Investment Management Limited - Management Company					
Remuneration for the year (Rs in '000)	52	44	65	12	173
Sindh Sales Tax on management fee (Rs in '000)	7	6	8	2	23
Allocated expense (Rs in '000)	333	141	171	266	911



Transactions	For the year ended June 30, 2021				
	Aggressive	Moderate	Conservative	MAAP-I	Total
Meezan Bank Limited					
Profit on saving account (Rs in '000)	133	136	186	35	490
Central Depository Company of Pakistan Limited - Trustee					
Remuneration of the Trustee for the year (Rs in '000)	226	96	116	182	620
Sindh Sales Tax on trustee fee (Rs in '000)	29	12	15	24	80
Directors and Executives of the Management Company					
Invested during the year (Rs in '000)	43,894	137	39,787	-	83,818
Invested during the year (Units)	617,496	2,049	613,438	-	1,232,983
Amount redeemed during the year (Rs in '000)	44,555	145	39,791	-	84,491
Redeemed during the year (Units)	617,681	2,152	612,151	-	1,231,984
Meezan Islamic Fund					
Invested during the year (Rs. in '000)	283,230	107,984	87,219	66,200	544,634
Invested during the year (Units)	4,403,495	1,715,548	1,366,521	1,148,071	8,633,635
Redeemed during the year (Rs. in '000)	320,608	119,628	83,392	184,862	708,489
Redeemed during the year (Units)	5,115,292	1,941,046	1,348,577	3,132,666	11,537,581
Meezan Sovereign Fund					
Invested during the year (Rs. in '000)	-	-	-	101,785	101,785
Invested during the year (Units)	-	-	-	1,925,349	1,925,349
Redeemed during the year (Rs. in '000)	-	-	-	102,346	102,346
Redeemed during the year (Units)	-	-	-	1,925,349	1,925,349
Al Meezan Mutual Fund					
Invested during the year (Rs. in '000)	-	-	-	131,376	131,376
Invested during the year (Units)	-	-	-	7,452,703	7,452,703
Redeemed during the year (Rs. in '000)	-	-	-	124,208	124,208
Redeemed during the year (Units)	-	-	-	7,077,440	7,077,440
Meezan Islamic Income Fund					
Invested during the year (Rs. in '000)	119,121	123,287	278,431	181,009	701,848
Invested during the year (Units)	2,201,104	3,599,442	5,120,907	3,401,172	14,322,626
Redeemed during the year (Rs. in '000)	95,363	102,694	208,207	228,479	634,743
Redeemed during the year (Units)	1,746,351	3,206,209	3,812,648	4,300,785	13,065,994
Dividend received during the year (Rs. in '000)	38	33	74	19	164
Dividend received during the year (Units)	733	635	1,446	369	3,183
Refund of capital during the year (Rs. in '000)	5,342	4,617	10,477	2,670	23,106
Refund of capital during the year (Units)	103,802	89,702	203,569	51,889	448,962
Meezan Dedicated Equity Fund					
Redeemed during the year (Rs. in '000)	-	-	-	73,560	73,560
Redeemed during the year (Units)	-	-	-	1,695,344	1,695,344

15.5 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2022			2021		
	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
	Rupees in '000			Rupees in '000		
Financial assets						
Balances with banks	7,760	-	7,760	8,641	-	8,641
Investments	-	616,454	616,454	-	892,840	892,840
Receivable against conversion of units	1	-	1	376	-	376
Profit receivable on saving accounts with banks	29	-	29	57	-	57
	<u>7,790</u>	<u>616,454</u>	<u>624,244</u>	<u>9,074</u>	<u>892,840</u>	<u>901,914</u>
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	123	-	123	169	-	169
Payable to Central Depository Company of Pakistan Limited - Trustee	51	-	51	68	-	68
Payable to Meezan Bank Limited	1	-	1	32	-	32
Payable on redemption and conversion of units	2,935	-	2,935	1,826	-	1,826
Dividend payable	171	-	171	-	-	-
Accrued expenses and other liabilities	505	-	505	867	-	867
	<u>3,786</u>	<u>-</u>	<u>3,786</u>	<u>2,962</u>	<u>-</u>	<u>2,962</u>
Net financial assets / (liabilities)	<u>4,004</u>	<u>616,454</u>	<u>620,458</u>	<u>6,112</u>	<u>892,840</u>	<u>898,952</u>

17 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.

17.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.078 million (2021: Rs. 0.082 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR 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.

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:

----- As at June 30, 2022 -----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets					
Balance with banks	4.00% to 15.25%	7,760	-	-	7,760
Investments		-	-	616,454	616,454
Receivable against conversion of units		-	-	1	1
Profit receivable on saving accounts with banks		-	-	29	29
		<u>7,760</u>	<u>-</u>	<u>616,484</u>	<u>624,244</u>
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	123	123
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	51	51
Payable to Meezan Bank Limited		-	-	1	1
Payable on redemption and conversion of units		-	-	2,935	2,935
Dividend payable		-	-	171	171
Accrued expenses and other liabilities		-	-	505	505
		<u>-</u>	<u>-</u>	<u>3,786</u>	<u>3,786</u>
On-balance sheet gap (a)		<u>7,760</u>	<u>-</u>	<u>612,698</u>	<u>620,458</u>
Off-balance sheet financial instruments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap (a+b)		<u>7,760</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative profit rate sensitivity gap		<u>7,760</u>	<u>7,760</u>	<u>7,760</u>	<u>-</u>

----- As at June 30, 2021 -----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
On-balance sheet financial instruments					
Financial assets					
Balance with banks	1.50% to 7.32%	8,184	-	457	8,641
Investments		-	-	892,840	892,840
Receivable against conversion of units		-	-	376	376
Profit receivable on saving accounts with banks		-	-	57	57
		<u>8,184</u>	<u>-</u>	<u>893,730</u>	<u>901,914</u>
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	169	169
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	68	68
Payable to Meezan Bank Limited		-	-	32	32
Payable on redemption and conversion of units		-	-	1,826	1,826
Accrued expenses and other liabilities		-	-	876	876
		<u>-</u>	<u>-</u>	<u>2,971</u>	<u>2,971</u>
On-balance sheet gap (a)		<u>8,184</u>	<u>-</u>	<u>890,759</u>	<u>898,943</u>
Off-balance sheet financial instruments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Off-balance sheet gap (b)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap (a+b)		<u>8,184</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative profit rate sensitivity gap		<u>8,184</u>	<u>8,184</u>	<u>8,184</u>	<u>-</u>

17.1.1 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.

17.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to equity price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by the SECP from time to time.

In case of 1% increase / decrease in equity prices as at June 30, 2022 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 6.1645 million (2021: Rs. 8.928 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.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions requests during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	Maturity up to					2022	
	One 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	7,760	-	-	-	-	-	7,760
Investments	-	-	-	-	-	616,454	616,454
Receivable against conversion of units	1	-	-	-	-	-	1
Profit receivable on saving accounts with banks	29	-	-	-	-	-	29
	7,790	-	-	-	-	616,454	624,244
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	123	-	-	-	-	-	123
Payable to Central Depository Company of Pakistan Limited - Trustee	51	-	-	-	-	-	51
Payable to Meezan Bank Limited	1	-	-	-	-	-	1
Payable on redemption and conversion of units	2,935	-	-	-	-	-	2,935
Dividend payable	171	-	-	-	-	-	171
Accrued expenses and other liabilities	-	505	-	-	-	-	505
	3,281	505	-	-	-	-	3,786
	4,509	(505)	-	-	-	616,454	620,458

	Maturity up to					2021	
	One 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	8,641	-	-	-	-	-	8,641
Investments	-	-	-	-	-	892,840	892,840
Receivable against conversion of units	376	-	-	-	-	-	376
Profit receivable on saving accounts with banks	57	-	-	-	-	-	57
	9,074	-	-	-	-	892,840	901,914
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	169	-	-	-	-	-	169
Payable to Central Depository Company of Pakistan Limited - Trustee	68	-	-	-	-	-	68
Payable to Meezan Bank Limited	32	-	-	-	-	-	32
Payable on redemption and conversion of units	1,826	-	-	-	-	-	1,826
Accrued expenses and other liabilities	362	505	-	-	-	-	867
	2,457	505	-	-	-	-	2,962
	<u>6,617</u>	<u>(505)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>892,840</u>	<u>898,952</u>

17.3 Credit risk

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) -----			
Financial assets				
Balances with banks	7,760	7,760	8,641	8,641
Investments	616,454	-	892,840	-
Receivable against conversion of units	1	1	376	376
Profit receivable on saving accounts	29	29	57	57
	<u>624,244</u>	<u>7,790</u>	<u>901,914</u>	<u>9,074</u>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in units of mutual funds are not exposed to credit risk.

17.3.1 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 profit accrued thereon, receivable against sale of units and receivable against sale of investments. The credit rating profile of balances with banks is as follows:

	As at June 30, 2022		As at June 30, 2021	
	(Rs. in '000)	(Percentage)	(Rs. in '000)	(Percentage)
AAA	7,028	90.57	7,357	85.15
AA+	253	3.26	818	9.47
AA	475	6.12	461	5.34
A+	4	0.05	5	0.04
	<u>7,760</u>	<u>100.00</u>	<u>8,641</u>	<u>100.00</u>

None of the financial assets were considered to be past due or impaired as on June 30, 2022.

The Fund does not have any collateral against any of the aforementioned assets.

18 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum Fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 17, 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.

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			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
At fair value through profit or loss	-	616,454	-	-	892,840	-
	-	616,454	-	-	882,827	-

20 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Details of members of investment committee of the Fund are as follows:

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. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

20.1 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 Balanced Fund;
- Meezan Asset Allocation Fund;
- Meezan Strategic Allocation Fund;
- Meezan Strategic Allocation Fund-II;
- Meezan Strategic Allocation Fund-III; and
- Meezan Dedicated Equity Fund.

21 DETAILS OF MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on					
		August 09, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 09, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

22 UNIT HOLDING PATTERN OF THE FUND

	AGGRESSIVE					
	----- As at June 30, 2022 -----			----- As at June 30, 2021 -----		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	676	85,234	29.35	627	129,039	37.09
Retirement Funds	3	144,177	49.65	3	64,402	18.51
Others	2	60,955	20.99	2	154,462	44.40
Total	681	290,366	100.00	632	347,903	100.00

	MODERATE					
	----- As at June 30, 2022 -----			----- As at June 30, 2021 -----		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	446	90,364	90.31	387	131,401	90.01
Retirement Funds	2	3,525	3.52	3	8,436	5.78
Others	4	6,170	6.17	2	6,147	4.21
Total	452	100,059	100.00	392	145,984	100.00

	CONSERVATIVE					
	----- As at June 30, 2022 -----			----- As at June 30, 2021 -----		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individuals	412	78,703	55.88	340	104,814	46.72
Associated company	1	8,883	6.31	1	8,582	3.83
Retirement Funds	4	53,145	37.72	5	110,852	49.40
Others	1	108	0.08	1	104	0.05
Total	418	140,839	100.00	347	224,352	100.00

	MAAP-I					
	----- As at June 30, 2021 -----			----- As at June 30, 2021 -----		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individual	78	37,042	44.35	112	60,171	38.51
Retirement Funds	-	-	-	-	-	-
Others	2	46,477	55.65	3	96,074	61.49
Total	80	83,519	100.00	115	156,245	100.00

23 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 16, 2022.

24 GENERAL

24.1 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director



AI Meezan
Investment Management Ltd.

SHISPARE

There are no shortcuts to the top; be it investments or the peak of a mountain.

Height 7,611 meters,
belongs to the range Batura Karakoram



MEEZAN STRATEGIC ALLOCATION FUND (MSAF)

Meezan Strategic Allocation Fund is a Shariah Compliant scheme which uses active asset allocation strategy for providing competitive returns on investment. It is a unique asset allocation fund for investors who wish to benefit from the equity market and want an actively managed investment portfolio with diversification.



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

Bank Al Habib Limited - Islamic Banking Habib
Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (+9221) 35156191-94 Fax: (+9221) 35156195
E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Strategic Allocation Fund (MSAF)

Type of Fund

MSAF is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF has six Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - I	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - II	
Meezan Strategic Allocation Plan - III	
Meezan Strategic Allocation Plan - IV	
Meezan Strategic Allocation Plan - V	
Meezan Strategic Allocation Plan - MCPP-III	



Pure. Profit.



Performance Table with Benchmark

Returns - FY22	
MSAP I	-6.25%
Benchmark	-7.23%
MSAPII	-6.61%
Benchmark	-7.28%
MSAP III	-7.41%
Benchmark	-7.29%
MSAP IV	-6.78%
Benchmark	-7.29%
MSAP V	-7.52%
Benchmark	-7.26%
MCPPIII	5.13%
Benchmark	1.32%

Meezan Strategic Allocation Plan - I

The Meezan Strategic Allocation Plan – I posted a total loss of Rs. 27 million in FY22 as compared to total income of Rs. 210 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 11 million and Rs. 36 million respectively. Dividend income comprised of Rs. 11 million. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 29 million. The net assets of the Fund as at June 31, 2022 were Rs. 383 million as compared to Rs. 674 million at the end of last year depicting a decline of 43%.

Meezan Strategic Allocation Plan - II

The Meezan Strategic Allocation Plan – II posted a total loss of Rs. 22 million in FY22 as compared to total income of Rs. 111 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 5 million and Rs. 27 million respectively. Dividend income comprised of Rs. 7 million. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 23 million. The net assets of the Fund as at June 30, 2022 were Rs. 321 million as compared to Rs. 452 million at the end of last year depicting a decline of 29%.

Meezan Strategic Allocation Plan - III

The Meezan Strategic Allocation Plan – III posted a total loss of Rs. 17 million in FY22 as compared to total gain of Rs. 158 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 4 million and Rs. 24 million respectively. Dividend income comprised of Rs. 7 million. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 18 million. The net assets of the Fund as at June 30, 2022 were Rs. 214 million as compared to Rs. 501 million at the end of last year depicting a decline of 57%.

Meezan Strategic Allocation Plan - IV

The Meezan Strategic Allocation Plan – IV posted a total loss of Rs. 7 million in FY22 as compared to total income of Rs. 125 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 3 million and Rs. 10 million respectively. Dividend income comprised of Rs. 3 million. After accounting for expenses of Rs. 0.41 million, the Fund posted a net loss of Rs. 7 million. The net assets of the Fund as at June 30, 2022 were Rs. 105 million as compared to Rs. 213 million at the end of last year depicting a decline of 50%.



Pure. Profit.



Meezan Strategic Allocation Plan - V

The Meezan Strategic Allocation Plan – V posted a total loss of Rs. 4 million in FY22 as compared to total income of Rs. 36 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 0.93 million and Rs. 5 million respectively. Dividend income comprised of Rs. 1 million. After accounting for expenses of Rs. 0.15 million, the Fund posted a net loss of Rs. 4 million. The net assets of the Fund as at June 30, 2022 were Rs. 49 million as compared to Rs. 63 million at the end of last year depicting a decline of 22%.

Meezan Capital Preservation Plan – III

The Meezan Capital Preservation Plan – III posted a total income of Rs. 12 million in FY22 as compared to total income of Rs. 28 million last year. Total income comprised of realized and unrealized loss on investments and Rs. 0.94 million and Rs. 2 million respectively. Dividend income and profit on saving account with banks comprised of Rs. 13 million and 0.02 million respectively. After accounting for expenses of Rs. 0.63 million, the Fund posted a net income of Rs. 11 million. The net assets of the Fund as at June 30, 2022 were Rs. 196 million as compared to Rs265 million at the end of last year depicting a decline of 26%.

Distributions

The Final Pay out by the Fund during the fiscal year ended June 30, 2022 was 3.25 per unit (6.50%) in MCPP-III. Total distribution made by the fund was Rs. 11.24 million in MCPP-III.

SWWF Disclosure:

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by (MSAP I) amounting to Rs. 9.93 million, (MSAP II) amounting to Rs. 2.88 million, (MSAP III) amounting to Rs. 4.34 million, (MSAP IV) amounting to Rs. 3.84 million, (MSAP V) amounting to Rs. 0.95 million, and (MCPP III) amounting to Rs. 1.57 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 (MSAP I) by 1.51%, (MSAP II) by 0.65%, (MSAP III) by 0.87%, (MSAP IV) by 2.04%, (MSAP V) by 1.51% and (MCPP III) by 0.59%. 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)	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III
	No. of investo	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	83	129	59	56	25	122
10,000 - 49,999	60	38	52	41	13	37
50,000 - 99,999	11	9	12	7	3	8
100,000 - 499,999	14	4	14	4	3	9
500,000 and above	3	4	-	-	-	-
Total	171	184	137	108	44	176

PERFORMANCE TABLE

	As at June 30, 2022					
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII
Net assets (Rs. in '000) (ex-distribution)	382,872	321,520	214,306	104,968	49,057	195,967
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	43.8853	43.3940	41.9282	43.1405	50.0124	54.3250
Highest redemption price per unit (Rs.)	49.3794	48.6618	47.4530	49.0453	56.8817	57.6128
Lowest redemption price per unit (Rs.)	42.9719	42.5360	41.0363	42.2073	48.9751	54.3250
Distribution (%)						
-Interim	-	-	-	-	-	3.25
Date of distribution						
-Interim	-	-	-	-	-	June 30, 2022
Income distribution (Rupees in '000)	-	-	-	-	-	11,241
Growth distribution (Rupees in '000)	-	-	-	-	-	-
Total return (%)	-6.25%	-6.61%	-7.41%	-6.78%	-7.52%	5.13%
Average annual return as at June 30, 2022 (%) - One Year	-6.25%	-6.61%	-7.41%	-6.78%	-7.52%	5.13%

	As at June 30, 2021					
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII
Net assets (Rs. in '000) (ex-distribution)	673,664	452,203	500,785	212,669	62,873	264,770
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	46.8129	46.4631	45.2827	46.2775	54.0799	54.7709
Highest redemption price per unit (Rs.)	47.9702	47.5974	46.4176	47.5009	55.5351	55.0157
Lowest redemption price per unit (Rs.)	37.0938	36.8264	35.7533	36.4283	42.3562	50.8474
Distribution (%)						
-Interim	-	-	-	-	-	-
Date of distribution						
-Interim	-	-	-	-	-	-
Income distribution (Rupees in '000)	-	-	-	-	-	-
Growth distribution (Rupees in '000)	-	-	-	-	-	-
Total return (%)	26.96%	26.29%	27.13%	27.49%	28.25%	7.72%
Average annual return as at June 30, 2021 (%) - Two Year	10.36%	9.84%	9.86%	10.36%	10.37%	6.43%

	As at June 30, 2020					
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII
Net assets (Rs. in '000) (ex-distribution)	793,346	452,618	746,007	751,178	195,589	416,287
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	36.8722	36.7897	35.6189	36.2977	42.1678	50.8475
Highest redemption price per unit (Rs.)	40.3937	43.6048	42.3907	43.1423	49.1563	55.8649
Lowest redemption price per unit (Rs.)	32.1933	31.7994	30.9811	31.388	35.9775	49.2492
Distribution (%)						
-Interim	2.50	1.75	2.00	2.00	1.50	-
Date of distribution						
-Interim	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Income distribution (Rupees in '000)	50,942	20,727	40,041	39,581	6,757	-
Growth distribution (Rupees in '000)	-	-	-	-	-	-
Total return (%)	7.93%	6.51%	6.73%	6.89%	6.47%	-0.69%
Average annual return as at June 30, 2020 (%) - Three Year	9.55%	8.73%	8.82%	9.20%	9.07%	4.05%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor – Meezan Strategic Allocation Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2021 to June 30, 2022 was the Sixth year of operations of Meezan Strategic Allocation Fund (MSAF) 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 3.7.1 of the Offering Document 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 criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MSAF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSAF for the year ended June 30, 2021 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

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**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 14, 2022



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	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 1,262.953 million and balances with banks aggregated to Rs 10.124 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; and▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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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.

ATF



A.F. FERGUSON & CO.

- 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.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 21, 2022

Karachi

UDIN: AR202210081GB4LMsF0a

**MEEZAN STRATEGIC ALLOCATION FUND
 STATEMENT OF ASSETS AND LIABILITIES
 AS AT JUNE 30, 2022**

		June 30, 2022						
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total	
(Rupees in '000)								
Assets								
Balances with banks	5	807	4,682	2,917	538	560	620	10,124
Investments	6	382,426	317,108	211,612	104,527	48,535	198,745	1,262,953
Profit receivable on savings account with banks		2	25	8	4	3	5	47
Total assets		<u>383,235</u>	<u>321,815</u>	<u>214,537</u>	<u>105,069</u>	<u>49,098</u>	<u>199,370</u>	<u>1,273,124</u>
Liabilities								
Payable to AI Meezan Investment Management Limited - Management Company	7	34	30	20	10	4	18	116
Payable to Central Depository Company of Pakistan Limited - Trustee	8	25	21	14	7	3	13	83
Payable to the Securities and Exchange Commission of Pakistan	9	108	78	71	30	11	46	344
Payable against purchase of investments		33	29	18	8	5	75	168
Dividend payable		-	-	-	-	-	1,675	1,675
Accrued expenses and other liabilities	10	163	137	108	46	18	1,576	2,048
Total liabilities		<u>363</u>	<u>295</u>	<u>231</u>	<u>101</u>	<u>41</u>	<u>3,403</u>	<u>4,434</u>
Net assets		<u>382,872</u>	<u>321,520</u>	<u>214,306</u>	<u>104,968</u>	<u>49,057</u>	<u>195,967</u>	<u>1,268,690</u>
Unit holders' fund (as per statement attached)		<u>382,872</u>	<u>321,520</u>	<u>214,306</u>	<u>104,968</u>	<u>49,057</u>	<u>195,967</u>	<u>1,268,690</u>
Contingencies and commitments	11							
----- (Number of units) -----								
Number of units in issue		<u>8,724,383</u>	<u>7,409,321</u>	<u>5,111,265</u>	<u>2,433,165</u>	<u>980,896</u>	<u>3,607,311</u>	
----- (Rupees) -----								
Net asset value per unit		<u>43.8853</u>	<u>43.3940</u>	<u>41.9282</u>	<u>43.1405</u>	<u>50.0124</u>	<u>54.3250</u>	

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
 (Management Company)**

 Chief Executive Officer

 Chief Financial Officer

 Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

		June 30, 2021						
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
----- (Rupees in '000) -----								
Assets								
Balances with banks	5	1,136	201	51	56	1,389	859	3,692
Investments	6	683,177	455,168	505,400	216,718	63,274	265,726	2,189,463
Profit receivable on savings account with banks		5	1	-	1	3	2	12
Total assets		<u>684,318</u>	<u>455,370</u>	<u>505,451</u>	<u>216,775</u>	<u>64,666</u>	<u>266,587</u>	<u>2,193,167</u>
Liabilities								
Payable to AI Meezan Investment Management Limited - Management Company	7	69	42	46	19	7	25	208
Payable to Central Depository Company of Pakistan Limited - Trustee	8	49	31	33	15	4	17	149
Payable to the Securities and Exchange Commission of Pakistan	9	166	91	113	70	21	71	532
Payable against redemption and conversion of units		-	-	-	-	710	-	710
Accrued expenses and other liabilities	10	10,370	3,003	4,474	4,002	1,051	1,704	24,604
Total liabilities		<u>10,654</u>	<u>3,167</u>	<u>4,666</u>	<u>4,106</u>	<u>1,793</u>	<u>1,817</u>	<u>26,203</u>
Net assets		<u>673,664</u>	<u>452,203</u>	<u>500,785</u>	<u>212,669</u>	<u>62,873</u>	<u>264,770</u>	<u>2,166,964</u>
Unit holders' fund (as per statement attached)		<u>673,664</u>	<u>452,203</u>	<u>500,785</u>	<u>212,669</u>	<u>62,873</u>	<u>264,770</u>	<u>2,166,964</u>
Contingencies and commitments	11							
----- (Number of units) -----								
Number of units in issue		<u>14,390,571</u>	<u>9,732,527</u>	<u>11,059,083</u>	<u>4,595,508</u>	<u>1,162,592</u>	<u>4,834,137</u>	
----- (Rupees) -----								
Net asset value per unit		<u>46.8129</u>	<u>46.4631</u>	<u>45.2827</u>	<u>46.2775</u>	<u>54.0799</u>	<u>54.7709</u>	

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

For the year ended June 30, 2022							
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
(Rupees in '000)							
Income							
Net realised loss on sale of investments	(11,715)	(5,669)	(3,960)	(3,361)	(937)	(945)	(26,587)
Profit on savings accounts with banks	69	56	69	31	21	29	275
Dividend income	11,056	7,635	7,235	2,814	1,079	13,392	43,211
Other income	156	106	118	132	47	110	669
	(434)	2,128	3,462	(384)	210	12,586	17,568
Net unrealised diminution on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1	(36,961)	(27,219)	(24,806)	(10,544)	(5,061)	(106,619)
Total (loss) / income		(37,395)	(25,091)	(21,344)	(10,928)	10,558	(89,051)
Expenses							
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1	13	8	15	6	6	56
Sindh Sales Tax on remuneration of the Management Company	7.2	2	1	2	1	1	8
Allocated expenses	7.3	595	431	392	167	63	1,900
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	379	274	250	106	40	1,210
Sindh Sales Tax on remuneration of the Trustee	8.2	49	36	32	14	5	157
Annual fee to the Securities and Exchange Commission of Pakistan	9.1	108	78	71	30	11	344
Auditors' remuneration	12	191	150	136	44	16	613
Fees and subscription		156	103	108	43	16	486
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)	10.1	(9,818)	(2,806)	(4,253)	(3,804)	(940)	(23,146)
Bank and settlement charges		9	89	23	8	1	135
Total expenses		(8,316)	(1,636)	(3,224)	(3,385)	(781)	(18,237)
Net (loss) / income for the year before taxation		(29,079)	(23,455)	(18,120)	(7,543)	(4,070)	(70,814)
Taxation	14	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(29,079)	(23,455)	(18,120)	(7,543)	(4,070)	(70,814)
Allocation of net income for the year							
Net income for the year after taxation		-	-	-	-	11,453	-
Income already paid on units redeemed		-	-	-	-	(1,751)	-
		-	-	-	-	9,702	-
Accounting income available for distribution							
- Relating to capital gains		-	-	-	-	-	-
- Excluding capital gains		-	-	-	-	9,702	-
		-	-	-	-	9,702	-

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

For the year ended June 30, 2021								
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
(Rupees in '000)								
Income								
Net realised gain on sale of investments	173,629	111,242	125,322	95,971	25,061	21,645	552,870	
Profit on savings accounts with banks	80	47	102	66	25	87	407	
Dividend income	584	403	390	211	57	4,847	6,492	
	174,293	111,692	125,814	96,248	25,143	26,579	559,769	
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1	36,094	(705)	32,181	28,360	11,047	1,411	108,388
Total income		210,387	110,987	157,995	124,608	36,190	27,990	668,157
Expenses								
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1	34	13	12	19	16	17	111
Sindh Sales Tax on remuneration of the Management Company	7.2	4	2	2	2	2	2	14
Allocated expenses	7.3	855	469	580	361	106	364	2,735
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	581	318	394	247	73	248	1,861
Sindh Sales Tax on remuneration of the Trustee	8.2	76	41	51	32	9	32	241
Annual fee to the Securities and Exchange Commission of Pakistan	9	166	91	113	71	21	71	533
Auditors' remuneration	12	169	92	121	80	23	55	540
Fees and subscription		121	66	82	51	15	53	388
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	4,167	2,196	3,132	2,475	718	543	13,231
Bank and settlement charges		27	73	31	15	11	1	158
Total expenses		6,200	3,361	4,518	3,353	994	1,386	19,812
Net income for the year before taxation		204,187	107,626	153,477	121,255	35,196	26,604	648,345
Taxation	14	-	-	-	-	-	-	-
Net income for the year after taxation		204,187	107,626	153,477	121,255	35,196	26,604	648,345
Allocation of net income for the year								
Net income for the year after taxation		204,187	107,626	153,477	121,255	35,196	26,604	648,345
Income already paid on units redeemed		(61,136)	(13,555)	(46,810)	(75,465)	(21,347)	(7,598)	(225,911)
		143,051	94,071	106,667	45,790	13,849	19,006	422,434
Accounting income available for distribution								
- Relating to capital gains		143,051	94,071	106,667	45,790	13,849	19,006	422,434
- Excluding capital gains		-	-	-	-	-	-	-
		143,051	94,071	106,667	45,790	13,849	19,006	422,434

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

For the year ended June 30, 2022							
MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
------(Rupees in '000)-----							
Net (loss) / income for the year after taxation	(29,079)	(23,455)	(18,120)	(7,543)	(4,070)	11,453	(70,814)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year	(29,079)	(23,455)	(18,120)	(7,543)	(4,070)	11,453	(70,814)

For the year ended June 30, 2021							
MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
------(Rupees in '000)-----							
Net income for the year after taxation	204,187	107,626	153,477	121,255	35,196	26,604	648,345
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	204,187	107,626	153,477	121,255	35,196	26,604	648,345

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

		For the year ended June 30, 2022							
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total	
Note		----- (Rupees in '000) -----							
CASH FLOWS FROM OPERATING ACTIVITIES									
	Net (loss) / income for the year before taxation	(29,079)	(23,455)	(18,120)	(7,543)	(4,070)	11,453	(70,814)	
Adjustments for:									
	Net unrealised diminution on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1	36,961	27,219	24,806	10,544	5,061	2,028	106,619
			7,882	3,764	6,686	3,001	991	13,481	35,805
Decrease / (increase) in assets									
	Investments - net	263,790	110,841	268,982	101,647	9,678	64,953	819,891	
	Profit receivable on savings account with banks	3	(24)	(8)	(3)	-	(3)	(35)	
		263,793	110,817	268,974	101,644	9,678	64,950	819,856	
(Decrease) / increase in liabilities									
	Payable to AI Meezan Investment Management Limited - Management Company	(35)	(12)	(26)	(9)	(3)	(7)	(92)	
	Payable to Central Depository Company of Pakistan Limited - Trustee	(24)	(10)	(19)	(8)	(1)	(4)	(66)	
	Payable to the Securities and Exchange Commission of Pakistan	(58)	(13)	(42)	(40)	(10)	(25)	(188)	
	Payable against purchase of investments	33	29	18	8	(705)	75	(542)	
	Accrued expenses and other liabilities	(10,207)	(2,866)	(4,366)	(3,956)	(1,033)	(128)	(22,556)	
		(10,291)	(2,872)	(4,435)	(4,005)	(1,752)	(89)	(23,444)	
	Net cash (used in) / generated from operating activities	261,384	111,709	271,225	100,640	8,917	78,342	832,217	
CASH FLOWS FROM FINANCING ACTIVITIES									
	Receipts against issuance and conversion of units	-	-	-	-	-	7,987	7,987	
	Payments against redemption and conversion of units	(261,713)	(107,228)	(268,359)	(100,158)	(9,746)	(77,002)	(824,206)	
	Dividend paid	-	-	-	-	-	(9,566)	(9,566)	
	Net cash used in financing activities	(261,713)	(107,228)	(268,359)	(100,158)	(9,746)	(78,581)	(825,785)	
	Net (decrease) / increase in cash and cash equivalents during the year	(329)	4,481	2,866	482	(829)	(239)	6,432	
	Cash and cash equivalents at the beginning of the year	1,136	201	51	56	1,389	859	3,692	
	Cash and cash equivalents at the end of the year	807	4,682	2,917	538	560	620	10,124	

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2022			June 30, 2022			June 30, 2022			June 30, 2022		
	MSAP-I			MSAP-II			MSAP-III			MSAP-IV		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
----- (Rupees in '000) -----												
Net assets at the beginning of the year	1,086,918	(413,254)	673,664	753,015	(300,812)	452,203	869,206	(368,421)	500,785	660,829	(448,160)	212,669
Issuance of units:												
MSAP - I: nil units / MSAP - II: nil units												
MSAP - III: nil units / MSAP - IV: nil units												
MSAP - V: nil units / MCPP - III: 148,548 units												
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	-	-	-	-	-	-	-	-	-
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of units:												
MSAP - I: 5,666,188 units / MSAP - II: 2,323,206 units												
MSAP - III: 5,947,818 units / MSAP - IV: 2,162,343 units												
MSAP - V: 181,696 units / MCPP - III: 1,375,374 units												
- Capital value (at net asset value per unit at the beginning of the year)	265,251	-	265,251	107,943	-	107,943	269,333	-	269,333	100,068	-	100,068
- Element of (loss) / income	(3,538)	-	(3,538)	(715)	-	(715)	(974)	-	(974)	90	-	90
Total payments on redemption of units	261,713	-	261,713	107,228	-	107,228	268,359	-	268,359	100,158	-	100,158
Total comprehensive (loss) / income for the year	-	(29,079)	(29,079)	-	(23,455)	(23,455)	-	(18,120)	(18,120)	-	(7,543)	(7,543)
Distribution during the year	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year less distribution	-	(29,079)	(29,079)	-	(23,455)	(23,455)	-	(18,120)	(18,120)	-	(7,543)	(7,543)
Net assets at the end of the year	825,205	(442,333)	382,872	645,787	(324,267)	321,520	600,847	(386,541)	214,306	560,671	(455,703)	104,968
(Accumulated loss) / undistributed income brought forward												
- Realised (loss) / income		(449,348)			(300,107)			(400,602)			(476,520)	
- Unrealised income / (loss)		36,094			(705)			32,181			28,360	
		(413,254)			(300,812)			(368,421)			(448,160)	
Accounting income available for distribution												
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		-			-			-			-	
Net loss for the year after taxation		(29,079)			(23,455)			(18,120)			(7,543)	
Distribution during the year		-			-			-			-	
(Accumulated loss) / undistributed income carried forward		(442,333)			(324,267)			(386,541)			(455,703)	
(Accumulated loss) / undistributed income carried forward												
- Realised (loss) / income		(405,372)			(297,048)			(361,735)			(445,159)	
- Unrealised loss		(36,961)			(27,219)			(24,806)			(10,544)	
		(442,333)			(324,267)			(386,541)			(455,703)	
	Rupees			Rupees			Rupees		Rupees			
Net asset value per unit at the beginning of the year	46.8129			46.4631			45.2827		46.2775			
Net asset value per unit at the end of the year	43.8853			43.3940			41.9282		43.1405			

The annexed notes 1 to 24 form an integral part of these financial statements.

**For Al-Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2022			June 30, 2022			June 30, 2022		
	MSAP-V			MCCP-III			Total		
	Capital Value	Accumulated loss	Total	Capital Value	Undistributed income	Total	Capital Value	Accumulated loss	Total
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	124,933	(62,060)	62,873	224,720	40,050	264,770	3,719,621	(1,552,657)	2,166,964
Issuance of units:									
MSAP - I: nil units / MSAP - II: nil units									
MSAP - III: nil units / MSAP - IV: nil units									
MSAP - V: nil units / MCCP - III: 148,548 units									
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	8,062	-	8,062	8,062	-	8,062
- Element of loss	-	-	-	(75)	-	(75)	(75)	-	(75)
Total proceeds on issuance of units	-	-	-	7,987	-	7,987	7,987	-	7,987
Redemption of units:									
MSAP - I: 5,666,188 units / MSAP - II: 2,323,206 units									
MSAP - III: 5,947,818 units / MSAP - IV: 2,162,343 units									
MSAP - V: 181,696 units / MCCP - III: 1,375,374 units									
- Capital value (at net asset value per unit at the beginning of the year)	9,826	-	9,826	75,330	-	75,330	827,751	-	827,751
- Element of (loss) / income	(80)	-	(80)	(79)	1,751	1,672	(5,296)	1,751	(3,545)
Total payments on redemption of units	9,746	-	9,746	75,251	1,751	77,002	822,455	1,751	824,206
Total comprehensive (loss) / income for the year	-	(4,070)	(4,070)	-	11,453	11,453	-	(70,814)	(70,814)
Distribution during the year	-	-	-	-	(11,241)	(11,241)	-	(11,241)	(11,241)
Net income for the year less distribution	-	(4,070)	(4,070)	-	212	212	-	(82,055)	(82,055)
Net assets at the end of the year	115,187	(66,130)	49,057	157,456	38,511	195,967	2,905,153	(1,636,463)	1,268,690
(Accumulated loss) / undistributed income brought forward									
- Realised (loss) / income		(73,107)			38,639			(1,661,045)	
- Unrealised income / (loss)		11,047			1,411			108,388	
		(62,060)			40,050			(1,552,657)	
Accounting income available for distribution									
- Relating to capital gains		-			-			-	
- Excluding capital gains		-			9,702			9,702	
		-			9,702			9,702	
Net loss for the year after taxation		(4,070)			-			(82,267)	
Distribution during the year		-			(11,241)			(11,241)	
(Accumulated loss) / undistributed income carried forward		(66,130)			38,511			(1,554,196)	
(Accumulated loss) / undistributed income carried forward									
- Realised (loss) / income		(61,069)			40,539			(1,529,844)	
- Unrealised loss		(5,061)			(2,028)			(106,619)	
		(66,130)			38,511			(1,636,463)	
	Rupees			Rupees					
Net asset value per unit at the beginning of the year	54.0799			54.7709					
Net asset value per unit at the end of the year	50.0124			54.3250					

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2021 MSAP-I			June 30, 2021 MSAP-II			June 30, 2021 MSAP-III			June 30, 2021 MSAP-IV		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,349,651	(556,305)	793,346	847,501	(394,883)	452,618	1,221,095	(475,088)	746,007	1,245,128	(493,950)	751,178
Redemption of units:												
MSAP - I: 7,125,513 units / MSAP - II: 2,570,312 units												
MSAP - III: 9,885,047 units / MSAP - IV: 16,099,377 units												
MSAP - V: 3,475,762 units / MCPP - III: 3,352,842 units												
- Capital value (at net asset value per unit at the beginning of the year)	262,733	-	262,733	94,486	-	94,486	351,889	-	351,889	584,299	-	584,299
- Element of (income) / loss	-	61,136	61,136	-	13,555	13,555	-	46,810	46,810	-	75,465	75,465
Total payments on redemption of units	262,733	61,136	323,869	94,486	13,555	108,041	351,889	46,810	398,699	584,299	75,465	659,764
Total comprehensive income for the year	-	204,187	204,187	-	107,626	107,626	-	153,477	153,477	-	121,255	121,255
Distribution during the year	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the year less distribution	-	204,187	204,187	-	107,626	107,626	-	153,477	153,477	-	121,255	121,255
Net assets at the end of the year	1,086,918	(413,254)	673,664	753,015	(300,812)	452,203	869,206	(368,421)	500,785	660,829	(448,160)	212,669
(Accumulated loss) / undistributed income brought forward												
- Realised (loss) / income		(568,973)			(382,241)			(466,242)			(483,075)	
- Unrealised income / (loss)		12,668			(12,642)			(8,846)			(10,875)	
		<u>(556,305)</u>			<u>(394,883)</u>			<u>(475,088)</u>			<u>(493,950)</u>	
Accounting income available for distribution												
- Relating to capital gains		143,051			94,071			106,667			45,790	
- Excluding capital gains		-			-			-			-	
		<u>143,051</u>			<u>94,071</u>			<u>106,667</u>			<u>45,790</u>	
Distribution during the year		-			-			-			-	
(Accumulated loss) / undistributed income carried forward		<u>(413,254)</u>			<u>(300,812)</u>			<u>(368,421)</u>			<u>(448,160)</u>	
(Accumulated loss) / undistributed income carried forward												
- Realised (loss) / income		(449,348)			(300,107)			(400,602)			(476,520)	
- Unrealised income / (loss)		36,094			(705)			32,181			28,360	
		<u>(413,254)</u>			<u>(300,812)</u>			<u>(368,421)</u>			<u>(448,160)</u>	
		(Rupees)			(Rupees)			(Rupees)			(Rupees)	
Net asset value per unit at the beginning of the year		<u>36.8722</u>			<u>36.7897</u>			<u>35.6189</u>			<u>36.2977</u>	
Net asset value per unit at the end of the year		<u>46.8129</u>			<u>46.4631</u>			<u>45.2827</u>			<u>46.2775</u>	

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI-Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	June 30, 2021			June 30, 2021			June 30, 2021		
	MSAP-V			MCPPI-III			Total		
	Capital Value	Accumulated loss	Total	Capital Value	(Accumulated loss) / undistributed income	Total	Capital Value	Accumulated loss	Total
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	271,498	(75,909)	195,589	395,243	21,044	416,287	5,330,116	(1,975,091)	3,355,025
Redemption of units:									
MSAP - I: 7,125,513 units / MSAP - II: 2,570,312 units									
MSAP - III: 9,885,047 units / MSAP - IV: 16,099,377 units									
MSAP - V: 3,475,762 units / MCPPI - III: 3,352,842 units									
- Capital value (at net asset value per unit at the beginning of the year)	146,565	-	146,565	170,523	-	170,523	1,610,495	-	1,610,495
- Element of (income) / loss	-	21,347	21,347	-	7,598	7,598	-	225,911	225,911
Total payments on redemption of units	146,565	21,347	167,912	170,523	7,598	178,121	1,610,495	225,911	1,836,406
Total comprehensive income for the year	-	35,196	35,196	-	26,604	26,604	-	648,345	648,345
Distribution during the year	-	-	-	-	-	-	-	-	-
Net income for the year less distribution	-	35,196	35,196	-	26,604	26,604	-	648,345	648,345
Net assets at the end of the year	124,933	(62,060)	62,873	224,720	40,050	264,770	3,719,621	(1,552,657)	2,166,964
(Accumulated loss) / undistributed income brought forward									
- Realised (loss) / income		(71,074)			20,896			(1,950,709)	
- Unrealised income / (loss)		(4,835)			148			(24,382)	
		(75,909)			21,044			(1,975,091)	
Accounting income available for distribution									
- Relating to capital gains	13,849			19,006			422,434		
- Excluding capital gains	-			-			-		
	13,849			19,006			422,434		
Distribution during the year	-			-			-		
(Accumulated loss) / undistributed income carried forward	(62,060)			40,050			(1,552,657)		
(Accumulated loss) / undistributed income carried forward									
- Realised (loss) / income		(73,107)			38,639			(1,661,045)	
- Unrealised income / (loss)		11,047			1,411			108,388	
		(62,060)			40,050			(1,552,657)	
Net asset value per unit at the beginning of the year			Rupees 42.1678				Rupees 50.8475		
Net asset value per unit at the end of the year			54.0799				54.7709		

The annexed notes 1 to 24 form an integral part of these financial statements.

**For Al-Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

For the year ended June 30, 2021							
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
------(Rupees in '000)-----							
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income for the year before taxation	204,187	107,626	153,477	121,255	35,196	26,604	648,345
Adjustments for:							
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	6.1 (36,094)	705	(32,181)	(28,360)	(11,047)	(1,411)	(108,388)
	168,093	108,331	121,296	92,895	24,149	25,193	539,957
Decrease / (increase) in assets							
Investments - net	157,760	1,537	281,538	570,516	144,141	153,407	1,308,899
Receivable against sale of investments	130	-	-	-	-	490	620
Profit receivable on savings account with banks	22	11	5	8	(2)	54	98
	157,912	1,548	281,543	570,524	144,139	153,951	1,309,617
Increase / (decrease) in liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	2	5	(17)	(46)	(15)	(11)	(82)
Payable to Central Depository Company of Pakistan Limited - Trustee	(3)	2	(16)	(33)	(8)	(10)	(68)
Payable to the Securities and Exchange Commission of Pakistan	(13)	(13)	(48)	(101)	(25)	(83)	(283)
Payable against purchase of investments	(130)	-	-	(52)	-	-	(182)
Accrued expenses and other liabilities	(2,996)	(275)	(3,202)	(3,674)	(224)	373	(9,998)
	(3,140)	(281)	(3,283)	(3,906)	(272)	269	(10,613)
Net cash generated from operating activities	322,865	109,598	399,556	659,513	168,016	179,413	1,838,961
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments against redemption and conversion of units	(323,869)	(108,089)	(398,749)	(659,764)	(167,202)	(179,605)	(1,837,278)
Dividend paid	(1,493)	(1,367)	(807)	(651)	(150)	-	(4,468)
Net cash used in financing activities	(325,362)	(109,456)	(399,556)	(660,415)	(167,352)	(179,605)	(1,841,746)
Net increase / (decrease) in cash and cash equivalents during the year	(2,497)	142	-	(902)	664	(192)	(2,785)
Cash and cash equivalents at beginning of the year	3,633	59	51	958	725	1,051	6,477
Cash and cash equivalents at end of the year	5 1,136	201	51	56	1,389	859	3,692

The annexed notes 1 to 24 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Strategic Allocation Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on September 08, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (the NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 has been 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 2, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust Act.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. 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.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. The subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the SECP after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. However, subscription hasn't been re-opened during the current year. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.

1.4 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 27, 2021 (2021: 'AM1' dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

1.6 The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Strategic Allocation Plan-I (MSAP-I), Meezan Strategic Allocation Plan-II (MSAP-II), Meezan Strategic Allocation Plan-III (MSAP-III), Meezan Strategic Allocation Plan-IV (MSAP-IV), Meezan Strategic Allocation Plan-V (MSAP-V) and Meezan Capital Preservation Plan-III (MCPPIII) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The Management may also invest in other Collective Investment Schemes available to it with prior approval of the SECP. A brief description of the plans are as follows:

Meezan Strategic Allocation Plan-I (MSAP-I)	<p>Medium to high risk - High return through asset allocation</p> <p>The allocation plan commenced its operations from October 19, 2016 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. Units are subject to front end load. An early exit fee has also been charged in case of redemption before the completion of the initial maturity of the plan. The initial maturity of this plan was two years from the close of the subscription period (i.e. December 2, 2016). However, the SECP has approved multiple extensions and in accordance with the last such extension granted vide letter no. SCD/AMCW/AMIML/106/2021 dated October 26, 2021, the plan shall mature on December 2, 2022.</p>
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Meezan Strategic Allocation Plan-II (MSAP-II)	<p>Medium to high risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from December 22, 2016 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. Units are subject to front end load. An early exit fee shall has also been charged in case of redemption before the completion of the initial maturity of the plan. The initial maturity of this plan was two years from the close of the subscription period (i.e. January 31, 2017). However, the SECP has approved multiple extensions and in accordance with the last such extension granted vide letter no. SCD/AMCW/MSAF/224/2022 dated January 19, 2022, the plan shall mature on January 31, 2023.</p>
Meezan Strategic Allocation Plan-III (MSAP-III)	<p>Medium to high risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from February 20, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 95 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. April 3, 2017). Units are subject to front end load. An early exit fee shall has also been charged in case of redemption before the completion of the initial maturity of the plan. However, the SECP has approved multiple extensions and in accordance with the last such extension granted vide letter no. ACD/AMCW/MSAF/281/2022 dated March 18, 2022, the duration of the plan shall be for an indefinite period upon completion of initial maturity period i.e. April 3, 2022.</p>
Meezan Strategic Allocation Plan-IV (MSAP-IV)	<p>Medium to high risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from April 24, 2017 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 95 percent. The initial maturity of this plan was two years from the close of the subscription period (i.e. June 30, 2017). Units are subject to front end load. An early exit fee has also been charged in case of redemption before the completion of the initial maturity of the plan. However, the SECP has approved multiple extensions and in accordance with the last such extension granted vide letter no. SCD/AMCW/MSAF/339/2022 dated May 14, 2022, the duration of the plan shall be for an indefinite period upon completion of initial maturity period i.e. June 30, 2022.</p>
Meezan Strategic Allocation Plan-V (MSAP-V)	<p>Medium to high risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from August 15, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 95 percent. Units are subject to front end load. An early exit fee shall has also been charged in case of redemption before the completion of the initial maturity of the plan. The initial maturity of this plan was two years from the close of the subscription period (i.e. October 19, 2017). However, the SECP has approved multiple extensions and in accordance with the last such extension granted vide letter no. SCD/AMCW/MSAF/60/2021, the plan shall mature on October 19, 2022.</p>
Meezan Capital Preservation Plan-III (MCPPIII)	<p>Medium risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from December 19, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 50 percent in equity schemes and up to 100 percent in money market schemes. Units are subject to front end load. An early exit fee has also been charged in case of redemption before the completion of the initial maturity of the plan. The initial maturity of this plan was two years from the close of the subscription period (i.e. February 16, 2018). However, the SECP has approved multiple extensions and in accordance with the last such extension granted vide letter no. SCD/AMCW/MSAF/231/2022 dated February 2, 2022, the plan shall mature on February 16, 2023.</p>

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

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 are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the approved 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 requirements of 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 published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2022. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification and valuation of financial assets (notes 4.2 and 6).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which have been classified as 'at fair value through profit or loss' and which are measured at fair value.

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 Rupees, which is the Fund's functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.1 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.2 Financial instruments

4.2.1 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.

4.2.2 Classification and subsequent measurement

4.2.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

The investments of the Fund includes investment in units of mutual funds which are categorised as puttable instruments and are mandatorily required to be classified as 'financial assets at fair value through profit or loss'.

4.2.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net asset value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in units of mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.2.4 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.

4.2.5 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.

4.2.6 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 arising on derecognition of financial assets is taken to the Income Statement.

4.3 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 value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

4.4 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.

4.5 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.

4.6 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.

4.7 Unit holders' fund

Unit holders' fund of each allocation plan representing the units issued by each respective allocation plan separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective allocation plan's net assets.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on the day when the application is received. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load, provision of any duties and charges and provision for transaction costs, if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price prevalent on the date on which the Management Company / distributors receive redemption applications during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 Distribution to unit holders

Distribution to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.10 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee fund declaring the dividend; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

4.12 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.13 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating EPU is not practicable.

4.15 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

		June 30, 2022						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
Savings accounts	5.1	807	4,682	2,917	538	560	620	10,124
		June 30, 2021						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
Savings accounts	5.1	1,126	191	41	46	746	849	2,999
Current account		10	10	10	10	643	10	693
		1,136	201	51	56	1,389	859	3,692

- 5.1 This includes balance of Rs 10.042 million (2021: Rs 2.920 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.50%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 3.41% to 5.26% (2021: 2.40% to 3.86%) per annum.

6 INVESTMENTS

		June 30, 2022						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
At fair value through profit or loss								
Units of open ended mutual funds	6.1	382,426	317,108	211,612	104,527	48,535	198,745	1,262,953
		June 30, 2021						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
At fair value through profit or loss								
Units of open ended mutual funds	6.1	683,177	455,168	505,400	216,718	63,274	265,726	2,189,463

6.1 Units of open ended mutual funds

Name of the investee funds	As at July 1, 2021	Purchased / reinvested during the year	Redeemed during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised diminution as at June 30, 2022	Percentage in relation to	
								Net assets of the Plan	Total market value of investments
		(Number of units)			(Rupees in '000)			%	
Meezan Strategic Allocation Plan - I									
AI Meezan Mutual Fund	9,530,913	1,247,372	2,956,484	7,821,801	136,294	122,965	(13,329)	32.00	32.15
KSE Meezan Index Fund	70,737	-	70,737	-	-	-	-	-	-
Meezan Dedicated Equity Fund	3,396,951	722,961	916,609	3,203,303	146,516	128,824	(17,692)	34.00	33.69
Meezan Islamic Fund	2,730,593	523,279	2,412,967	840,905	53,225	47,285	(5,940)	12.00	12.36
Meezan Daily Income Fund	-	7,959,908	6,292,876	1,667,032	83,352	83,352	-	22.00	21.80
Meezan Islamic Income Fund	-	4,524,387	4,524,387	-	-	-	-	-	-
Meezan Rozana Amdani Fund	3,548,805	65,727	3,614,532	-	-	-	-	-	-
Total as at June 30, 2022					419,387	382,426	(36,961)	100.00	100.00
Total as at June 30, 2021					647,083	683,177	36,094		
Meezan Strategic Allocation Plan - II									
AI Meezan Mutual Fund	11,986,975	611,134	9,144,900	3,453,209	60,997	54,287	(6,710)	17.00	17.12
KSE Meezan Index Fund	159,765	518,935	296,432	382,268	24,938	24,878	(60)	8.00	7.85
Meezan Dedicated Equity Fund	396,165	678,855	156,516	918,504	39,241	36,939	(2,302)	12.00	11.65
Meezan Islamic Fund	1,579,575	2,703,369	1,999,920	2,283,024	146,525	128,378	(18,147)	40.00	40.48
Meezan Daily Income Fund	-	5,344,788	3,892,266	1,452,522	72,626	72,626	-	23.00	22.90
Meezan Islamic Income Fund	-	2,913,680	2,913,680	-	-	-	-	-	-
Meezan Rozana Amdani Fund	2,266,117	41,413	2,307,530	-	-	-	-	-	-
Total as at June 30, 2022					344,327	317,108	(27,219)	100.00	100.00
Total as at June 30, 2021					455,873	455,168	(705)		

Name of the investee funds	As at July 1, 2021	Purchased / reinvested during the year	Redeemed during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised diminution as at June 30, 2022	Percentage in relation to	
								Net assets of the Plan	Total market value of investments
				(Number of units)			(Rupees in '000)		
							%		
Meezan Strategic Allocation Plan - III									
AI Meezan Mutual Fund	2,701,461	611,134	630,416	2,682,179	47,506	42,166	(5,340)	20.00	19.93
KSE Meezan Index Fund	159,037	95,676	148,464	106,249	7,765	6,915	(850)	3.00	3.27
Meezan Dedicated Equity Fund	3,295,552	-	856,113	2,439,439	114,426	98,105	(16,321)	46.00	46.36
Meezan Islamic Fund	2,541,472	222,191	2,439,213	324,450	20,539	18,244	(2,295)	9.00	8.62
Meezan Daily Income Fund	-	5,097,037	4,173,389	923,648	46,182	46,182	-	22.00	21.82
Meezan Islamic Income Fund	-	2,688,979	2,688,979	-	-	-	-	-	-
Meezan Rozana Amdani Fund	2,609,764	48,418	2,658,182	-	-	-	-	-	-
Total as at June 30, 2022					236,418	211,612	(24,806)	100.00	100.00
Total as at June 30, 2021					473,219	505,400	32,181		
Meezan Strategic Allocation Plan - IV									
AI Meezan Mutual Fund	2,774,152	-	2,255,797	518,355	9,147	8,149	(998)	8.00	7.80
KSE Meezan Index Fund	13,635	-	-	13,635	994	887	(107)	1.00	0.85
Meezan Dedicated Equity Fund	2,371,642	489,045	995,821	1,864,866	84,437	74,998	(9,439)	71.00	71.74
Meezan Islamic Fund	22,508	395,055	417,563	-	-	-	-	-	-
Meezan Daily Income Fund	-	2,160,772	1,750,919	409,853	20,493	20,493	-	20.00	19.61
Meezan Islamic Income Fund	-	1,104,670	1,104,670	-	-	-	-	-	-
Meezan Rozana Amdani Fund	1,081,947	17,598	1,099,545	-	-	-	-	-	-
Total as at June 30, 2022					115,071	104,527	(10,544)	100.00	100.00
Total as at June 30, 2021					188,358	216,718	28,360		
Meezan Strategic Allocation Plan - V									
AI Meezan Mutual Fund	130,368	1,143,543	-	1,273,911	22,301	20,027	(2,274)	41.00	41.26
KSE Meezan Index Fund	28,294	-	-	28,294	2,062	1,842	(220)	4.00	3.80
Meezan Dedicated Equity Fund	898,077	-	529,365	368,712	17,295	14,828	(2,467)	31.00	30.55
Meezan Islamic Fund	26,285	23,826	35,688	14,423	911	811	(100)	2.00	1.67
Meezan Daily Income Fund	-	707,173	486,623	220,550	11,027	11,027	-	22.00	22.72
Meezan Islamic Income Fund	-	374,414	374,414	-	-	-	-	-	-
Meezan Rozana Amdani Fund	302,399	5,816	308,215	-	-	-	-	-	-
Total as at June 30, 2022					53,596	48,535	(5,061)	100.00	100.00
Total as at June 30, 2021					52,227	63,274	11,047		
Meezan Capital Preservation Plan - MCPP - III									
Meezan Dedicated Equity Fund	1,066,315	1,023,559	1,504,231	585,643	25,580	23,552	(2,028)	12.00	11.85
Meezan Rozana Amdani Fund	4,314,182	6,005,207	6,815,529	3,503,860	175,193	175,193	-	88.00	88.15
Meezan Sovereign Fund	-	4,798,410	4,798,410	-	-	-	-	-	-
Total as at June 30, 2022					200,773	198,745	(2,028)	100.00	100.00
Total as at June 30, 2021					264,315	265,726	1,411		
Total investments in units of mutual funds									
AI Meezan Mutual Fund	27,123,869	3,613,183	14,987,597	15,749,455	276,245	247,594	(28,651)	20.00	19.60
KSE Meezan Index Fund	431,468	614,611	515,633	530,446	35,759	34,522	(1,237)	3.00	2.73
Meezan Dedicated Equity Fund	11,424,702	2,914,420	4,958,655	9,380,467	427,495	377,246	(50,249)	30.00	29.88
Meezan Islamic Fund	6,900,433	3,867,720	7,305,351	3,462,802	221,200	194,718	(26,482)	15.00	15.42
Meezan Daily Income Fund	-	21,269,678	16,596,073	4,673,605	233,680	233,680	-	18.00	18.50
Meezan Islamic Income Fund	-	11,606,130	11,606,130	-	-	-	-	-	-
Meezan Rozana Amdani Fund	14,123,214	6,184,179	16,803,533	3,503,860	175,193	175,193	-	14.00	13.87
Meezan Sovereign Fund	-	4,798,410	4,798,410	-	-	-	-	-	-
Total as at June 30, 2022					1,369,572	1,262,953	(106,619)	100.00	100.00

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

		June 30, 2022						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
Remuneration payable	7.1	-	1	-	-	-	-	1
Sindh Sales Tax payable on remuneration of the Management Company	7.2	-	-	-	-	-	-	-
Allocated expenses payable	7.3	34	29	20	10	4	18	115
		<u>34</u>	<u>30</u>	<u>20</u>	<u>10</u>	<u>4</u>	<u>18</u>	<u>116</u>
		June 30, 2021						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
Remuneration payable	7.1	1	-	-	-	1	1	3
Sindh Sales Tax payable on remuneration of the Management Company	7.2	-	-	-	-	-	-	-
Allocated expenses payable	7.3	68	42	46	19	6	24	205
		<u>69</u>	<u>42</u>	<u>46</u>	<u>19</u>	<u>7</u>	<u>25</u>	<u>208</u>

- 7.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2021: 1%) per annum of the daily bank balances of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.
- 7.2 During the year, an amount of Rs 0.008 million (2021: Rs 0.014 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.008 million (2021: Rs 0.015 million) has been paid to the Management Company which acts as a collecting agent.
- 7.3 In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

The Management Company, based on its own discretion, has charged such expenses at the following rates of the respective plans of the Fund during the year ended June 30, 2022, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets	0.10% of the average annual net assets	0.11% of the average annual net assets

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY

		June 30, 2022						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
Remuneration payable	8.1	22	19	12	6	3	11	73
Sindh Sales Tax payable on remuneration of the Trustee	8.2	3	2	2	1	-	2	10
		<u>25</u>	<u>21</u>	<u>14</u>	<u>7</u>	<u>3</u>	<u>13</u>	<u>83</u>
		June 30, 2021						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Note		(Rupees in '000)						
Remuneration payable	8.1	43	27	29	13	4	15	131
Sindh Sales Tax payable on remuneration of the Trustee	8.2	6	4	4	2	-	2	18
		<u>49</u>	<u>31</u>	<u>33</u>	<u>15</u>	<u>4</u>	<u>17</u>	<u>149</u>

- 8.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.070% (2021: 0.070%) of the average annual net assets of the Fund.
- 8.2 During the year, an amount of Rs 0.157 million (2021: Rs 0.241 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 0.165 million (2021: Rs 0.247 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

- 9.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

		June 30, 2022						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
Note		(Rupees in '000)						
	Auditors' remuneration payable	122	90	79	34	13	52	390
	Shariah advisor fee payable	41	33	24	11	5	20	134
	Capital gain tax payable	-	14	5	1	-	-	20
	Withholding tax payable	-	-	-	-	-	1,504	1,504
	Provision for Sindh Workers' Welfare Fund (SWWF)	-	-	-	-	-	-	-
10.1		<u>163</u>	<u>137</u>	<u>108</u>	<u>46</u>	<u>18</u>	<u>1,576</u>	<u>2,048</u>
		June 30, 2021						
		MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total
		(Rupees in '000)						
	Auditors' remuneration payable	114	62	76	46	14	48	360
	Shariah advisor fee payable	38	28	25	15	4	20	130
	Zakat payable	-	-	-	2	-	-	2
	Printing charges payable	155	105	118	132	47	110	667
	Capital gain tax payable	245	2	2	3	46	1	299
	Provision for Sindh Workers' Welfare Fund (SWWF)	-	-	-	-	-	-	-
10.1		<u>9,818</u>	<u>2,806</u>	<u>4,253</u>	<u>3,804</u>	<u>940</u>	<u>1,525</u>	<u>23,146</u>
		<u>10,370</u>	<u>3,003</u>	<u>4,474</u>	<u>4,002</u>	<u>1,051</u>	<u>1,704</u>	<u>24,604</u>

- 10.1 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, is 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 Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 these financial statements of the Fund.

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

12 AUDITORS' REMUNERATION

June 30, 2022						
MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
(Rupees in '000)						
Annual audit fee	136	113	98	29	11	442
Fee for half yearly review of condensed int	52	35	36	14	5	162
Out of pocket expenses	3	2	2	1	0	9
	<u>191</u>	<u>150</u>	<u>136</u>	<u>44</u>	<u>16</u>	<u>613</u>
June 30, 2021						
MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
(Rupees in '000)						
Annual audit fee	122	67	87	55	16	395
Fee for half yearly review of condensed int	45	24	32	24	7	138
Out of pocket expenses	2	1	2	1	-	7
	<u>169</u>	<u>92</u>	<u>121</u>	<u>80</u>	<u>23</u>	<u>540</u>

13 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2022 and June 30, 2021 is as follows:

June 30, 2022						
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII
Total Expense Ratio (TER)	0.28%	0.30%	0.29%	0.28%	0.28%	0.27%
Government levies (included in TER)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
June 30, 2021						
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII
Total Expense Ratio (TER)	0.75%	0.74%	0.80%	0.95%	0.95%	0.39%
Government levies (included in TER)	0.53%	0.51%	0.58%	0.73%	0.72%	0.18%

The above ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a 'Fund of Funds' Scheme.

14 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Fund has incurred net loss during the current year, therefore no provision for taxation has been made in these financial statements.

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.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	June 30, 2022						Total
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	
AI Meezan Investment Management Limited - Management Company							
Remuneration payable (Rs in '000)	-	1	-	-	-	-	1
Sindh Sales Tax payable on remuneration of the Management Company (Rs in '000)	-	-	-	-	-	-	-
Allocated expenses payable (Rs in '000)	34	29	20	10	4	18	115
Meezan Bank Limited							
Balances with bank (Rs in '000)	735	4,682	2,917	538	560	608	10,040
Profit receivable on savings account (Rs in '000)	2	25	8	4	3	5	47
Shariah advisor fee payable (Rs in '000)	41	33	24	11	5	20	134
Central Depository Company of Pakistan Limited - Trustee							
Remuneration payable (Rs in '000)	22	19	12	6	3	11	73
Sindh Sales Tax payable on remuneration of the Trustee (Rs. in '000)	3	2	2	1	-	2	10
Directors and Executives of the Management Company							
Investment (Rs in '000)	-	-	15,491	-	-	-	15,491
Investment (Units)	-	-	369,471	-	-	-	369,471
AI Meezan Mutual Fund							
Investment (Rs in '000)	122,965	54,287	42,166	8,149	20,027	-	247,594
Investment (Units)	7,821,801	3,453,209	2,682,179	518,355	1,273,911	-	15,749,455
KSE Meezan Index Fund							
Investment (Rs in '000)	-	24,878	6,915	887	1,842	-	34,522
Investment (Units)	-	382,268	106,249	13,635	28,294	-	530,446
Meezan Dedicated Equity Fund							
Investment (Rs in '000)	128,824	36,939	98,105	74,998	14,828	23,552	377,246
Investment (Units)	3,203,303	918,504	2,439,439	1,864,866	368,712	585,643	9,380,467
Meezan Islamic Fund							
Investment (Rs in '000)	47,285	128,378	18,244	-	811	-	194,718
Investment (Units)	840,905	2,283,024	324,450	-	14,423	-	3,462,802
Meezan Daily Income Fund							
Investment (Rs in '000)	83,352	72,626	46,182	20,493	11,027	-	233,680
Investment (Units)	1,667,032	1,452,522	923,648	409,853	220,550	-	4,673,605
Meezan Rozana Amdani Fund							
Investment (Rs in '000)	-	-	-	-	-	175,193	175,193
Investment (Units)	-	-	-	-	-	3,503,860	3,503,860
Unitholders holding 10% or more units of the Fund							
Investment (Rs in '000)	120,794	168,235	-	10,765	21,344	23,860	344,998
Investment (Units)	2,752,499	3,876,917	-	249,543	426,776	439,207	7,744,943
AI Meezan Investment Management Limited - Management Company							
Remuneration payable (Rs in '000)	1	-	-	-	1	1	3
Sindh Sales Tax payable on remuneration of the Management Company (Rs in '000)	-	-	-	-	-	-	-
Allocated expenses payable (Rs in '000)	68	42	46	19	6	24	205

	June 30, 2021						
	MSAP - I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Meezan Bank Limited							
Balances with bank (Rs in '000)	1,066	201	51	56	1,389	848	3,611
Profit receivable on savings account (Rs in '000)	5	1	-	1	3	2	12
Shariah advisor fee payable (Rs in '000)	38	28	25	15	4	20	130
Central Depository Company of Pakistan Limited - Trustee							
Remuneration payable (Rs in '000)	43	27	29	13	4	15	131
Sindh Sales Tax payable on remuneration of the Trustee (Rs. in '000)	6	4	4	2	-	2	18
Directors and Executives of the Management Company							
Investment (Rs in '000)	-	-	16,731	-	-	-	16,731
Investment (Units)	-	-	369,471	-	-	-	369,471
AI Meezan Mutual Fund							
Investment (Rs in '000)	168,188	211,529	47,672	48,954	2,300	-	478,643
Investment (Units)	9,530,913	11,986,974	2,701,461	2,774,152	130,368	-	27,123,868
KSE Meezan Index Fund							
Investment (Rs in '000)	5,155	11,642	11,589	994	2,062	-	31,442
Investment (Units)	70,737	159,765	159,037	13,635	28,294	-	431,468
Meezan Dedicated Equity Fund							
Investment (Rs in '000)	159,339	18,583	154,583	111,246	42,126	50,017	535,894
Investment (Units)	3,396,951	396,165	3,295,552	2,371,642	898,077	1,066,315	11,424,702
Meezan Islamic Fund							
Investment (Rs in '000)	173,055	100,108	161,068	1,427	1,666	-	437,324
Investment (Units)	2,730,593	1,579,575	2,541,472	22,508	26,285	-	6,900,433
Meezan Rozana Amdani Fund							
Investment (Rs in '000)	177,440	113,306	130,488	54,097	15,120	215,709	706,160
Investment (Units)	3,548,805	2,266,117	2,609,764	1,081,951	302,399	4,314,182	14,123,218
Unitholders holding 10% or more units of the Fund							
Investment (Rs in '000)	128,852	180,134	50,964	-	17,634	-	377,584
Investment (Units)	2,752,499	3,876,917	1,125,472	-	326,070	-	8,080,958

	For the year ended June 30, 2022						
	MSAP - I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
Transactions during the year							
AI Meezan Investment Management Limited - Management Company							
Remuneration of the Management Company (Rs in '000)	13	8	15	6	6	8	56
Sindh Sales Tax on remuneration of the Management Company (Rs in '000)	2	1	2	1	1	1	8
Allocated expenses (Rs in '000)	595	431	392	167	63	252	1,900
Meezan Bank Limited							
Profit on savings accounts (Rs in '000)	69	56	69	31	21	29	275
Shariah advisor fee (Rs in '000)	90	59	58	23	9	34	273
Central Depository Company of Pakistan Limited - Trustee							
Remuneration of the Trustee (Rs in '000)	379	274	250	106	40	161	1,210
Sindh Sales Tax on remuneration of the Trustee (Rs in '000)	49	36	32	14	5	21	157
AI Meezan Mutual Fund							
Invested during the year (Rs in '000)	20,000	11,000	11,000	-	20,000	-	62,000
Invested during the year (Units)	1,247,372	611,134	611,134	-	1,143,543	-	3,613,183
Redeemed during the year (Rs in '000)	48,500	165,000	11,000	39,680	-	-	264,180
Redeemed during the year (Units)	2,956,484	9,144,900	630,416	2,255,797	-	-	14,987,597

	For the year ended June 30, 2022						Total
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	
Transactions during the year							
KSE Meezan Index Fund							
Invested during the year (Rs in '000)	-	34,937	6,995	-	-	-	41,932
Invested during the year (Units)	-	518,935	95,676	-	-	-	614,611
Redeemed during the year (Rs in '000)	5,048	21,571	11,012	-	-	-	37,631
Redeemed during the year (Units)	70,737	296,432	148,464	-	-	-	515,633
Meezan Dedicated Equity Fund							
Invested during the year (Rs in '000)	30,000	28,000	-	19,902	-	44,000	121,902
Invested during the year (Units)	722,961	678,855	-	489,045	-	1,023,559	2,914,420
Redeemed during the year (Rs in '000)	39,000	7,100	38,500	43,410	23,880	64,350	216,240
Redeemed during the year (Units)	916,609	156,516	856,113	995,821	529,365	1,504,231	4,958,655
Meezan Islamic Fund							
Invested during the year (Rs in '000)	33,048	174,546	14,000	23,000	1,500	-	246,094
Invested during the year (Units)	523,279	2,703,369	222,191	395,055	23,826	-	3,867,720
Redeemed during the year (Rs in '000)	147,350	118,330	151,550	24,202	2,170	-	443,602
Redeemed during the year (Units)	2,412,967	1,999,920	2,439,213	417,563	35,688	-	7,305,351
Meezan Daily Income Fund							
Invested during the year (Rs in '000)	397,995	267,329	254,852	108,039	35,359	-	1,063,574
Invested during the year (Units)	7,959,908	5,344,788	5,097,037	2,160,772	707,173	-	21,269,678
Redeemed during the year (Rs in '000)	314,644	194,613	208,669	87,546	24,331	-	829,803
Redeemed during the year (Units)	6,292,876	3,892,266	4,173,389	1,750,919	486,623	-	16,596,073
Dividend received during the year (Rs. In '000)	7,770	5,564	4,814	1,934	791	-	20,873
Meezan Islamic Income Fund							
Invested during the year (Rs in '000)	240,143	154,744	142,388	58,512	19,830	-	615,617
Invested during the year (Units)	4,524,387	2,913,680	2,688,979	1,104,670	374,414	-	11,606,130
Redeemed during the year (Rs in '000)	241,279	155,719	143,037	58,803	19,928	-	618,766
Redeemed during the year (Units)	4,524,387	2,913,680	2,688,979	1,104,670	374,414	-	11,606,130
Meezan Rozana Amdani Fund							
Invested during the year (Rs in '000)	3,286	2,071	2,421	880	291	300,260	309,209
Invested during the year (Units)	65,727	41,413	48,418	17,598	5,816	6,005,207	6,184,179
Redeemed during the year (Rs in '000)	180,727	115,376	132,909	54,977	15,411	340,776	840,176
Redeemed during the year (Units)	3,614,532	2,307,530	2,658,182	1,099,545	308,215	6,815,529	16,803,533
Dividend received during the year (Rs. In '000)	3,286	2,071	2,421	880	288	13,392	22,338
Meezan Sovereign Fund							
Invested during the year (Rs in '000)	-	-	-	-	-	257,386	257,386
Invested during the year (Units)	-	-	-	-	-	4,798,410	4,798,410
Redeemed during the year (Rs in '000)	-	-	-	-	-	260,528	260,528
Redeemed during the year (Units)	-	-	-	-	-	4,798,410	4,798,410
For the year ended June 30, 2021							
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total
AI Meezan Investment Management Limited - Management Company							
Remuneration of the Management Company (Rs in '00)	34	13	12	19	16	17	111
Sindh Sales Tax on remuneration of the Management Company (Rs in '000)	4	2	2	2	2	2	14
Allocated expenses (Rs in '000)	855	469	580	361	106	364	2,735
Meezan Bank Limited							
Profit on savings accounts (Rs in '000)	80	47	102	66	25	87	407
Shariah advisor fee (Rs in '000)	85	47	57	34	10	36	269
Central Depository Company of Pakistan Limited - Trustee							
Remuneration of the Trustee (Rs in '000)	581	318	394	247	73	248	1,861
Sindh Sales Tax on remuneration of the Trustee (Rs in '000)	76	41	51	32	9	32	241
AI Meezan Mutual Fund							
Invested during the year (Rs in '000)	188,725	274,991	89,359	62,327	6,968	-	622,370
Invested during the year (Units)	10,655,004	15,530,373	5,130,299	3,319,721	399,627	-	35,035,024
Redeemed during the year (Rs in '000)	193,018	282,088	53,474	143,378	7,639	-	679,597
Redeemed during the year (Units)	10,989,924	16,187,399	2,992,304	8,315,963	430,249	-	38,915,839

For the year ended June 30, 2021							
MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
KSE Meezan Index Fund							
Invested during the year (Rs in '000)	5,000	26,000	16,970	5,000	2,000	-	54,970
Invested during the year (Units)	70,915	368,595	229,952	70,915	28,366	-	768,743
Redeemed during the year (Rs in '000)	320	24,811	31,452	31,775	4,033	-	92,391
Redeemed during the year (Units)	4,489	346,356	444,990	453,962	56,589	-	1,306,386
Meezan Dedicated Equity Fund							
Invested during the year (Rs in '000)	-	4,000	19,000	-	-	73,600	96,600
Invested during the year (Units)	-	96,045	423,194	-	-	1,617,588	2,136,827
Redeemed during the year (Rs in '000)	107,310	930	-	14,750	4,830	25,090	152,910
Redeemed during the year (Units)	2,625,619	20,355	-	318,469	103,665	551,273	3,619,381
Meezan Islamic Fund							
Invested during the year (Rs in '000)	287,088	163,817	189,147	45,252	7,195	-	692,499
Invested during the year (Units)	4,804,288	2,683,757	3,001,806	790,608	126,685	-	11,407,144
Redeemed during the year (Rs in '000)	459,548	255,462	552,842	430,252	128,885	-	1,826,989
Redeemed during the year (Units)	7,391,639	4,228,867	9,506,141	7,913,117	2,306,231	-	31,345,995
Meezan Islamic Income Fund							
Invested during the year (Rs in '000)	103,100	56,400	72,900	63,000	18,370	-	313,770
Invested during the year (Units)	1,913,152	1,067,723	1,386,262	1,202,649	350,016	-	5,919,802
Redeemed during the year (Rs in '000)	332,546	187,990	286,958	276,009	73,443	-	1,156,946
Redeemed during the year (Units)	6,111,776	3,485,499	5,365,517	5,223,379	1,387,069	-	21,573,240
Meezan Rozana Amdani Fund							
Invested during the year (Rs in '000)	191,830	118,706	130,858	55,728	15,670	273,463	786,255
Invested during the year (Units)	3,836,605	2,374,117	2,617,164	1,114,551	313,399	5,469,268	15,725,104
Redeemed during the year (Rs in '000)	14,390	5,400	370	1,630	550	57,754	80,094
Redeemed during the year (Units)	287,800	108,000	7,400	32,600	11,000	1,155,086	1,601,886
Dividend received during the year (Rs. In '000)	584	403	390	211	57	4,847	6,492
Meezan Sovereign Fund							
Invested during the year (Rs in '000)	-	-	-	-	-	51,384	51,384
Invested during the year (Units)	-	-	-	-	-	948,831	948,831
Redeemed during the year (Rs in '000)	-	-	-	-	-	490,656	490,656
Redeemed during the year (Units)	-	-	-	-	-	9,052,461	9,052,461

16 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks	10,124	-	10,124
Investments	-	1,262,953	1,262,953
Profit receivable on savings account with banks	47	-	47
	10,171	1,262,953	1,273,124

2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	116	-	116
Payable to Central Depository Company of Pakistan Limited - Trustee	83	-	83
Payable against purchase investments	168	-	168
Dividend payable	1,675	-	1,675
Accrued expenses and other liabilities	524	-	524
	2,566	-	2,566

10,124	-	10,124
-	1,262,953	1,262,953
47	-	47
10,171	1,262,953	1,273,124
116	-	116
83	-	83
168	-	168
1,675	-	1,675
524	-	524
2,566	-	2,566

Financial assets

Balances with banks	3,692	-	3,692
Investments	-	2,189,463	2,189,463
Profit receivable on savings account with banks	12	-	12
	<u>3,704</u>	<u>2,189,463</u>	<u>2,193,167</u>

2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
3,692	-	3,692
-	2,189,463	2,189,463
12	-	12
<u>3,704</u>	<u>2,189,463</u>	<u>2,193,167</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	208	-	208
Payable to Central Depository Company of Pakistan Limited - Trustee	149	-	149
Payable against redemption and conversion of units	710	-	710
Accrued expenses and other liabilities	1,157	-	1,157
	<u>2,224</u>	<u>-</u>	<u>2,224</u>

2021		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
208	-	208
149	-	149
710	-	710
1,157	-	1,157
<u>2,224</u>	<u>-</u>	<u>2,224</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net (loss) / income for the year and net assets of the Fund would have been higher / lower by Rs. 0.101 million (2021: Rs. 0.030 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio 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.

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:

As at June 30, 2022					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments					
----- (Rupees in '000) -----					
Financial assets					
Balances with banks	10,124	-	-	-	10,124
Investments	-	-	-	1,262,953	1,262,953
Profit receivable on savings account with banks	-	-	-	47	47
	10,124	-	-	1,263,000	1,273,124
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	116	116
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	83	83
Payable against purchase investments - net	-	-	-	168	168
Dividend payable	-	-	-	1,675	1,675
Accrued expenses and other liabilities	-	-	-	524	524
	-	-	-	2,566	2,566
On-balance sheet gap	10,124	-	-	1,260,434	1,270,558
Off-balance sheet financial instruments					
	-	-	-	-	-
Off-balance sheet gap					
	-	-	-	-	-
Total profit rate sensitivity gap	10,124	-	-		
Cumulative profit rate sensitivity gap	10,124	10,124	10,124		

As at June 30, 2021					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
On-balance sheet financial instruments					
----- (Rupees in '000) -----					
Financial assets					
Balances with banks	2,999	-	-	693	3,692
Investments	-	-	-	2,189,463	2,189,463
Profit receivable on savings account with banks	-	-	-	12	12
	2,999	-	-	2,190,168	2,193,167
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	208	208
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	149	149
Payable against redemption and conversion of units	-	-	-	710	710
Accrued expenses and other liabilities	-	-	-	1,157	1,157
	-	-	-	2,224	2,224
On-balance sheet gap	2,999	-	-	2,187,944	2,190,943
Off-balance sheet financial instruments					
	-	-	-	-	-
Off-balance sheet gap					
	-	-	-	-	-
Total profit rate sensitivity gap	2,999	-	-		
Cumulative profit rate sensitivity gap	2,999	2,999	2,999		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to price risk arising from the Fund investment in units of open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in Net Asset Value per unit of the investee funds as at June 30, 2022 with all other variables held constant, the total comprehensive income / (loss) of the Fund for the year would increase / decrease by Rs. 12.630 million (2021: Rs. 21.895 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.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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 redemption requests during the year ended June 30, 2022.

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 balances with banks have been included in the maturity grouping of one month:

	2022						Total
	Within 1 month	More than one month and upto three months	More than three months and upto 1 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	10,124	-	-	-	-	-	10,124
Investments	-	-	-	-	-	1,262,953	1,262,953
Profit receivable on savings account with banks	47	-	-	-	-	-	47
	10,171	-	-	-	-	1,262,953	1,273,124
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	116	-	-	-	-	-	116
Payable to Central Depository Company of Pakistan Limited - Trustee	83	-	-	-	-	-	83
Payable against purchase of investments	168	-	-	-	-	-	168
Dividend payable	1,675	-	-	-	-	-	1,675
Accrued expenses and other liabilities	-	524	-	-	-	-	524
	2,042	524	-	-	-	-	2,566
Net financial assets / (liabilities)	8,129	(524)	-	-	-	1,262,953	1,270,558

	2021						Total
	Within 1 month	More than one month and upto three months	More than three months and upto 1 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	3,692	-	-	-	-	-	3,692
Investments	-	-	-	-	-	2,189,463	2,189,463
Profit receivable on savings account with banks	12	-	-	-	-	-	12
	3,704	-	-	-	-	2,189,463	2,193,167
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	208	-	-	-	-	-	208
Payable to Central Depository Company of Pakistan Limited - Trustee	149	-	-	-	-	-	149
Payable against redemption and conversion of units	710	-	-	-	-	-	710
Accrued expenses and other liabilities	-	1,157	-	-	-	-	1,157
	1,067	1,157	-	-	-	-	2,224
Net financial assets / (liabilities)	2,637	(1,157)	-	-	-	2,189,463	2,190,943

17.3 Credit risk

17.3.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. Credit risk arises from deposits with banks and financial institutions and profit receivable on bank deposits.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	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	10,124	10,124	3,692	3,692
Investments	1,262,953	-	2,189,463	-
Profit receivable on savings account with banks	47	47	12	12
	1,273,124	10,171	2,193,167	3,704

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in units of mutual funds, however, are not exposed to credit risk and have been excluded from the above analysis.

17.3.2 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 related profit receivable thereon. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2022	2021
AAA	99.17	98.11
AA+	0.83	1.89
	100.00	100.00

17.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

18 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 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	2022			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)			(Rupees in '000)		
Financial assets ' at fair value through profit or loss'						
Units of open ended mutual funds	-	1,262,953	-	-	2,189,463	-

19 UNITHOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 17, 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.

20 UNIT HOLDING PATTERN OF THE FUND

	MSAP - I			MSAP - I		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	158	175,968	45.97	232	282,534	41.93
Retirement funds	9	81,415	21.26	13	153,778	22.83
Private limited companies	3	123,604	32.28	7	221,755	32.92
Others	1	1,885	0.49	2	15,597	2.32
Total	171	382,872	100.00	254	673,664	100.00

	MSAP - II			MSAP - II		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	175	116,280	36.16	230	190,775	42.18
Retirement funds	4	76,330	23.74	5	85,951	19.01
Private limited companies	2	122,070	37.97	3	149,812	33.13
Others	3	6,841	2.13	7	25,666	5.68
Total	184	321,520	100.00	245	452,203	100.00

	MSAP - III			MSAP - III		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	133	160,458	74.87	175	362,784	72.44
Director	1	15,491	7.23	1	16,731	3.34
Retirement funds	3	38,357	17.90	5	60,842	12.15
Private limited companies	-	-	-	2	60,427	12.07
Total	137	214,306	100.00	183	500,785	100.00

	MSAP - IV			MSAP - IV		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	104	87,034	82.91	151	186,223	87.56
Retirement funds	3	16,196	15.43	3	17,374	8.17
Private limited companies	-	-	-	2	7,207	3.39
Others	1	1,738	1.66	1	1,865	0.88
Total	108	104,968	100.00	157	212,669	100.00

	MSAP - V			MSAP - V		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	40	25,549	52.08	57	34,640	55.10
Retirement funds	3	17,283	35.23	3	18,688	29.72
Private limited companies	-	-	-	1	2,812	4.47
Others	1	6,226	12.69	1	6,732	10.71
Total	44	49,057	100.00	62	62,873	100.00

	MCPPI - III			MCPPI - III		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	165	99,918	50.99	223	144,039	54.40
Retirement funds	7	70,528	35.99	14	84,320	31.85
Others	4	25,521	13.02	10	36,411	13.75
Total	176	195,967	100.00	247	264,770	100.00

21 INVESTMENT COMMITTEE MEMBERS

21.1 Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA Level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA Level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Eight years

21.2 The Fund Manager of the Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are as follows:

- Meezan Asset Allocation Fund;
- Meezan Balanced Fund;
- Meezan Dedicated Equity Fund;
- KSE Meezan Index Fund;
- Meezan Financial Planning Fund of Funds;
- Meezan Strategic Allocation Fund - II; and
- Meezan Strategic Allocation Fund - III

22 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 9, 2021	September 14, 2021	October 11, 2021	February 14, 2022	April 18, 2022	June 9, 2022
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes

23 GENERAL

23.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

24 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2022 by the Board of Directors of the Management Company.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



Al Meezan
Investment Management Ltd.

TRIVOR

Mountain climbing and investments both require risk management to reach heights.

Height 7,577 meters,
belongs to the range Hispar Karakoram.



MEEZAN STRATEGIC ALLOCATION FUND-II (MSAF-II)

Meezan Strategic Allocation Fund-II is a Shariah Compliant scheme which uses active asset allocation strategy to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income / Money Market Collective Investment Schemes and Equity based Collective Investment Schemes.



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

Bank Al Habib Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (+9221) 35156191-94 Fax: (+9221) 35156195
E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Strategic Allocation Fund – II (MSAF – II)

Type of Fund

MSAF – II is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF – II has two Allocation Plans which allow investors to invest according to their risk tolerance levels. These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - MCPP-IV	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - MCPP-V	
Meezan Strategic Allocation Plan - MCPP-VI	
Meezan Strategic Allocation Plan - MCPP-VII	



Pure. Profit.



Performance Table with Benchmark

	Returns - FY22
M CPP IV	-0.79%
Benchmark	-2.21%
M CPP V	6.02%
Benchmark	1.63%
M CPP VI	9.52%
Benchmark	3.65%
M CPP VII	7.30%
Benchmark	2.62%

Meezan Capital Preservation Plan – IV

The Meezan Capital Preservation Plan – IV posted a total loss of Rs. 3 million in FY22. Total gain comprised of realized and unrealized loss on investments of Rs. 35 million. Dividend income and profit on saving account with banks comprised of Rs. 28 million and 0.035 million respectively. After accounting for expenses of Rs. 2.2 million, the Fund posted a net loss of Rs. 5 million. The net assets of the Fund as at June 30, 2022 were Rs. 623 million.

Meezan Capital Preservation Plan – V

The Meezan Capital Preservation Plan – V posted total gain of Rs. 5 million in FY22. Total loss comprised of realized and unrealized loss on investments of Rs. 1 million. Dividend income and profit on saving account with banks comprised of Rs. 5 million and 0.024 million respectively. After accounting for expenses of Rs. 0.26 million, the Fund posted a net income of Rs. 5 million. The net assets of the Fund as at June 30, 2022 were Rs. 63 million.

Meezan Capital Preservation Plan – VI

The Meezan Capital Preservation Plan – VI posted total gain of Rs. 7 million in FY22. Total gain comprised of realized gain on investments of Rs. 1 million. Dividend income and profit on saving account with banks comprised of Rs. 6 million and 0.034 million respectively. After accounting for expenses of Rs. 0.26 million, the Fund posted a net income of Rs. 7 million. The net assets of the Fund as at June 30, 2022 were Rs. 65 million.

Meezan Capital Preservation Plan – VII

The Meezan Capital Preservation Plan – VII posted total gain of Rs. 7 million in FY22. Total gain comprised of realized and unrealized loss on investments of Rs. 0.073 million. Dividend income and profit on saving account with banks comprised of Rs. 6 million and 0.037 million respectively. After accounting for expenses of Rs. 0.29 million, the Fund posted a net income of Rs. 6 million. The net assets of the Fund as at June 30, 2022 were Rs. 40 million.

Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2022 was Rs. 4.00 per unit (8.00%), Rs. 5.15 per unit (10.30%) and Rs. 4.00 per unit (8.00%), in M CPP-V, M CPP-VI & M CPP VII respectively. Total distribution made by the fund was Rs. 4 million, Rs. 6 million & Rs. 3 million in M CPP-V, M CPP-VI & M CPP-VII respectively.



Pure. Profit.



SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by (MCPPIV) amounting to Rs. 3.31 million, (MCPPIV) amounting to Rs. 0.63 million, (MCPPIV) amounting to Rs. 0.39 million, (MCPPIV) amounting to Rs. 0.25 million, and (MCPPIV) amounting to Rs. 0.14 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 (MCPPIV) by 0.43%, (MCPPIV) by 0.66%, (MCPPIV) by 0.44%, (MCPPIV) by 0.24%, and (MCPPIV) by 0.41%. 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)	MCPPIV	MCPPIV	MCPPIV	MCPPIV
	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	218	77	181	170
10,000 - 49,999	64	37	21	22
50,000 - 99,999	12	2	2	2
100,000 - 499,999	19	2	1	1
500,000 and above	2	0	0	0
Total	315	118	205	195

PERFORMANCE TABLE

	June 30, 2022			
	MCPPIV	MCPPIV	MCPPIV	MCPPIV
	(Rupees in '000)			
Net assets (Rs. '000) (ex-distribution)	622,646	62,910	65,095	39,673
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	55.3094	53.5556	53.8257	52.7329
Highest redemption price per unit (Rs.)	57.4496	57.5774	58.9520	56.7037
Lowest redemption price per unit (Rs.)	54.4263	53.5556	53.8257	52.7329
Distribution (%)				
Interim	-	4.00	5.15	4.00
Final				
Date of distribution				
Interim	-	June 30, 2022	June 30, 2022	June 30, 2022
Final				
Income distribution (Rupees in '000)	-	4,443	5,938	2,869
Growth distribution (Rupees in '000)	-	-	-	-
Total return (%)	-0.79%	6.02%	9.52%	7.30%

	June 30, 2021				
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV
	(Rupees in '000)				
Net assets (Rs. '000) (ex-distribution)	766,790	94,420	93,033	104,311	35,274
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	55.7516	54.2898	53.8520	52.8771	52.6736
Highest redemption price per unit (Rs.)	56.5981	54.5844	53.8520	52.8990	52.6736
Lowest redemption price per unit (Rs.)	49.7090	50.2774	50.1326	49.2086	49.0633
Distribution (%)					
Interim	-	0.20	-	-	-
Final					
Date of distribution					
Interim	-	June 30, 2021	-	-	-
Final					
Income distribution (Rupees in '000)	-	174	-	-	-
Growth distribution (Rupees in '000)	-	-	-	-	-
Total return (%)	12.24%	8.18%	7.42%	7.45%	7.36%

	June 30, 2020				
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV
	(Rupees in '000)				
Net assets (Rs. '000) (ex-distribution)	1,112,385	216,363	213,480	135,604	63,871
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	49.6737	50.2777	50.1329	49.2089	49.0635
Highest redemption price per unit (Rs.)	56.0150	56.1642	55.9504	56.4559	55.2446
Lowest redemption price per unit (Rs.)	48.8788	48.6429	48.3177	48.2911	47.4841
Distribution (%)					
Interim	3.20	2.80	0.08	2.00	0.66
Final					
Date of distribution					
Interim	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020
Final	-	-	-	-	-
Income distribution (Rupees in '000)	34,898	5,894	167	2,726	432
Growth distribution (Rupees in '000)	-	-	-	-	-
Total return (%)	2.30%	3.12%	0.43%	0.34%	0.81%

	June 30, 2019				
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV
	(Rupees in '000)				
Net assets (Rs. '000) (ex-distribution)	1,553,048	473,907	384,026	207,412	130,724
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	50.1213	50.1139	49.9586	50.0391	48.9980
Highest offer price per unit (Rs.)	-	51.6771	52.1768	52.6321	51.4117
Lowest offer price per unit (Rs.)	-	51.2922	51.6003	51.6409	52.5342
Highest redemption price per unit (Rs.)	52.2966	51.4761	51.7557	51.9879	50.8117
Lowest redemption price per unit (Rs.)	49.3420	49.6104	49.5973	49.6356	48.6681
Distribution (%)					
Interim	-	-	-	-	-
Final					
Date of distribution					
Interim	-	-	-	-	-
Final					
Income distribution (Rupees in '000)	-	-	-	-	-
Growth distribution (Rupees in '000)	-	-	-	-	-
Total return (%)	0.65%	0.16%	-0.08%	0.08%	-2.00%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor– Meezan Strategic Allocation Fund-II

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2021 to June 30, 2022 was the Third year of operation of Meezan Strategic Allocation Fund-II (MSAF-II) under management of Al Meezan Investment Management Limited (Al Meezan). 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, I have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-II in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-II by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSAF-II for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

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**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND – II

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 Strategic Allocation Fund – II (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 Strategic Allocation Fund - II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund - II (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 794.424 million and balances with banks aggregated to Rs 2.708 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.



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.

AF



- 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: AR202210081T73bG0tBh

**MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT AUGUST 27, 2021 AND JUNE 30, 2022**



Note	As at June 30, 2022					As at August 27, 2021	
	M CPP - IV	M CPP - V	M CPP - VI	M CPP - VII	Total	M CPP - VIII	
(Rupees in '000)							
Assets							
Balances with banks	5	649	518	1,458	83	2,708	21
Investments	6	622,725	63,468	66,596	41,635	794,424	-
Receivable against sale of investments		-	-	-	-	-	31,646
Profit receivable on balances with banks		12	3	9	26	50	12
Total assets		<u>623,386</u>	<u>63,989</u>	<u>68,063</u>	<u>41,744</u>	<u>797,182</u>	<u>31,679</u>
Liabilities							
Payable to AI Meezan Investment Management Limited - Management Company	7	4	-	-	-	4	3
Payable to Central Depository Company of Pakistan Limited - Trustee	8	42	4	4	3	53	2
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	144	16	16	19	195	11
Payable against redemption of units		194	-	-	-	194	60
Dividend payable		-	311	2,054	592	2,957	-
Accrued expenses and other liabilities	10	356	748	894	1,457	3,455	155
		740	1,079	2,968	2,071	6,858	231
Net assets		<u>622,646</u>	<u>62,910</u>	<u>65,095</u>	<u>39,673</u>	<u>790,324</u>	<u>31,448</u>
Unit holders' fund (as per statement attached)		<u>622,646</u>	<u>62,910</u>	<u>65,095</u>	<u>39,673</u>	<u>790,324</u>	<u>31,448</u>
Contingencies and commitments	11						
-----Number of units-----							
Number of units in issue		<u>11,257,504</u>	<u>1,174,662</u>	<u>1,209,366</u>	<u>752,347</u>		<u>628,960</u>
-----Rupees-----							
Net asset value per unit		<u>55.3094</u>	<u>53.5556</u>	<u>53.8257</u>	<u>52.7329</u>		<u>50.0000</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT AUGUST 27, 2021 AND JUNE 30, 2022**

As at June 30, 2021							
Note	M CPP - IV	M CPP - V	M CPP - VI	M CPP - VII	M CPP - VIII	Total	
(Rupees in '000)							
Assets							
Balances with banks	5	587	754	518	349	751	2,959
Investments	6	770,586	94,642	93,190	104,349	34,706	1,097,473
Profit receivable on balances with banks		2	3	1	1	3	10
Total assets		<u>771,175</u>	<u>95,399</u>	<u>93,709</u>	<u>104,699</u>	<u>35,460</u>	<u>1,100,442</u>
Liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	7	73	29	10	10	15	137
Payable to Central Depository Company of Pakistan Limited - Trustee	8	52	7	7	7	2	75
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9	181	30	31	24	10	276
Payable against redemption of units		51	87	62	36	-	236
Dividend payable		-	16	-	-	-	16
Accrued expenses and other liabilities	10	4,028	810	566	311	159	5,874
		<u>4,385</u>	<u>979</u>	<u>676</u>	<u>388</u>	<u>186</u>	<u>6,614</u>
Net assets		<u>766,790</u>	<u>94,420</u>	<u>93,033</u>	<u>104,311</u>	<u>35,274</u>	<u>1,093,828</u>
Unit holders' fund (as per statement attached)		<u>766,790</u>	<u>94,420</u>	<u>93,033</u>	<u>104,311</u>	<u>35,274</u>	<u>1,093,828</u>
Contingencies and commitments	11						
Number of units							
Number of units in issue		<u>13,753,675</u>	<u>1,739,188</u>	<u>1,727,570</u>	<u>1,972,703</u>	<u>669,672</u>	
Rupees							
Net asset value per unit		<u>55.7516</u>	<u>54.2898</u>	<u>53.8520</u>	<u>52.8771</u>	<u>52.6736</u>	

The annexed notes 1 to 24 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN STRATEGIC ALLOCATION FUND - II
INCOME STATEMENT

FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

Note	For the year ended June 30, 2022					For the period from July 01, 2021 to August 27, 2021
	M CPP - IV	M CPP - V	M CPP - VI	M CPP - VII	Total	M CPP - VIII
	(Rupees in '000)					
Income						
Net realised gain / (loss) on sale of investments	2,287	(429)	1,079	430	3,367	-
Dividend income	28,461	5,320	5,856	6,173	45,810	440
Profit on savings accounts with banks	35	24	34	37	130	19
Other income	219	10	8	-	237	-
	31,002	4,925	6,977	6,640	49,544	459
Net unrealised diminution on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	(37,110)	(565)	-	(357)	(38,032)	-
Total (loss) / income	(6,108)	4,360	6,977	6,283	11,512	459
Expenses						
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1 10	6	4	6	26	1
Sindh Sales Tax on remuneration of the Management Company	7.2 1	1	1	1	4	-
Allocated expenses	7.3 794	90	87	103	1,074	6
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1 505	57	56	65	683	4
Sindh Sales Tax on remuneration of the Trustee	8.2 66	7	7	9	89	1
Annual fee to the Securities and Exchange Commission of Pakistan	9 144	16	16	19	195	1
Auditors' remuneration	12 343	40	39	44	466	-
Fees and subscription	218	25	24	28	295	1
Bank and settlement charges	12	6	8	3	29	1
Legal and professional charges	132	16	16	18	182	3
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)	10.1 (3,179)	(611)	(380)	(239)	(4,409)	(136)
Total expenses	(954)	(347)	(122)	57	(1,366)	(118)
Net (loss) / income for the year / period before taxation	(5,154)	4,707	7,099	6,226	12,878	577
Taxation	13 -	-	-	-	-	-
Net (loss) / income for the year / period after taxation	(5,154)	4,707	7,099	6,226	12,878	577
Allocation of net income for the year / period						
Net income for the year / period after taxation	-	4,707	7,099	6,226	18,032	577
Income already paid on units redeemed	-	(1,076)	(1,180)	(3,459)	(5,715)	(49)
	-	3,631	5,919	2,767	12,317	528
Accounting income available for distribution						
- Relating to capital gains	-	-	1,079	430	1,509	-
- Excluding capital gains	-	3,631	4,840	2,337	10,808	528
	-	3,631	5,919	2,767	12,317	528

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - II
INCOME STATEMENT
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

		For the year ended June 30, 2021					
Note	MCP - IV	MCP - V	MCP - VI	MCP - VII	MCP - VIII	Total	
(Rupees in '000)							
Income							
Net realised gain on sale of investments	56,174	6,249	10,017	7,213	3,220	82,873	
Dividend income	10,353	5,724	2,305	2,064	757	21,203	
Profit on savings accounts with banks	66	71	32	10	14	193	
	66,593	12,044	12,354	9,287	3,991	104,269	
Net unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'	42,576	859	-	150	-	43,585	
Total income	109,169	12,903	12,354	9,437	3,991	147,854	
Expenses							
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1	21	10	10	5	52	
Sindh Sales Tax on remuneration of the Management Company	7.2	3	1	1	1	7	
Allocated expenses	7.3	928	153	159	53	1,418	
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	632	105	109	36	967	
Sindh Sales Tax on remuneration of the Trustee	8.2	82	14	14	5	126	
Annual fee to the Securities and Exchange Commission of Pakistan	9	181	30	31	10	276	
Auditors' remuneration	12	301	56	56	18	478	
Fees and subscription		308	71	75	29	535	
Bank and settlement charges		10	6	3	2	27	
Legal and professional charges		35	6	7	2	55	
Provision for Sindh Workers' Welfare Fund (SWWF)	10.1	2,133	249	238	77	2,878	
Total expenses		4,634	701	703	238	6,819	
Net income for the year before taxation		104,535	12,202	11,651	8,894	141,035	
Taxation	13	-	-	-	-	-	
Net income for the year after taxation		104,535	12,202	11,651	8,894	141,035	
Allocation of net income for the year							
Net income for the year after taxation		104,535	12,202	11,651	8,894	141,035	
Income already paid on units redeemed		(20,941)	(5,013)	(5,182)	(1,646)	(34,106)	
		83,594	7,189	6,469	7,248	106,929	
Accounting income available for distribution							
- Relating to capital gains		83,594	7,108	6,469	7,248	106,848	
- Excluding capital gains		-	81	-	-	81	
		83,594	7,189	6,469	7,248	106,929	

The annexed notes 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

	For the year ended June 30, 2022					For the period from July 01, 2021 to August 27, 2021
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
	(Rupees in '000)					
Net (loss) / income for the year / period after taxation	(5,154)	4,707	7,099	6,226	12,878	577
Other comprehensive income for the year / period	-	-	-	-	-	-
Total comprehensive (loss) / income for the year / period	<u>(5,154)</u>	<u>4,707</u>	<u>7,099</u>	<u>6,226</u>	<u>12,878</u>	<u>577</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

Note	For the year ended June 30, 2021					Total
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	
	(Rupees in '000)					
Net income for the year after taxation	104,535	12,202	11,651	8,894	3,753	141,035
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	<u>104,535</u>	<u>12,202</u>	<u>11,651</u>	<u>8,894</u>	<u>3,753</u>	<u>141,035</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

	June 30, 2022			June 30, 2022			June 30, 2022			June 30, 2022			June 30, 2022			For the period from July 01, 2021 to August 27, 2021		
	MCCP - IV			MCCP - V			MCCP - VI			MCCP - VII			Total			MCCP - VIII		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total	Capital value	Accumulated loss	Total
(Rupees in '000)																		
Net assets at the beginning of the year / period	693,203	73,587	766,790	86,523	7,897	94,420	88,017	5,016	93,033	98,911	5,400	104,311	966,654	91,900	1,058,554	36,443	(1,169)	35,274
Issuance of units:																		
MCCP - IV: nil, MCCP - V: 63,947, MCCP - VI: 56,421, MCCP - VII: 35,029 units, MCCP - VIII: 40,092 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	-	-	-	3,472	-	3,472	3,038	-	3,038	1,852	-	1,852	8,362	-	8,362	2,112	-	2,112
- Element of loss	-	-	-	(50)	-	(50)	(4)	-	(4)	(7)	-	(7)	(61)	-	(61)	(107)	-	(107)
Total proceeds on issuance of units	-	-	-	3,422	-	3,422	3,034	-	3,034	1,845	-	1,845	8,301	-	8,301	2,005	-	2,005
Redemption of units:																		
MCCP - IV: 8,640,167, MCCP - V: 2,566,546 MCCP - VI: 2,530,712, MCCP - VII: 782,985 MCCP - VIII: 632,130																		
- Capital value (at net asset value per unit at the beginning of the year / period)	139,165	-	139,165	34,120	-	34,120	30,945	-	30,945	66,381	-	66,381	270,611	-	270,611	4,256	-	4,256
- Element of (income) / loss	(175)	-	(175)	-	1,076	1,076	8	1,180	1,188	-	3,459	3,459	(167)	5,715	5,548	-	49	49
Total payments on redemption of units	138,990	-	138,990	34,120	1,076	35,196	30,953	1,180	32,133	66,381	3,459	69,840	270,444	5,715	276,159	4,256	49	4,305
Total comprehensive (loss) / income for the year / period	-	(5,154)	(5,154)	-	4,707	4,707	-	7,099	7,099	-	6,226	6,226	-	12,878	12,878	-	577	577
Distribution during the year / period	-	-	-	-	(4,443)	(4,443)	-	(5,938)	(5,938)	-	(2,869)	(2,869)	-	(13,250)	(13,250)	-	(2,103)	(2,103)
Net income for the year / period less distribution	-	(5,154)	(5,154)	-	264	264	-	1,161	1,161	-	3,357	3,357	-	(372)	(372)	-	(1,526)	(1,526)
Net assets at the end of the year / period	554,213	68,433	622,646	55,825	7,085	62,910	60,098	4,997	65,095	34,375	5,298	39,673	704,511	85,813	790,324	34,192	(2,744)	31,448
Undistributed income / (accumulated loss) brought forward																		
- Realised income / (loss)		31,011			7,038			5,016			5,250			48,315			(1,169)	
- Unrealised income		42,576			859			-			150			43,585			-	
		73,587			7,897			5,016			5,400			91,900			(1,169)	
Accounting income available for distribution																		
- Relating to capital gains		-			-			1,079			430			1,509			-	
- Excluding capital gains		-			3,631			4,840			2,337			10,808			528	
		-			3,631			5,919			2,767			12,317			528	
Net loss for the year / period		(5,154)			-			-			-			-			-	
Distribution during the year / period		-			(4,443)			(5,938)			(2,869)			(13,250)			(2,103)	
Undistributed income / (accumulated loss) carried forward		68,433			7,085			4,997			5,298			85,813			(2,744)	
Undistributed income / (accumulated loss) carried forward																		
- Realised income / (loss)		105,543			7,650			4,997			5,655			123,845			(2,744)	
- Unrealised loss		(37,110)			(565)			-			(357)			(38,032)			-	
		68,433			7,085			4,997			5,298			85,813			(2,744)	
Net asset value per unit as at the beginning of the year / period																		
Net asset value per unit as at the end of the year / period																		

The annexed notes 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

	June 30, 2021			June 30, 2021			June 30, 2021			June 30, 2021			June 30, 2021			June 30, 2021		
	MCCP - IV			MCCP - V			MCCP - VI			MCCP - VII			MCCP - VIII			Total		
	Capital value	(Accumulated loss) / undistributed income	Total	Capital value	Undistributed income	Total	Capital value	(Accumulated loss) / undistributed income	Total	Capital value	(Accumulated loss) / undistributed income	Total	Capital value	Accumulated loss	Total	Capital value	(Accumulated loss) / undistributed income	Total
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,122,392	(10,007)	1,112,385	215,481	882	216,363	214,933	(1,453)	213,480	137,452	(1,848)	135,604	67,469	(3,598)	63,871	1,757,727	(16,024)	1,741,703
Issuance of units:																		
MCCP - IV: nil, MCCP - V: 2,381																		
MCCP - VI: nil, MCCP - VII: nil, MCCP - VIII: nil																		
- Capital value (at net asset value per unit at the beginning of the year)	-	-	-	120	-	120	-	-	-	-	-	-	-	-	-	120	-	120
- Element of income	-	-	-	9	-	9	-	-	-	-	-	-	-	-	-	9	-	9
Total proceeds on issuance of units	-	-	-	129	-	129	-	-	-	-	-	-	-	-	-	129	-	129
Redemption of units:																		
MCCP - IV: 8,640,167, MCCP - V: 2,566,546																		
MCCP - VI: 2,530,712, MCCP - VII: 782,985																		
MCCP - VIII: 632,130																		
- Capital value (at net asset value per unit at the beginning of the year)	429,189	-	429,189	129,040	-	129,040	126,872	-	126,872	38,530	-	38,530	31,014	-	31,014	754,645	-	754,645
- Element of loss	-	20,941	20,941	47	5,013	5,060	44	5,182	5,226	11	1,646	1,657	12	1,324	1,336	114	34,106	34,220
Total payments on redemption of units	429,189	20,941	450,130	129,087	5,013	134,100	126,916	5,182	132,098	38,541	1,646	40,187	31,026	1,324	32,350	754,759	34,106	788,865
Total comprehensive income for the year	-	104,535	104,535	-	12,202	12,202	-	11,651	11,651	-	8,894	8,894	-	3,753	3,753	-	141,035	141,035
Distribution during the year	-	-	-	-	(174)	(174)	-	-	-	-	-	-	-	-	-	-	(174)	(174)
Net income for the year less distribution	-	104,535	104,535	-	12,028	12,028	-	11,651	11,651	-	8,894	8,894	-	3,753	3,753	-	140,861	140,861
Net assets at the end of the year	693,203	73,587	766,790	86,523	7,897	94,420	88,017	5,016	93,033	98,911	5,400	104,311	36,443	(1,169)	35,274	1,003,097	90,731	1,093,828
(Accumulated loss) / undistributed income brought forward																		
- Realised (loss) / income		(9,537)			805			(1,529)			(1,897)			(3,621)			(15,779)	
- Unrealised (loss) / income		(470)			77			76			49			23			(245)	
		(10,007)			882			(1,453)			(1,848)			(3,598)			(16,024)	
Accounting income available for distribution																		
- Relating to capital gains	83,594	-	83,594	7,108	-	7,108	6,469	-	6,469	7,248	-	7,248	2,429	-	2,429	106,848	-	106,848
- Excluding capital gains	-	-	-	81	-	81	-	-	-	-	-	-	-	-	-	81	-	81
	83,594	-	83,594	7,189	-	7,189	6,469	-	6,469	7,248	-	7,248	2,429	-	2,429	106,929	-	106,929
Distribution during the year	-	-	-	-	(174)	(174)	-	-	-	-	-	-	-	-	-	-	(174)	(174)
Undistributed income / (accumulated loss) carried forward																		
	73,587	-	73,587	7,897	-	7,897	5,016	-	5,016	5,400	-	5,400	(1,169)	-	(1,169)	90,731	-	90,731
Undistributed income / (accumulated loss) carried forward																		
- Realised income / (loss)	31,011	-	31,011	7,038	-	7,038	5,016	-	5,016	5,250	-	5,250	(1,169)	-	(1,169)	47,146	-	47,146
- Unrealised income	42,576	-	42,576	859	-	859	-	-	-	150	-	150	-	-	-	43,585	-	43,585
	73,587	-	73,587	7,897	-	7,897	5,016	-	5,016	5,400	-	5,400	(1,169)	-	(1,169)	90,731	-	90,731
			Rupees			Rupees			Rupees			Rupees			Rupees			Rupees
Net asset value per unit as at the beginning of the year			49.6737			50.2777			50.1329			49.2089			49.0635			52.8771
Net asset value per unit as at the end of the year			55.7516			54.2898			53.8520			52.8771			52.6736			

The annexed notes 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN STRATEGIC ALLOCATION FUND - II
CASH FLOW STATEMENT
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

	For the year ended June 30, 2022					For the period from July 01, 2021 to August 27, 2021
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
Note	(Rupees in '000)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Net (loss) / income for the year / period before taxation	(5,154)	4,707	7,099	6,226	12,878	577
Adjustment for:						
Net unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss'	6.1 37,110	565	-	357	38,032	-
	31,956	5,272	7,099	6,583	50,910	577
Decrease in assets						
Investments - net	110,751	30,609	26,594	62,357	230,311	34,706
Receivable against sale of investments	-	-	-	-	-	(31,646)
Profit receivable on balances with banks	(10)	-	(8)	(25)	(43)	(9)
	110,741	30,609	26,586	62,332	230,268	3,051
Increase / (decrease) in liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	(69)	(29)	(10)	(10)	(118)	(12)
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	(3)	(3)	(4)	(20)	-
Payable to the Securities and Exchange Commission of Pakistan (SECP)	(37)	(14)	(15)	(5)	(71)	1
Accrued expenses and other liabilities	(3,672)	(62)	328	1,146	(2,260)	(4)
	(3,788)	(108)	300	1,127	(2,469)	(15)
Net cash generated from operating activities	138,909	35,773	33,985	70,042	278,709	3,613
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance and conversion of units	-	3,422	3,034	1,845	8,301	2,005
Payments against redemption and conversion of units	(138,847)	(35,283)	(32,195)	(69,876)	(276,201)	(4,245)
Dividend paid	-	(4,148)	(3,884)	(2,277)	(10,309)	(2,103)
Net cash used in financing activities	(138,847)	(36,009)	(33,045)	(70,308)	(278,209)	(4,343)
Net (decrease) / increase in cash and cash equivalents during the year	62	(236)	940	(266)	500	(730)
Cash and cash equivalents at the beginning of the year	587	754	518	349	2,208	751
Cash and cash equivalents at the end of the year	5 649	518	1,458	83	2,708	21

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - II
CASH FLOW STATEMENT
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

		For the year ended June 30, 2021					
		MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
Note		(Rupees in '000)					
CASH FLOWS FROM OPERATING ACTIVITIES							
Net income for the year before taxation		104,535	12,202	11,651	8,894	3,753	141,035
Adjustment for:							
Net unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss'	6.1	(42,576)	(859)	-	(150)	-	(43,585)
		61,959	11,343	11,651	8,744	3,753	97,450
Decrease in assets							
Investments - net		391,685	123,943	120,026	32,917	29,123	697,694
Receivable against sale of investments		1,190	3,120	-	100	-	4,410
Profit receivable on balances with banks		116	43	45	26	17	247
		392,991	127,106	120,071	33,043	29,140	702,351
(Decrease) / increase in liabilities							
Payable to AI Meezan Investment Management Limited - Management Company		(22)	11	(9)	(2)	(3)	(25)
Payable to Central Depository Company of Pakistan Limited - Trustee		(20)	(8)	(7)	(2)	(2)	(39)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(84)	(36)	(26)	(10)	(8)	(164)
Accrued expenses and other liabilities		(2,042)	(567)	285	(75)	8	(2,391)
		(2,168)	(600)	243	(89)	(5)	(2,619)
Net cash generated from operating activities		452,782	137,849	131,965	41,698	32,888	797,182
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts against issuance and conversion of units		-	129	-	-	-	129
Payments against redemption and conversion of units		(451,371)	(138,621)	(132,114)	(40,282)	(32,460)	(794,848)
Dividend paid		(2,190)	(902)	(25)	(1,242)	(16)	(4,375)
Net cash used in financing activities		(453,561)	(139,394)	(132,139)	(41,524)	(32,476)	(799,094)
Net (decrease) / increase in cash and cash equivalents during the year		(779)	(1,545)	(174)	174	412	(1,912)
Cash and cash equivalents at the beginning of the year		1,366	2,299	692	175	339	4,871
Cash and cash equivalents at the end of the year	5	587	754	518	349	751	2,959

The annexed notes 1 to 24 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



MEEZAN STRATEGIC ALLOCATION FUND - II
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AUGUST 27, 2021 AND YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Strategic Allocation Fund - II (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed under the Trust Act, 1882 on January 15, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on December 14, 2017 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Fund is registered as a notified entity under the NBFC Regulations issued through S.R.O.1203(I)/2008 on October 10, 2016. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah e Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund was required to be registered under the Sindh Trust Act. Accordingly, on September 2, 2021 the above-mentioned Trust Deed has been registered under the Sindh Trust

1.2 The Fund has been formed to enable the unit holders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. 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.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of SECP after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unit holders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.

1.4 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.

1.5 The Management Company has been assigned a quality rating of 'AM1' by VIS dated December 27, 2021 (2021: AM1 dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.6 The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Capital Preservation Plan - IV (M CPP - IV), Meezan Capital Preservation Plan - V (M CPP - V), Meezan Capital Preservation Plan - VI (M CPP - VI), Meezan Capital Preservation Plan - VII (M CPP - VII) and Meezan Capital Preservation Plan - VIII (M CPP - VIII) by investing in Shariah compliant Fixed Income / Money Market and Equity Mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of the SECP. A brief description of the plans is as follows:

<p>Meezan Capital Preservation Plan - IV (M CPP - IV)</p>	<p>Medium risk - High return through asset allocation This allocation plan commenced its operations from March 06, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan was two and a half years from the close of the subscription period (i.e. April 30, 2018). However, the SECP has approved extension and in accordance with such extension granted vide its letter No. SCD/AMCW/MSAFII/97/2020 dated October 28, 2020, the plan shall mature on October 30, 2022. Units shall be subject to front end load.</p>
<p>Meezan Capital Preservation Plan - V (M CPP - V)</p>	<p>Medium risk - High return through asset allocation This allocation plan commenced its operations from May 04, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan was two and a half years from the close of the subscription period (i.e. July 6, 2018). However, the SECP has approved extension and in accordance with such extension granted vide its letter No. SCD/AMCW/MSAFII/157/2021 dated November 26, 2021, the plan shall mature on January 5, 2023. Units shall be subject to front end load.</p>

Meezan Capital Preservation Plan - VI (MCP - VI)	<p>Medium risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from July 10, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan was two and a half years from the close of the subscription period (i.e. September 14, 2018). However, the SECP has approved extension and in accordance with such extension granted vide letter No. SCD/AMCW/MSAFII/270/2022 dated March 9, 2022, the plan shall now mature on March 17, 2023. Units shall be subject to front end load.</p>
Meezan Capital Preservation Plan - VII (MCP - VII)	<p>Medium risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from September 26, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period (i.e. December 5, 2018). However, the SECP has approved extension and in accordance with such extension granted vide letter No. SCD/AMCW/MSAFII/338/2022 dated May 14, 2022, the plan shall now mature on June 5, 2023. Units shall be subject to front end load.</p>
Meezan Capital Preservation Plan - VIII (MCP - VIII)	<p>Medium risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from December 17, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan was two and a half years from the close of the subscription period i.e. February 2019. Units shall be subject to front end load.</p>

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

- 1.7 During the current year, Meezan Capital Preservation Plan - VIII (MCP - VIII) matured on August 27, 2021 as per the provisions of the offering document.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

3 BASIS OF PREPARATION

3.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in conformity with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new and amended standards, interpretations and amendments 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 impact on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and 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 the 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 classified as 'at fair value through profit or loss' and which are measured at fair value.

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 Rupees, which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.2 Classification

4.3.2.1 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL)

based on the business model of the entity.

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets at 'fair value through profit or loss'

Basis of valuation in the units of mutual funds

The investments of the Fund in the Collective Investment Scheme are valued on the basis of daily net assets value (NAV) announced by the Management Company.

The fair value of financial instruments i.e. investment in mutual funds is based on their Net Asset Value (NAV) at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.4 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.

4.3.5 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.

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 arising 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 value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss arising on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the 'Statement of Assets and Liabilities' when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

4.7 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.8 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issue and redemption of units

Units issued are recorded at the offer price of each allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the applications are received. The offer price of each allocation plan represents the Net Assets Value (NAV) of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the NAV as on the close of the business day, less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders' fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

4.13 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.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. 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.

4.15 Earnings per unit

Earnings per unit is calculated by dividing the net income for the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings 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.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

		As at 30 June, 2022					As at August 27, 2021
Note	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII	
(Rupees in '000)							
Balances with banks in:							
- Savings accounts	5.1	649	518	1,458	83	2,708	21
		As at June 30, 2021					
Note	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total	
(Rupees in '000)							
Balances with banks in:							
- Saving accounts	5.1	577	754	518	349	751	2,949
- Current accounts		10	-	-	-	-	10
		587	754	518	349	751	2,959

- 5.1 These include a balance of Rs 2.684 million (2021: Rs 2.939 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other savings accounts of the Fund have an expected rate of profit of 5.26% (2021: 3.86%) per annum.

6 INVESTMENTS

		As at 30 June, 2022					As at August 27, 2021
Note	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII	
(Rupees in '000)							
Investments - 'at fair value through profit or loss'							
Units of open ended mutual funds	6.1	622,725	63,468	66,596	41,635	794,424	-

Note	As at June 30, 2021					
	M CPP - IV	M CPP - V	M CPP - VI	M CPP - VII	Total	M CPP - VIII
	(Rupees in '000)					

Investments - 'at fair value through profit or loss'

Units of open ended mutual funds	6.1	<u>770,586</u>	<u>94,642</u>	<u>93,190</u>	<u>104,349</u>	<u>34,706</u>	<u>1,097,473</u>
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6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of Investee Funds	As at July 1, 2021	Purchased / reinvested during the year	Redeemed 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,	Percentage in relation to	
	(Number of units)				(Rupees in '000)			Net assets of the Plan	Total market value of investments
								(Percentage)	
Meezan Capital Preservation Plan - IV									
Meezan Dedicated Equity Fund	7,491,425	86,412	2,024,543	5,553,294	260,442	223,332	(37,110)	35.87	35.86
Meezan Rozana Amdani Fund	8,383,770	11,260,797	11,656,707	7,987,860	399,393	399,393	-	64.14	64.14
Meezan Sovereign Fund	-	9,205,562	9,205,562	-	-	-	-	-	-
					659,835	622,725	(37,110)	100.01	100.00
Meezan Capital Preservation Plan - V									
Meezan Dedicated Equity Fund	329,431	386,947	543,088	173,290	7,534	6,969	(565)	11.08	10.98
Meezan Rozana Amdani Fund	1,583,794	2,780,922	3,234,745	1,129,971	56,499	56,499	-	89.81	89.02
Meezan Sovereign Fund*	-	2,375,613	2,375,609	4	-	-	-	-	-
					64,033	63,468	(565)	100.89	100.00
Meezan Capital Preservation Plan - VI									
Meezan Rozana Amdani Fund	1,863,801	2,484,267	3,016,155	1,331,913	66,596	66,596	-	102.31	100.00
Meezan Sovereign Fund	-	2,417,989	2,417,989	-	-	-	-	-	-
					66,596	66,596	-	102.31	100.00
Meezan Capital Preservation Plan - VII									
Meezan Dedicated Equity Fund	181,851	198,453	316,179	64,125	2,936	2,579	(357)	6.50	6.19
Meezan Rozana Amdani Fund	1,916,378	3,161,311	4,296,570	781,119	39,056	39,056	-	98.44	93.81
Meezan Sovereign Fund	-	2,755,659	2,755,659	-	-	-	-	-	-
					41,992	41,635	(357)	104.94	100.00
Meezan Capital Preservation Plan - VIII									
Meezan Rozana Amdani Fund	694,122	8,804	702,926	-	-	-	-	-	-
					-	-	-	-	-
Total investments in units of mutual funds (2022)									
Meezan Dedicated Equity Fund	8,002,707	671,812	2,883,810	5,790,709	270,912	232,880	(38,032)		
Meezan Rozana Amdani Fund	14,441,865	19,696,101	22,907,103	11,230,863	561,544	561,544	-		
Meezan Sovereign Fund*	-	16,754,823	16,754,819	4	-	-	-		
					832,456	794,424	(38,032)		
Total as at June 30, 2022					1,053,888	1,097,473	43,585		

*Nil due to rounding off

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Note	As at 30 June, 2022					As at August 27, 2021
	M CPP - IV	M CPP - V	M CPP - VI	M CPP - VII	Total	M CPP - VIII
	(Rupees in '000)					
Remuneration payable	7.1	-	-	-	-	-
Sindh Sales Tax payable on remuneration	7.2	-	-	-	-	-
Allocated expenses payable	7.3	4	-	-	4	3
		<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>3</u>

		As at June 30, 2021					
		MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
Note		(Rupees in '000)					
Remuneration payable	7.1	2	1	1	1	11	16
Sindh Sales Tax payable on remuneration	7.2	-	-	-	-	1	1
Allocated expenses payable	7.3	71	28	9	9	3	120
		<u>73</u>	<u>29</u>	<u>10</u>	<u>10</u>	<u>15</u>	<u>137</u>

- 7.1** As per Regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2021: 1%) per annum of the average annual net assets of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.
- 7.2** During the year, an amount of Rs 0.004 million (2021: Rs 0.007 million) was charged on account of sales tax on remuneration for the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 0.005 million (2021: Rs 0.009 million) has been paid to the Management Company which acts as a collecting agent.
- 7.3** 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).

Rate applicable from July 1, 2021 to June 30, 2022	Rate applicable from July 1, 2020 to March 9, 2021	Rate applicable from March 10, 2021 to June 30, 2021
0.11% of the average annual net assets of the Fund	0.10% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

		As at 30 June, 2022					As at August 27, 2021
		MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
Note		(Rupees in '000)					
Remuneration payable	8.1	37	4	4	3	48	2
Sindh Sales Tax payable on Remuneration of the Trustee	8.2	5	-	-	-	5	-
		<u>42</u>	<u>4</u>	<u>4</u>	<u>3</u>	<u>53</u>	<u>2</u>

		As at June 30, 2021					
		MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
Note		(Rupees in '000)					
Remuneration payable	8.1	46	6	6	6	2	66
Sindh Sales Tax payable on Remuneration of the Trustee	8.2	6	1	1	1	-	9
		<u>52</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>2</u>	<u>75</u>

- 8.1** The Trustee is entitled to monthly remuneration of 0.070% (2021: 0.070%) per annum of average net assets for services rendered to the Fund under the provisions of the Trust Deed.
- 8.2** During the year, an amount of Rs 0.09 million (2021: Rs 0.126 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 0.073 million (2021: Rs 0.131 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2021: 0.02%) of the average annual net assets of the Fund.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

		As at 30 June, 2022					As at August 27, 2021
		MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
Note		----- (Rupees in '000) -----					
	Auditors' remuneration payable	231	26	25	36	318	13
	Withholding tax payable	-	711	848	431	1,990	99
	Shariah advisor fee payable	100	10	10	12	132	6
	Provision for Sindh Workers' Welfare Fund (SWWF)	-	-	-	-	-	-
10.1		-	-	-	-	-	-
	Capital gain tax payable	25	1	11	978	1,015	13
	Zakat payable	-	-	-	-	-	24
		<u>356</u>	<u>748</u>	<u>894</u>	<u>1,457</u>	<u>3,455</u>	<u>155</u>

		As at June 30, 2021					
		MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
Note		----- (Rupees in '000) -----					
	Auditors' remuneration payable	209	34	36	35	12	326
	Withholding tax payable	16	29	-	-	-	45
	Shariah advisor fee payable	105	13	14	13	5	150
	Printing charges payable	212	9	8	-	2	231
	Provision for Sindh Workers' Welfare Fund (SWWF)	-	-	-	-	-	-
10.1		3,179	611	380	239	136	4,545
	Capital gain tax payable	307	59	80	24	4	474
	Zakat payable	-	55	48	-	-	103
		<u>4,028</u>	<u>810</u>	<u>566</u>	<u>311</u>	<u>159</u>	<u>5,874</u>

10.1 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, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to 2% of such income. The matter was taken up by the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 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 20, 2019 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 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

12 AUDITORS' REMUNERATION

	For the year ended June 30, 2022					For the period from July 01, 2021 to August 27, 2021
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
	(Rupees in '000)					
Annual audit fee	254	29	29	32	344	-
Fee for half yearly review of condensed interim financial statements	89	11	10	12	122	-
	<u>343</u>	<u>40</u>	<u>39</u>	<u>44</u>	<u>466</u>	<u>-</u>
	(Rupees in '000)					
	For the year ended June 30, 2021					
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
	(Rupees in '000)					
Annual audit fee	230	43	43	32	14	362
Fee for half yearly review of condensed interim financial statements	71	13	13	15	4	116
	<u>301</u>	<u>56</u>	<u>56</u>	<u>47</u>	<u>18</u>	<u>478</u>

13 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since MCPP - IV has incurred a net loss during the year and the management has distributed the required minimum percentage of income earned by the Plans: MCPP - V, MCPP - VI, MCPP VII, MCPP - VIII for the year ended June 30, 2022 and period ended August 27, 2021 to the unitholders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2022 are;

	June 30, 2022				
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	
Total Expense Ratio (including government levies)	0.31%	0.32%	0.32%	0.32%	
Government levies	0.03%	0.03%	0.03%	0.03%	
	June 30, 2021				
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII
Total Expense Ratio (including government levies)	0.51%	0.47%	0.45%	0.45%	0.46%
Government levies	0.27%	0.19%	0.18%	0.18%	0.18%

This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorised as a Fund of Funds Scheme.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, other collective investment schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates. 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.

Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.

Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

Detail of transactions with connected persons / related parties and balances with them are as follows:

Balances	As at 30 June, 2022					As at August 27, 2021
	M CPP - IV	M CPP - V	M CPP - VI	M CPP - VII	Total	M CPP - VIII
AI Meezan Investment Management Limited - Management Company						
Remuneration payable to the Management Company (Rs in '000)	-	-	-	-	-	-
Sindh Sales Tax payable on remuneration of the Management Company (Rs in '000)	-	-	-	-	-	-
Allocated expenses payable (Rs in '000)	4	-	-	-	4	3
Meezan Bank Limited						
Bank balance (Rs in '000)	637	506	1,458	83	2,684	21
Profit receivable on savings accounts (Rs. in '000)	12	3	9	26	50	12
Central Depository Company of Pakistan Limited - Trustee						
Remuneration payable (Rs. in '000)	37	4	4	3	48	2
Sindh Sales Tax payable on remuneration of the Trustee (Rs. in '000)	5	-	-	-	5	-
Directors and Executives of the Management Company						
Investment (Rs in '000)	5,669	-	-	-	5,669	-
Investment (Units)	102,501	-	-	-	102,501	-
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	223,332	6,969	-	2,579	232,880	-
Investment (Units)	5,553,294	173,290	-	64,125	5,790,709	-
Meezan Rozana Amdani Fund						
Investment (Rs in '000)	399,393	56,499	66,596	39,056	561,544	-
Investment (Units)	7,987,860	1,129,971	1,331,913	781,119	11,230,863	-
Meezan Sovereign Fund *						
Investment (Rs in '000)	-	-	-	-	-	-
Investment (Units)	-	4	-	-	4	-
Unit holders holding 10% or more units of the Fund						
Investment (Rs in '000)	254,632	8,740	12,504	14,654	290,530	-
Investment (Units)	4,603,771	163,202	232,300	277,892	5,277,165	-

*Nil due to rounding off

Balances	As at June 30, 2021					
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
AI Meezan Investment Management Limited - Management Company						
Remuneration payable to the Management Company (Rs in '000)	2	1	1	1	11	16
Sindh Sales Tax payable on remuneration of the Management Company (Rs in '000)	-	-	-	-	1	1
Allocated expenses payable (Rs in '000)	71	28	9	9	3	120
Meezan Bank Limited						
Bank balance (Rs in '000)	577	744	518	349	751	2,939
Profit receivable on savings accounts (Rs in '000)	2	4	1	1	3	11
Central Depository Company of Pakistan Limited - Trustee						
Remuneration payable (Rs in '000)	46	6	6	6	2	66
Sindh Sales Tax payable on remuneration of the Trustee (Rs in '000)	6	1	1	1	-	9
Directors and Executives of the Management Company						
Investment (Rs in '000)	5,715	-	-	-	-	5,715
Investment (Units)	102,501	-	-	-	-	102,501
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	351,398	15,452	-	8,530	-	375,380
Investment (Units)	7,491,424	329,430	-	181,851	-	8,002,705
Meezan Rozana Amdani Fund						
Investment (Rs in '000)	419,188	79,190	93,190	95,819	34,706	722,093
Investment (Units)	8,383,764	1,583,794	1,863,802	1,916,379	694,122	14,441,861
Unit holders holding 10% or more units of the Fund						
Investment (Rs in '000)	188,223	-	12,510	52,196	3,371	256,300
Investment (Units)	3,376,099	-	232,300	987,119	63,996	4,659,514

Transactions during the year / period	For the year ended June 30, 2022					For the period from July 01, 2021 to August 27, 2021
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
AI Meezan Investment Management Limited - Management Company						
Remuneration of the Management Company (Rs in '000)	10	6	4	6	26	1
Sindh Sales Tax on remuneration of the Management Company (Rs in '000)	1	1	1	1	4	-
Allocated expenses (Rs in '000)	794	90	87	103	1,074	6
Meezan Bank Limited						
Profit on saving account (Rs in '000)	34	23	34	37	128	-

Transactions during the year / period	For the year ended June 30, 2022					For the period from July 01, 2021 to August 27, 2021
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	Total	MCPP - VIII
Central Depository Company of Pakistan Limited - Trustee						
Remuneration of the Trustee (Rs. in '000)	505	57	56	65	683	4
Sindh Sales Tax on remuneration of the Trustee (Rs in '000)	66	7	7	9	89	1
Meezan Dedicated Equity Fund						
Invested during the year / period (Rs. in '000)	4,000	16,800	-	9,000	29,800	-
Invested during the year / period (Units)	86,412	386,947	-	198,453	671,812	-
Redeemed during the year / period (Rs. in '000)	89,720	23,300	-	13,700	126,720	-
Redeemed during the year / period (Units)	2,024,543	543,088	-	316,179	2,883,810	-
Meezan Sovereign Fund						
Invested during the year / period (Rs. in '000)	492,845	127,777	129,998	148,148	898,768	-
Invested during the year / period (Units)	9,205,562	2,375,613	2,417,989	2,755,659	16,754,823	-
Redeemed during the year / period (Rs. in '000)	500,368	128,767	131,077	149,473	909,684	-
Redeemed during the year / period (Units)	9,205,562	2,375,609	2,417,989	2,755,659	16,754,819	-
Meezan Rozana Amadani Fund						
Invested during the year / period (Rs. in '000)	563,040	139,046	124,213	158,066	984,364	440
Invested during the year / period (Units)	11,260,797	2,780,922	2,484,267	3,161,311	19,687,297	8,804
Redeemed during the year / period (Rs. in '000)	582,835	161,737	150,808	214,828	1,110,208	35,146
Redeemed during the year / period (Units)	11,656,707	3,234,745	3,016,155	4,296,570	22,204,177	702,926
Dividend received during the year / period (Rs. in '000)	28,461	5,320	5,856	6,173	45,810	440
Dividend received during the year / period (Units)	569,228	106,391	117,128	123,453	916,200	8,804

Transactions during the year	For the year ended June 30, 2021					Total
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	Total
AI Meezan Investment Management Limited - Management Company						
Remuneration of the Management Company (Rs in '000)	21	10	10	6	5	52
Sindh Sales Tax on remuneration of the Management Company (Rs in '000)	3	1	1	1	1	7
Allocated expenses (Rs in '000)	928	153	159	125	53	1,418
Meezan Bank Limited						
Profit on saving account (Rs in '000)	66	71	32	10	14	193
Central Depository Company of Pakistan Limited - Trustee						
Remuneration of the Trustee (Rs in '000)	632	105	109	85	36	967
Sindh Sales Tax on remuneration of the Trustee (Rs in '000)	82	14	14	11	5	126
Meezan Dedicated Equity Fund						
Invested during the year (Rs. in '000)	449,182	30,750	-	9,100	-	489,032
Invested during the year (Units)	10,961,236	710,138	-	197,472	-	11,868,847
Redeemed during the year (Rs. in '000)	186,632	16,716	-	750	-	204,098
Redeemed during the year (Units)	4,477,210	380,708	-	15,621	-	4,873,538

Transactions during the year	For the year ended June 30, 2021					Total
	MCPP - IV	MCPP - V	MCPP - VI	MCPP - VII	MCPP - VIII	
Meezan Cash Fund						
Invested during the year (Rs. in '000)	165,000	29,000	-	-	-	194,000
Invested during the year (Units)	3,239,124	569,301	-	-	-	3,808,424
Redeemed during the year (Rs. in '000)	165,077	29,014	-	-	-	194,091
Redeemed during the year (Units)	3,239,124	569,301	-	-	-	3,808,425
Meezan Sovereign Fund						
Invested during the year (Rs. in '000)	352,575	146,752	25,414	20,331	10,171	555,242
Invested during the year (Units)	6,613,909	2,725,069	470,015	376,011	188,101	10,373,104
Redeemed during the year (Rs. in '000)	1,482,095	370,154	248,647	164,630	77,219	2,342,745
Redeemed during the year (Units)	27,659,202	6,948,860	4,606,308	3,036,001	1,426,344	43,676,715
Meezan Rozana Amdani Fund						
Invested during the year (Rs. in '000)	741,073	286,238	131,214	116,850	45,377	1,320,751
Invested during the year (Units)	14,821,458	5,724,751	2,624,278	2,337,000	907,536	26,415,023
Redeemed during the year (Rs. in '000)	321,885	207,048	38,024	21,031	10,671	598,658
Redeemed during the year (Units)	6,437,694	4,140,957	760,476	420,621	213,414	11,973,163
Dividend received during the year (Rs. in '000)	10,353	5,724	2,305	2,064	757	21,203
Dividend received during the year (Units)	1,035,325	114,484	46,109	41,283	15,146	1,252,347

16 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2022			As at June 30, 2021		
	At amortised cost	At fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)			(Rupees in '000)		
Financial assets						
Balances with banks	2,708	-	2,708	2,959	-	2,959
Investments	-	794,424	794,424	-	1,097,473	1,097,473
Profit receivable on balances with banks	50	-	50	10	-	10
	2,758	794,424	797,182	2,969	1,097,473	1,100,442
	(Rupees in '000)			(Rupees in '000)		
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	4	-	4	137	-	137
Payable to Central Depository Company of Pakistan Limited - Trustee	53	-	53	75	-	75
Payable against redemption of units	194	-	194	236	-	236
Dividend payable	2,957	-	2,957	16	-	16
Accrued expenses and other liabilities	450	-	450	707	-	707
	3,658	-	3,658	1,171	-	1,171

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee and regulations laid down by the SECP.

Market risk comprises of three types of risks: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2022, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.03 million (2021: Rs. 0.029 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Profit rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

As at June 30, 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	5.26% - 6.01%	2,708	-	-	2,708
Investments		-	-	794,424	794,424
Profit accrued on balances with banks		-	-	50	50
		2,708	-	794,474	797,182
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	4	4
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	53	53
Payable against redemption of units		-	-	194	194
Dividend payable		-	-	2,957	2,957
Accrued expenses and other liabilities		-	-	450	450
		-	-	3,658	3,658
On-balance sheet gap (a)		2,708	-	790,816	793,524
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a + b)		2,708	-	-	-
Cumulative profit rate sensitivity gap		2,708	2,708	2,708	-

As at June 30, 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	2.50% - 3.86%	2,959	-	-	2,959
Investments		-	-	1,097,473	1,097,473
Profit accrued on balances with banks		-	-	10	10
		2,959	-	1,097,483	1,100,442
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	137	137
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	75	75
Payable against redemption of units		-	-	236	236
Dividend payable		-	-	16	16
Accrued expenses and other liabilities		-	-	707	707
		-	-	1,171	1,171
On-balance sheet gap (a)		2,959	-	1,096,312	1,099,271
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a + b)		2,959	-	-	-
Cumulative profit rate sensitivity gap		2,959	2,959	2,959	2,959

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in Net Assets Value per unit of the Investee Funds as at June 30, 2022 with all other variables held constant, the total comprehensive income of the Plan for the year would increase / decrease by Rs. 7.944 million (2021: Rs. 10.975 million) and the net assets of the Plan would increase / decrease by the same amount as a result of gains / losses on units of the mutual funds held by the Plans.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2022.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including balances with banks have been included in the maturity grouping of one month:

As at June 30, 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	2,708	-	-	-	-	2,708
Investments	-	-	-	-	794,424	794,424
Profit accrued on balances with banks	50	-	-	-	-	50
	2,758	-	-	-	794,424	797,182
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	4	-	-	-	-	4
Payable to Central Depository Company of Pakistan Limited - Trustee	53	-	-	-	-	53
Payable against redemption of units	194	-	-	-	-	194
Dividend payable	2,957	-	-	-	-	2,957
Accrued expenses and other liabilities	-	450	-	-	-	450
	3,208	450	-	-	-	3,658
Net financial assets / (liabilities)	(450)	(450)	-	-	794,424	793,524

As at 30 June, 2021						
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	2,959	-	-	-	-	2,959
Investments	-	-	-	-	1,097,473	1,097,473
Profit accrued on balances with banks	10	-	-	-	-	10
	2,969	-	-	-	1,097,473	1,100,442
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	137	-	-	-	-	137
Payable to Central Depository Company of Pakistan Limited - Trustee	75	-	-	-	-	75
Payable against redemption of units	236	-	-	-	-	236
Dividend payable	16	-	-	-	-	16
Accrued expenses and other liabilities	-	707	-	-	-	707
	464	707	-	-	-	1,171
Net financial assets / (liabilities)	2,505	(707)	-	-	1,097,473	1,099,271

17.3 Credit risk

17.3.1 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 (Rupees in '000)	Maximum exposure to credit risk (Rupees in '000)	Balance as per statement of assets and liabilities (Rupees in '000)	Maximum exposure to credit risk (Rupees in '000)
Balances with banks	2,708	2,708	2,959	2,959
Investments	794,424	-	1,097,473	-
Profit receivable on balances with banks	50	50	10	10
	<u>797,182</u>	<u>2,758</u>	<u>1,100,442</u>	<u>2,969</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 investments in open ended mutual funds of Rs. 794.424 million (2021: Rs. 1,097.473 million) are not exposed to credit risk.

17.3.2 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 profit accrued thereon, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Bank	Amount of financial assets exposed to credit risk (Rupees in '000)		% of financial assets exposed to credit risk (Percentage)	
	2022	2021	2022	2021
AAA	2,708	2,959	100%	100%

17.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 and June 30, 2021 are unsecured and are not impaired.

18 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 and June 30, 2021, the Fund held the following financial instruments measured at fair value:

	2022			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)			(Rupees in '000)		
Financial assets 'at fair value through profit or loss'						
Units of open ended mutual funds	-	794,424	-	-	1,097,473	-
	-	794,424	-	-	1,097,473	-

19 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 17, 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.

20 UNIT HOLDING PATTERN OF THE FUND

	MCPP - IV			MCPP - IV		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)			(Rupees in '000)		
Individual	294	202,440	32.51%	372	312,692	40.78%
Director	-	-	-	1	5,715	0.75%
Retirement funds	19	374,850	60.20%	22	385,953	50.33%
Others	4	45,356	7.28%	8	62,430	8.14%
Total	317	622,646	100.00%	403	766,790	100.00%

	MCPP - V			MCPP - V		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)			(Rupees in '000)		
Individual	112	41,489	65.95%	174	73,469	77.81%
Retirement funds	3	12,319	19.58%	3	11,742	12.44%
Others	3	9,102	14.47%	3	9,209	9.75%
Total	118	62,910	100.00%	180	94,420	100.00%

	MCCP - VI			MCCP - VI		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)		%	(Rupees in '000)		%
Individual	203	54,744	84.10%	265	82,495	88.67%
Retirement funds	2	10,351	15.90%	2	10,021	10.77%
Others	-	-	0.00%	1	517	0.56%
Total	205	65,095	100.00%	268	93,033	100.00%

	MCCP - VII			MCCP - VII		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)		%	(Rupees in '000)		%
Individual	195	39,673	100.00%	245	102,338	98.11%
Retirement funds	-	-	-	1	1,962	1.88%
Others	-	-	-	2	11	0.01%
Total	195	39,673	100.00%	248	104,311	100.00%

	MCCP - VIII		
	2021		
	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)		%
Individual	242	34,867	98.85%
Retirement funds	-	-	0.00%
Others	1	407	1.15%
Total	243	35,274	100.00%

- 20.1 During the current year, Meezan Capital Preservation Plan - VIII (MCCP - VIII) matured on August 27, 2021 as per the provisions of the offering document and hence all units were redeemed on maturity.

21 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualifications	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

- 21.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund manager are as follows :

- Meezan Balanced Fund;
- Meezan Dedicated Equity Fund;
- KSE Meezan Index Fund;
- Meezan Asset Allocation Fund;
- Meezan Financial Planning Fund of Fund;
- Meezan Strategic Allocation Fund; and;
- Meezan Strategic Allocation Fund - III.

22 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	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

23 GENERAL

23.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

24 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2022 by the Board of Directors of the Management Company.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

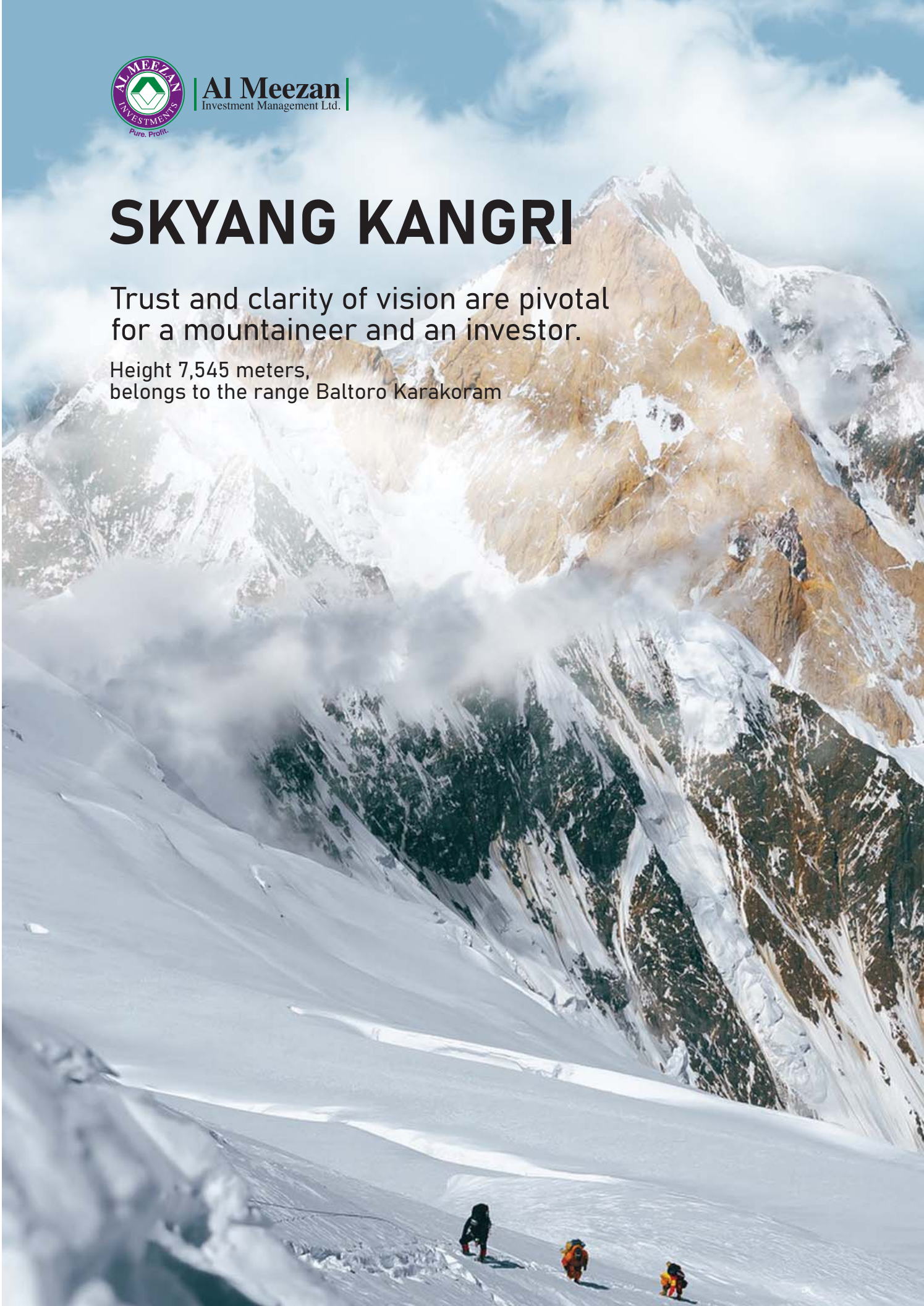


Al Meezan
Investment Management Ltd.

SKYANG KANGRI

Trust and clarity of vision are pivotal
for a mountaineer and an investor.

Height 7,545 meters,
belongs to the range Baltoro Karakoram



MEEZAN STRATEGIC ALLOCATION FUND-III (MSAF-III)

Meezan Strategic Allocation Fund-III is a Shariah Compliant scheme which aims to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income/Money Market Collective Investment Schemes and Equity based Collective Investment Schemes.

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

Meezan Bank Limited

LEGAL ADVISER

Bawaney & Partners
3rd & 4th Floor, 68-C, Lane-13, Bokhari Commercial Area,
Phase VI, DHA, Karachi.
Phone (+9221) 35156191-94 Fax: (+9221) 35156195
E-mail: bawaney@cyber.net.pk

TRANSFER AGENT

Al Meezan Investment Management Limited

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Strategic Allocation Fund – III (MSAF – III)

Type of Fund

MSAF – III is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF – III has one Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan – III (MCPPIX)	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual Allocation.
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Performance Table with Benchmark

Returns - FY22	
MCPPIX	1.37%
Benchmark	-1.17%

The Meezan Capital Preservation Plan – IX posted total gain of Rs. 5 million FY 22. Total gain comprised of realized loss on investments of Rs. 5 million while the unrealized loss on investments of Rs. 10.5million. Dividend income and profit on saving account with banks amounted to Rs. 20.2 million and Rs. 0.345 million respectively. After accounting for expenses of Rs. 0.79 million, the Fund posted a net income of Rs. 4 million. The net assets of the Plan as at June 30, 2022 were Rs. 426.63 million. The net asset value per unit as at June 30, 2022 was Rs. 57.8119

Distributions

The interim Pay out by the Plan during the fiscal year ended June 30, 2022 was 0.5 per unit. Total distribution made by the fund was 3.66 million.



Pure. Profit.



SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MSAF III -MCPPIX amounting to Rs. 0.44 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 MSAF III -MCPPIX by 0.46%. 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)	MSAF- III- MCPPIX
	No. of investors
1 - 9,999	441
10,000 - 49,999	138
50,000 - 99,999	27
100,000 - 499,999	7
500,000 and above	0
Total	613

PERFORMANCE TABLE

	June 30,2022	June 30,2021	June 30, 2020
Net assets (Rs. '000) (ex-distribution)	426,632	99,921	88,995
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	57.8119	57.5234	48.5984
Offer price per unit as at June 30 (Rs.)	-	-	-
Distribution (%)			
Interim			
-First quarter	-	-	-
-Second quarter	-	-	-
-Third quarter	-	-	-
-Fourth quarter	1%	0.00%	4.50%
Annual	-	-	-
Dates of distribution (interim)			
- First quarter	-	-	-
- Second quarter	-	-	-
- Third quarter	-	-	-
- Fourth quarter	30-Jun-22	-	30-Jun-20
Annual	-	-	-
Income distribution (Rs. in '000)	3,665	-	3,959
Highest offer price per unit (Rs.)	60.3166	-	50.1602
Lowest offer price per unit (Rs.)	59.1194	-	49.7876
Highest redemption price per unit (Rs.)	59.2141	58.3951	54.8414
Lowest redemption price per unit (Rs.)	56.2644	49.0404	46.5731
Total return (%)	1.37%	18.36%	5.45%
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2022	1.37%	9.54%	8.16%

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.



Meezan Bank
The Premier Islamic Bank



Report of the *Shari'ah* Advisor– Meezan Strategic Allocation Fund-III

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Third year of operations of Meezan Strategic Allocation Fund-III (MSAF-III) under management of Al Meezan Investment Management Limited (Al Meezan). 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, I have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-III in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-III by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MSAF-III for the year ended June 30, 2022 have been in compliance with *Shari'ah* principles.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani
For and on behalf of Meezan Bank
Shari'ah Advisor

Meezan Bank Ltd.

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.

PABX: (92-21) 38103500 UAN:111-331-331 & 111-331-332 www.meezanbank.com

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

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Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND – III

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 Strategic Allocation Fund – III (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 Strategic Allocation Fund - III

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund – III (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 427.603 million and balances with banks aggregated to Rs 4.636 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.

ABJ

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.



- 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: AR202210081QycEBg5Jf



**MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2022**

	2022	2021
	MCPPI - IX	
Note	------(Rupees in '000)-----	
Assets		
Balances with banks	5 4,636	508
Investments	6 427,603	100,108
Profit accrued on balances with banks	19	2
Total assets	<u>432,258</u>	<u>100,618</u>
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	7 9	11
Payable to Central Depository Company of Pakistan Limited - Trustee	8 34	7
Payable to the Securities and Exchange Commission of Pakistan (SECP)	9 53	19
Payable against conversion of units	950	-
Accrued expenses and other liabilities	10 4,580	660
Total liabilities	<u>5,626</u>	<u>697</u>
Net assets	<u>426,632</u>	<u>99,921</u>
Unit holders' fund (as per statement attached)	<u>426,632</u>	<u>99,921</u>
Contingencies and commitments	11	
	------(Number of units)-----	
Number of units in issue	<u>7,379,654</u>	<u>1,737,054</u>
	------(Rupees)-----	
Net asset value per unit	<u>57.8119</u>	<u>57.5234</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - III
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021
	MCP - IX	
Note	------(Rupees in '000)-----	
Income		
Realised (loss) / gain on sale of investments - net	(4,771)	8,725
Dividend income	20,239	1,157
Profit on bank balances	345	5
	15,813	9,887
Unrealised (diminution) / appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - net	6.1 (10,533)	7,097
Total income	<u>5,280</u>	<u>16,984</u>
Expenses		
Remuneration of AI Meezan Investment Management Limited - Management Company	7.1 79	3
Sindh Sales Tax on remuneration of the Management Company	7.2 10	-
Allocated expenses	7.3 291	100
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1 185	68
Sindh Sales Tax on remuneration of the Trustee	8.2 24	9
Annual fee to the Securities and Exchange Commission of Pakistan (SECP)	53	19
Auditors' remuneration	12 92	144
Fees and subscription	296	297
Bank and settlement charges	6	1
Legal and professional charges	184	-
(Reversal of provision) / provision for Sindh Workers' Welfare Fund (SWWF)	10.1 (429)	327
Total expenses	<u>791</u>	<u>968</u>
Net income for the year before taxation	<u>4,489</u>	<u>16,016</u>
Taxation	14 -	-
Net income for the year after taxation	<u>4,489</u>	<u>16,016</u>
Allocation of net income for the year		
Net income for the year after taxation	4,489	16,016
Income already paid on units redeemed	(568)	(513)
	<u>3,921</u>	<u>15,503</u>
Accounting income available for distribution		
- Relating to capital gains	-	15,503
- Excluding capital gains	3,921	-
	<u>3,921</u>	<u>15,503</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**



	<u>2022</u>	<u>2021</u>
	<u>MCPP - IX</u>	
	<u>----- (Rupees in '000) -----</u>	
Net income for the year after taxation	4,489	16,016
Other comprehensive income	-	-
Total comprehensive income for the year	<u>4,489</u>	<u>16,016</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - III
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
	MCP-IX ----- (Rupees in '000) -----					
Net assets at the beginning of the year	83,746	16,175	99,921	88,323	672	88,995
Issue of 10,951,410 units (2021: nil units)						
- Capital value (at net asset value per unit at the beginning of the year)	629,962	-	629,962	-	-	-
- Element of income	3,264	-	3,264	-	-	-
Total proceeds on issuance of units	633,226	-	633,226	-	-	-
Redemption of 5,308,810 units (2021: 94,176 units)						
- Capital value (at net asset value per unit at the beginning of the year)	305,381	-	305,381	4,577	-	4,577
- Element of loss	1,390	568	1,958	-	513	513
Total payouts on redemption of units	306,771	568	307,339	4,577	513	5,090
Total comprehensive income for the year	-	4,489	4,489	-	16,016	16,016
Distribution during the year	-	(3,665)	(3,665)	-	-	-
Net income for the year less distribution	-	824	824	-	16,016	16,016
Net assets at the end of the year	410,201	16,431	426,632	83,746	16,175	99,921
Undistributed income brought forward						
- Realised income / (loss)		9,078			(316)	
- Unrealised income		7,097			988	
		<u>16,175</u>			<u>672</u>	
Accounting income available for distribution						
- Relating to capital gains		-			15,503	
- Excluding capital gains		3,921			-	
		<u>3,921</u>			<u>15,503</u>	
Interim distribution during the year ended June 30, 2022 at Rs. 0.5 per unit i.e. 1% of the par value of Rs. 50 each		(3,665)			-	
Undistributed income carried forward		<u><u>16,431</u></u>			<u><u>16,175</u></u>	
Undistributed income carried forward						
- Realised income		26,964			9,078	
- Unrealised (loss) / income		(10,533)			7,097	
		<u><u>16,431</u></u>			<u><u>16,175</u></u>	
			Rupees			Rupees
Net asset value per unit as at the beginning of the year			<u>57.5234</u>			<u>48.5984</u>
Net asset value per unit as at the end of the year			<u>57.8119</u>			<u>57.5234</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - III
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**



	2022	2021
	MCPPI - IX	
Note	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	4,489	16,016
Adjustment for:		
Unrealised diminution / (appreciation) on re-measurement of investments classified as financial assets 'at fair value through profit or loss' - Net	10,533	(7,097)
	15,022	8,919
Increase in assets		
Investments - Net	(338,028)	(3,471)
Profit accrued on balances with banks	(17)	-
	(338,045)	(3,471)
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(2)	4
Payable to Central Depository Company of Pakistan Limited - Trustee	27	1
Payable to the Securities and Exchange Commission of Pakistan (SECP)	34	1
Accrued expenses and other liabilities	3,810	(303)
	3,869	(297)
Net cash (used in) / generated from operating activities	(319,154)	5,151
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	633,226	-
Payment against redemption and conversion of units	(306,389)	(5,090)
Dividend paid	(3,555)	-
Net cash generated from / (used in) financing activities	323,282	(5,090)
Net increase in cash and cash equivalents during the year	4,128	61
Cash and cash equivalents at the beginning of the year	508	447
Cash and cash equivalents at the end of the year	5	508

The annexed notes 1 to 24 form an integral part of these financial statements.

**For AI Meezan Investment Management Limited
(Management Company)**

Chief Executive

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - III
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 Strategic Allocation Fund - III (the Fund) was established under a Trust Deed executed under the Trust Act, 1882 between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 24, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) on January 17, 2019. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah e Faisal, Karachi 74400, Pakistan.

During the year ended June 30, 2021, the Trust Act, 1882 was repealed due to the promulgation of Provincial Trust Act, namely "Sindh Trusts Act, 2020" (the Sindh Trust Act). The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above mentioned Trust Deed was registered under the Sindh Trust Act on September 2, 2021.

1.2 The Fund has been formed to enable the unitholders to participate in a diversified portfolio of equity schemes and fixed income / money market schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. 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.

1.3 The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the SECP after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on Pakistan Stock Exchange Limited.

1.4 Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.

1.5 The Management Company has been assigned a quality rating of AM1 by VIS dated December 27, 2021 (2021: AM1 dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The ratings reflect the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.6 The Fund generates returns on investment as per allocation plan (sub fund) namely Meezan Capital Preservation Plan - IX (MCCP - IX) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.

1.7 A brief description of the plan is as follows:

<p>Meezan Capital Preservation Plan - IX (MCCP - IX)</p>	<p>Medium risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from May 14, 2019 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes. The initial maturity of this plan was two and a half years from the close of the subscription period i.e. January 29, 2022. However, the SECP has approved extension and in accordance with such extension granted vide letter No. SCD/AMCW/MSAFIII/227/2022 dated January 25, 2022, the plan shall now mature on September 30, 2024. Units shall be subject to front end load.</p>
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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 IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2021. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these financial statements.

3.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

There are certain new and amended standards, interpretations and amendments 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 impact 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 conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect 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 period 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 are carried at their fair values.

3.6 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani 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 unless otherwise stated.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial instruments

4.3.1 Classification

4.3.1.1 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.

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to 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 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 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 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.

4.3.6 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 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price of the allocation plan, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price of each allocation plan represents the Net Assets Value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the Net Assets Value per unit as of close of that business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (NAV) per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' Fund. However, to maintain the same ex-dividend net asset value (NAV) of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on balances with banks is recognised on an accrual basis.

4.13 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.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

The 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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) for 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.

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2022	2021
MCPP - IX			
------(Rupees in '000)-----			

5 BALANCES WITH BANKS

Balance with bank in:

Savings account

5.1	4,636	508
-----	-------	-----

- 5.1 These include a balance of Rs. 4.636 million (2021: Rs. 0.488 million) maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 6.01% (2021: 2.5%) per annum. Other saving accounts carry profit at the rate of nil (2021: 2.5% to 6.6%) per annum.

	Note	2022	2021
MCPP - IX			
------(Rupees in '000)-----			

6 INVESTMENTS
At fair value through profit or loss

Units of mutual funds

6.1	427,603	100,108
-----	---------	---------

6.1 Units of mutual funds

Name of Investee Funds	As at July 1, 2021	Purchases during the year	Sales during the year	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	
								Net Assets of the Fund	Total market value of investments
					(Number of units)	(Rupees in '000)	(Percentage)		
Meezan Capital Preservation Plan - IX									
Meezan Dedicated Equity Fund	965,243	2,775,720	1,416,010	2,324,953	104,034	93,501	(10,533)	21.91	21.87
Meezan Sovereign Fund	-	1,064,988	1,064,988	-	-	-	-	-	-
Meezan Rozana Amdani Fund	1,096,628	10,709,546	5,124,136	6,682,038	334,102	334,102	-	78.31	78.13
Total as at June 30, 2022					438,136	427,603	(10,533)	100.22	100.00
Total as at June 30, 2021					93,011	100,108	7,097		

	Note	2022	2021
MCPP - IX			
------(Rupees in '000)-----			

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company

7.1	3	-
-----	---	---

Sindh Sales Tax on remuneration of the

Management Company

7.2	-	-
-----	---	---

Allocated expenses payable

7.3	6	11
-----	---	----

	9	11
--	---	----

- 7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2021: 1%) per annum of the daily bank balances of the Fund during the year ended June 30, 2022. The remuneration is payable to the Management Company monthly in arrears.

- 7.2 During the year, an amount of Rs. 0.01 million was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.01 million (2021: Rs. nil) was paid to the Management Company which acts as a collecting agent.

- 7.3 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 the average annual net assets during the year subject to total expense charged being lower than actual expense incurred.

8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2022	2021
			MCCP - IX	
			------(Rupees in '000)-----	
	Trustee fee payable	8.1	30	6
	Sindh Sales Tax payable on trustee fee	8.2	4	1
			<u>34</u>	<u>7</u>

8.1 The Trustee is entitled to monthly remuneration of 0.070% (2021: 0.070%) per annum of average annual net assets for services rendered to the Fund under the provisions of the Trust Deed.

8.2 During the year, an amount of Rs. 0.024 million (2021: 0.009 million) was charged on account of sales tax on remuneration of the Trustee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.021 million (2021: Rs. 0.009 million) was paid to the Management Company which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, 2008, a Collective Investment Scheme categorised as a Fund of Fund 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. The fee is paid annually in arrears.

10	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2022	2021
			MCCP - IX	
			------(Rupees in '000)-----	
	Auditors' remuneration payable		58	80
	Shariah advisory fee payable		151	147
	Capital gain tax payable		3,623	4
	Provision for Sindh Workers' Welfare Fund	10.1	-	429
	Withholding tax payable		631	-
	Dividend payable		110	-
	Zakat payable		7	-
			<u>4,580</u>	<u>660</u>

10.1 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, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to 2% of such income. The matter was taken up by the Mutual Funds Association of Pakistan (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 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 had 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 Sindh WWF Act, 2014 (i.e. starting from May 21, 2015). The Funds had accordingly made provision in respect of SWWF as recommended by MUFAP.

During the current 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 20, 2019 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 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021.

	2022	2021
	MCPP - IX	
	----- (Rupees in '000) -----	
12 AUDITORS' REMUNERATION		
Annual audit fee	48	100
Half yearly review fee	29	32
Out of pocket expenses	15	12
	<u>92</u>	<u>144</u>

13 TOTAL EXPENSE RATIO

The Total Expense Ratio of the Plan (MCPP - IX) for the year ended June 30, 2022 is 0.46% (2021: 1%) which includes 0.03% (2021: 0.37%) representing government levies such as Sales Tax and annual SECP fee. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a Collective Investment Scheme categorised as a Fund of Funds Scheme.

14 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, 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 unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2022 to the unitholders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

15 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

15.1 Connected persons include AI Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other Collective Investment Schemes managed by the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, AI Meezan Investment Management Limited Employees' Gratuity Fund and unitholders holding 10 percent or more of the Fund's net assets.

15.2 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.

15.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.

15.4 Detail of transactions with connected persons and balances with them are as follows:

	2022	2021
	MCPP - IX	
	----- (Rupees in '000) -----	
Balances		
AI Meezan Investment Management Limited - Management Company		
Management fee payable	3	-
Allocated expenses payable	6	11
Investment of nil units (2021: 1,478,213 units)	-	85,032

Balances	2022	2021
	MCP - IX	
	----- (Rupees in '000) -----	
Meezan Bank Limited		
Bank balance	4,636	488
Profit receivable	19	2
Shariah advisory fee payable	151	147
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	30	6
Sindh Sales Tax on trustee fee payable	4	1
Meezan Dedicated Equity Fund		
Investment of 2,324,953 units (2021: 965,243 units)	93,501	45,277
Meezan Rozana Amdani Fund		
Investment of 6,682,032 units (2021: 1,096,628 units)	334,102	54,831
Transactions during the year		
AI Meezan Investment Management Limited - Management Company		
Remuneration of AI Meezan Investment Management Limited - Management Company	79	3
Sindh Sales Tax on remuneration of the Management Company	10	-
Allocated expenses	291	100
Investment redeemed during the year	86,064	-
Investment redeemed during the year (Units)	1,478,213	-
Meezan Bank Limited		
Profit on balances maintained with the bank	345	5
Shariah Advisory Fee	269	269
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of Central Depository Company of Pakistan Limited - Trustee	185	68
Sindh Sales Tax on remuneration of the Trustee	24	9
Meezan Dedicated Equity Fund		
Invested during the year	122,450	48,400
Invested during the year (Units)	2,775,720	1,184,731
Redeemed during the year	58,350	51,497
Redeemed during the year (Units)	1,416,010	1,244,410
Meezan Sovereign Fund		
Invested during the year	56,917	48,437
Invested during the year (Units)	1,064,988	911,852
Redeemed during the year	57,488	105,424
Redeemed during the year (Units)	1,064,988	1,960,832



	2022	2021
MCPP - IX		
------(Rupees in '000)-----		
Meezan Rozana Amdani Fund		
Invested during the year	535,477	73,493
Invested during the year (Units)	10,709,546	1,469,861
Redeemed during the year	256,207	18,662
Redeemed during the year (Units)	5,124,136	373,233
Dividend received during the year	20,239	1,157
Dividend received during the year (Units)	404,782	23,140

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2022		
	At amortised cost	At fair value through profit or loss	Total
------(Rupees in '000)-----			
Financial assets			
Balances with banks	4,636	-	4,636
Investments	-	427,603	427,603
Profit accrued on balances with banks	19	-	19
	4,655	427,603	432,258
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	9	-	9
Payable to Central Depository Company of Pakistan Limited - Trustee	34	-	34
Payable against conversion of units	950	-	950
Accrued expenses and other liabilities	319	-	319
	1,312	-	1,312

	2021		
	At amortised cost	At fair value through profit or loss	Total
------(Rupees in '000)-----			
Financial assets			
Balances with banks	508	-	508
Investments	-	100,108	100,108
Profit accrued on balances with banks	2	-	2
	510	100,108	100,618
Financial liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	11	-	11
Payable to Central Depository Company of Pakistan Limited - Trustee	7	-	7
Accrued expenses and other liabilities	227	-	227
	245	-	245

17 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.

17.1 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. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.048 million (2021: Rs. 0.005 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2022, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio 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.

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:

As at June 30, 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	4,636	-	-	-	4,636
Investments	-	-	-	427,603	427,603
Profit accrued on balances with banks	-	-	-	19	19
	4,636	-	-	427,622	432,258
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	9	9
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	34	34
Payable against conversion of units	-	-	-	950	950
Accrued expenses and other liabilities	-	-	-	319	319
	-	-	-	1,312	1,312
On-balance sheet gap (a)	4,636	-	-	426,310	430,946
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap (b)	-	-	-	-	-
Total profit rate sensitivity gap (a + b)	4,636	-	-		
Cumulative profit rate sensitivity gap	4,636	4,636	4,636		

As at June 30, 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	2.5% - 6.6%	508	-	-	508
Investments		-	-	100,108	100,108
Profit accrued on balances with banks		-	-	2	2
		508	-	100,110	100,618
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	11	11
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	7	7
Accrued expenses and other liabilities		-	-	227	227
		-	-	245	245
On-balance sheet gap (a)		508	-	99,865	100,373
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a + b)		508	-	-	
Cumulative profit rate sensitivity gap		508	508	508	

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund has exposure to price risk arising from the Fund investments in open end mutual funds. The Fund manages its price risk arising from investments by diversifying its portfolio within the eligible limits prescribed in the Fund's Constitutive Documents, the NBFC Regulations and circulars issued by SECP from time to time.

In case of 1% increase / decrease in Net Assets Value per unit of the Investee Funds as at June 30, 2022 with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 4.276 million (2021: Rs. 1.001 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on units of the mutual funds held by the Fund.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2022.

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	4,636	-	-	-	-	4,636
Investments	-	-	-	-	427,603	427,603
Profit accrued on balances with banks	19	-	-	-	-	19
	4,655	-	-	-	427,603	432,258
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	9	-	-	-	-	9
Payable to Central Depository Company of Pakistan Limited - Trustee	34	-	-	-	-	34
Payable against conversion of units	950	-	-	-	-	950
Accrued expenses and other liabilities	-	319	-	-	-	319
	993	319	-	-	-	1,312
Net financial assets / (liabilities)	3,662	(319)	-	-	427,603	430,946

2021						
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	508	-	-	-	-	508
Investments	-	-	-	-	100,108	100,108
Profit accrued on balances with banks	2	-	-	-	-	2
	510	-	-	-	100,108	100,618
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	11	-	-	-	-	11
Payable to Central Depository Company of Pakistan Limited - Trustee	7	-	-	-	-	7
Accrued expenses and other liabilities	-	227	-	-	-	227
	18	227	-	-	-	245
Net financial assets / (liabilities)	492	(227)	-	-	100,108	100,373

17.3 Credit risk

17.3.1 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 (Rupees in '000)	Maximum exposure to credit risk (Rupees in '000)	Balance as per statement of assets and liabilities (Rupees in '000)	Maximum exposure to credit risk (Rupees in '000)
Balances with banks	4,636	4,636	508	508
Investments	427,603	-	100,108	-
Profit accrued on balances with banks	19	19	2	2
	<u>432,258</u>	<u>4,655</u>	<u>100,618</u>	<u>510</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 investments in open end mutual funds of Rs. 427.603 million (2021: Rs. 100.108 million) are not exposed to credit risk.

17.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	2022		2021	
	Amount of financial assets exposed to credit risk (Rupees in '000)	% of financial assets exposed to credit risk	Amount of financial assets exposed to credit risk (Rupees in '000)	% of financial assets exposed to credit risk
AAA	4,655	100%	500	98.04%
AA	-	-	10	1.96%
	<u>4,655</u>	<u>100%</u>	<u>510</u>	<u>100%</u>

17.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties and are within the regulatory limits, therefore any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2022 are unsecured and are not impaired.

18 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'.

As required under the NBFC Regulations, 2008 every Open End Scheme shall maintain fund size (i.e. net assets of the Fund) of Rs. 100 million at all times during the life of the scheme. However, during the year, the Fund was non compliant with the aforementioned limit from July 6, 2021. Subscription to the units of the Fund was reopened from January 31, 2022 till March 31, 2022 and as a result, the Fund became compliant from February 1, 2022 onwards.

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 17, 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.

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
		(Rupees in '000)		
Financial assets				
At fair value through profit or loss		-	427,603	-
		<u>-</u>	<u>427,603</u>	<u>-</u>
		2021		
		Level 1	Level 2	Level 3
		(Rupees in '000)		
Financial assets				
At fair value through profit or loss		-	100,108	-
		<u>-</u>	<u>100,108</u>	<u>-</u>

20 UNIT HOLDING PATTERN OF THE FUND

	MCPPI - IX			MCPPI - IX		
	2022			2021		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		Rupees in '000	%		Rupees in '000	%
Individuals	610	420,891	98.65%	161	14,889	14.90%
Associated Companies	-	-	0.00%	1	85,032	85.10%
Retirement Fund	1	4,964	1.16%	-	-	-
Other corporates	1	196	0.05%	-	-	-
Others	1	581	0.14%	-	-	-
Total	613	426,632	100.00%	162	99,921	100.00%



21 INVESTMENT COMMITTEE MEMBERS

21.1 Details of members of Investment Committee of the Fund are as follows:

Name	Designation	Qualifications	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Two years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Six years
Mr. Taha Javed	Head of Equities	CFA / MBA	Fifteen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Fifteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Eleven years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Twelve years
Mr. Akhtar Munir	Head of Risk Management	CFA Level II / MBA, ACCA, FRM, FCMA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Fifteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fourteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA / ACCA	Eight years

The Fund Manager of this Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are:

- Meezan Balanced Fund
- Meezan Dedicated Equity Fund
- KSE Meezan Index Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund; and
- Meezan Strategic Allocation Fund - II

22 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	Chief Executive Officer	Yes	Yes	No	No	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	Yes	Yes	Yes	Yes

23 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved and authorised for issue on August 16, 2022 by the Board of Directors of the Management Company.

24 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



Al Meezan
Investment Management Ltd.

NOSHAQ

An investor and mountain climber should not be overwhelmed with emotions at any time.

Height 7,492 meters,
in the range of Hindu Kush



MEEZAN TAHAFFUZ PENSION FUND (MTPF)

Meezan Tahaffuz Pension Fund is Pakistan's first and the largest Shariah Compliant Voluntary Pension Scheme. MTPF is the best way to save and invest for your post-retirement needs and it has the potential to deliver superior returns with the added advantage of providing Tax Benefits which significantly enhances the yield on your investment.



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

M/s Yousuf Adil
Chartered Accountants
Cavish Court, A-35 Shahrah-e-Faisal, K.C.H.S.U Block 7 & 8 Bangalore Town, Karachi 0

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited	Habib Bank Limited -Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	Habib Metropolitan Bank Limited
Askari Bank Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Bank Islami Pakistan Limited	Sindh Bank Limited
The Bank of Punjab	Soneri Bank Limited
Dubai Islamic Bank Pakistan Limited	UBL Ameen - Islamic Banking
Faysal Bank Limited - 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
Standard Chartered Bank (Pakistan) Limited



Pure. Profit.



REPORT OF THE FUND MANAGER Meezan Tahaffuz Pension Fund (MTPF)

Type of Fund

Open end pension fund investing primarily in Shariah compliant stocks and debt instruments (Sukuks).

Objective

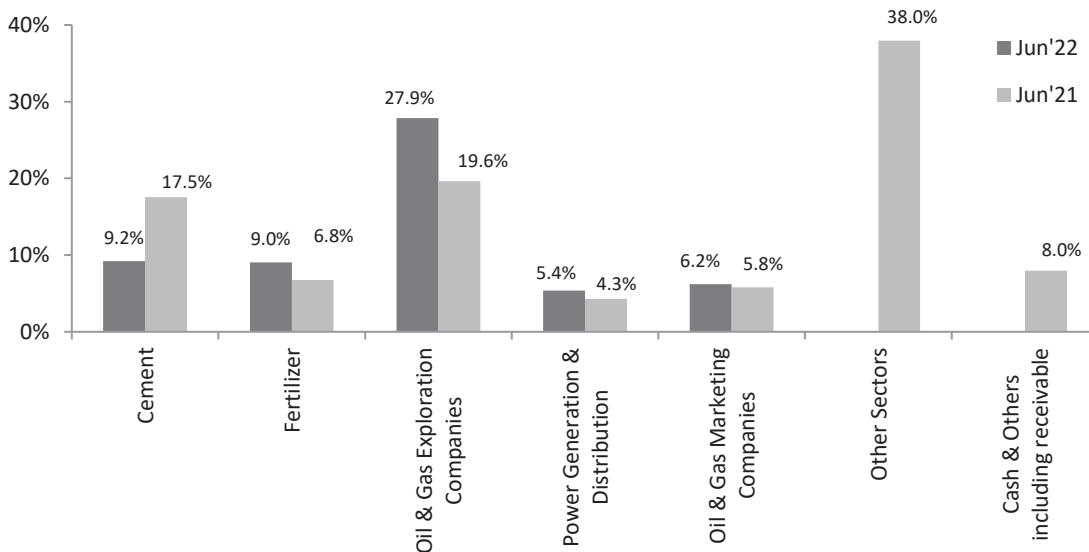
The objective of MTPF is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits of an income stream after retirement or disability when other income avenues have been exhausted.

Investment Policy

This collective investment scheme is divided into four sub-funds namely equity, debt, money market and Gold sub-funds which have different investment policies in order to cater to investors with varying levels of risk tolerance. These sub-funds offer the investors a wide range of options to select an allocation according to their risk preference. The same can be summarized in the table below:

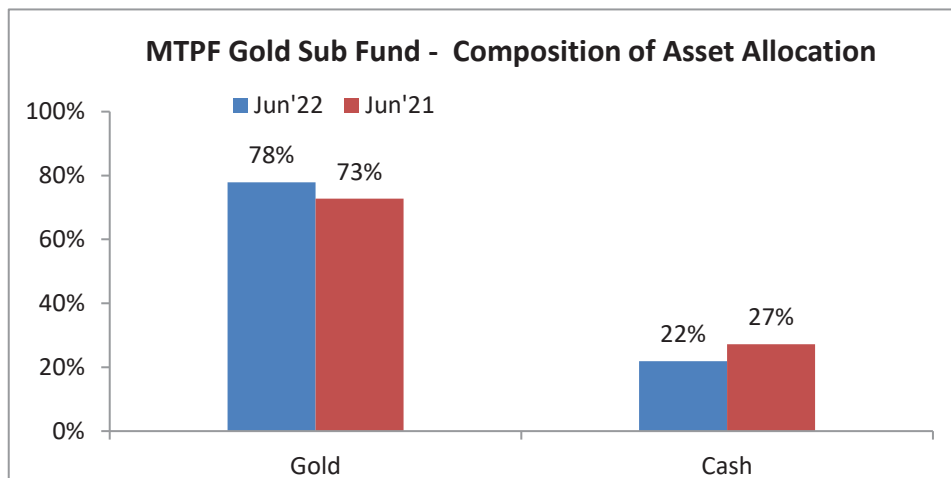
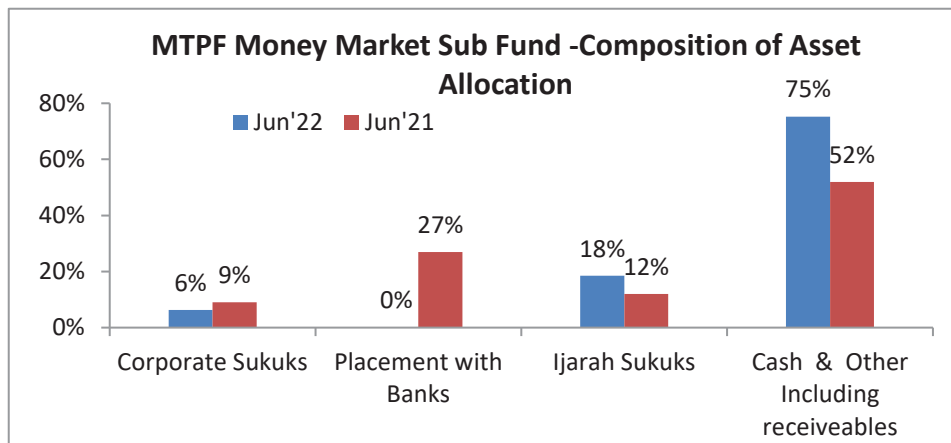
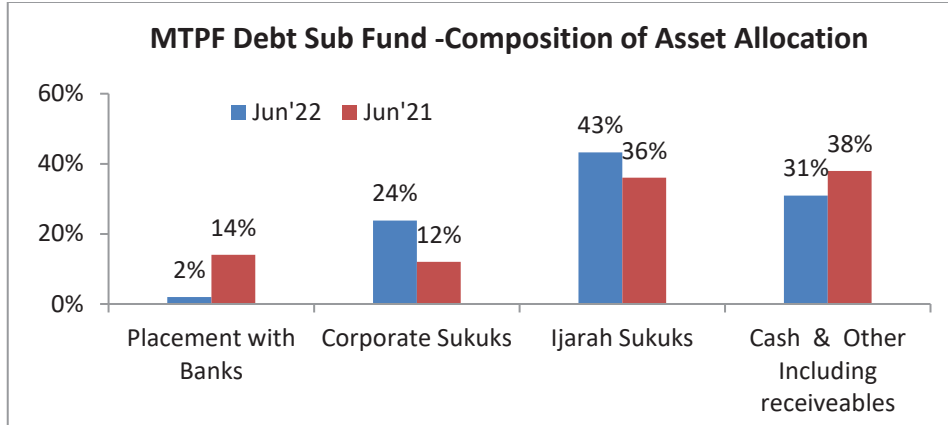
Allocation	Equity	Debt	Money Market
High Volatility	78	22	0
Medium Volatility	47	40	13
Low Volatility	23	60	17
Lower Volatility	0	50	50

MTPF -Equity Sub Fund - Sector Asset Allocation for the year ended FY21 and FY22





Pure. Profit.



Performance Review

For the period under review, the equity sub-fund provided a return of -9.93%, debt sub-fund provided a return of 8.34%, and money market sub-fund returned 8.26% while the Gold Sub-fund provided a return of 23.88%.



Pure. Profit.



Meezan Tahaffuz Pension Fund		FY22
- Equity sub fund	Voluntary Pension Scheme	-9.93%
- Debt sub fund		8.34%
- Money market sub fund		8.26%
- Gold sub fund		23.88%
		FY22
- High Volatility	Voluntary Pension Allocation Scheme	-6.28%
- Medium Volatility		-0.81%
- Low Volatility		3.76%
- Lower Volatility		8.30%

Equity Sub Fund

Equity sub fund posted a total loss of Rs. 452 million in FY21 as compared to a total gain of Rs. 1,572 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 276 million and Rs. 522 million respectively. Dividend income contributed Rs. 334 million, while profit on saving accounts with banks amounted to Rs. 10 million. After accounting for expenses of Rs. 50 million and an element of income and capital loss included in prices of units issued and less those in units redeemed of Rs. 5 million, the Fund posted a net loss of Rs. 506 million. The net assets of the Fund as at June 30, 2022 were Rs. 4,593 million as compared to Rs. 5,511 million at the end of last year. The net asset value per unit as at June 30, 2022 was Rs. 485.5458 as compared to Rs. 539.946 per unit as on June 30, 2021.

SWWF Disclosure:

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MTPF-Eq amounting to Rs. 72.67 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 MTPF-Eq by 1.33%. This is one-off event and is not likely to be repeated in the future.

Debt Sub Fund

The Fund earned a gross income of Rs. 438 million in FY22, as compared to a gross income of Rs. 327 million last year. Total income was primarily due to profit on Sukuks certificates worth Rs. 255 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 192 million. On the other side, the fund incurred realised gain and unrealized loss worth Rs. 0.15 million and 9 million respectively. The fund also incurred expenses totalling to Rs. 66 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 13 million, which brought the net income figure to Rs. 386 million. The net assets of the Fund as at June 30, 2022 were Rs. 5,012 million as compared to Rs. 4,334 million at the end of last year. The net asset value per unit as at June 30, 2022 was Rs. 304.6714 as compared to Rs. 281.2267 per unit as on June 30, 2021

SWWF Disclosure:

During the month of August 2021, provisioning against Sindh Workers' Welfare Fund by MTPF-D amounting to Rs. 22.88 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 MTPF-D by 0.52%. This is one-off event and is not likely to be repeated in the future.



Pure. Profit.



Money Market Sub Fund

The Fund earned a gross income of Rs. 339 million in FY22, as compared to a gross income of Rs. 220 million last year. Total income was primarily due to profit on Sukuks certificates amounting to Rs. 99 million. Profit on saving accounts at Islamic banks including profit on term deposit receipt totalled Rs.246 million. Unrealised loss and realised gain in the sub fund was Rs. 5 million and Rs. 0.38 million respectively. The fund also incurred expenses totalling Rs. 48 million and element of gain and capital gains included in price of units issued and less those in units redeemed was Rs. 38 million, which brought the net income figure to Rs. 328 million. The net assets of the Fund as at June 30, 2022 were Rs. 4,307 million as compared to Rs. 3,379 million at the end of last year. The net asset value per unit as at June 30, 2022 was Rs. 293.0581 as compared to Rs. 270.7037 per unit as on June 30, 2021.

SWWF Disclosure

During the month of August 2021, provisioning against Sindh Workers’ Welfare Fund by MTPF-MM amounting to Rs. 13.98 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 MTPF-MM by 0.42%. This is one-off event and is not likely to be repeated in the future.

Gold Sub Fund

The Fund posted a gross income of Rs. 34 million in FY22, as compared to Rs. 3 million last year. Total income was mainly due unrealized gain on investment of Rs. 31 million. Profit on saving accounts at Islamic banks was Rs. 2 million. The fund also incurred expenses totalling to Rs. 3 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 1 million, which brought the net income figure to Rs. 32 million. The net assets of the Fund as at June 30, 2022 were Rs. 167 million. The net asset value per unit as at June 30, 2022 was Rs. 196.9220

SWWF Disclosure:

During the month of August 2021, provisioning against Sindh Workers’ Welfare Fund by MTPF-Gold amounting to Rs. 0.93 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 MTPF-Gold by 0.79%. This is one-off event and is not likely to be repeated in the future.

Charity Statement

The Equity Sub 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, 2021 an amount of Rs. 7.97 million was accrued as charity payable.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	17	17	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.



Report of the *Shari'ah* Advisor – Meezan Tahaffuz Pension Fund

July 29, 2022/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 01, 2021 to June 30, 2022 was the Fifteenth year of operations of Meezan Tahaffuz Pension Fund (MTPF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

- i. We have reviewed and approved the modes of investments of MTPF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MTPF 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	Oil & Gas Exploration Companies	0.45%	14.42%	2.86%	49.63%	295.94	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***	86.20



Meezan Bank
The Premier Islamic Bank



Systems Limited	Technology	6.82%	4.26%	0.79%	43.71%	30.29	759.84
Pakistan Petroleum Limited	Oil & Gas Marketing Companies	0.00%	16.70%	2.53%	26.13%	96.98***	79.04
Engro Corporation Limited	Fertilizer	34.95%	20.92%	3.32%	57.41%	(220.62)	272.42

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and.

** 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 MTPF 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 MTPF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

May Allah bless us with best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shari'ah Advisor

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.

Tel : (92-21) 111-111-500

Fax: (92-21) 34326021 - 23

URL: www.cdcpakistan.com

Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

MEEZAN TAHAFFUZ PENSION FUND

Report of the Trustee pursuant to Regulation 67D (viii) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Tahaffuz Pension Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Pension Fund Manager 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 constitutive documents of the Fund, the Voluntary Pension System Rules, 2005 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, September 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the participants of Meezan Tahaffuz Pension Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Meezan Tahaffuz Pension Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2022, and the income statement and statement of comprehensive income, the statement of cash flows, the statement of movement in participants' sub funds, the statement of contribution table, and the statement of number of units in issue 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 accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund and Al Meezan Investment Management Limited (the Management Company) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted by the Institute of Chartered Accountants of Pakistan together with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

Management Company 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.

Responsibilities of Management Company and Those Charged with Governance for the financial statements

Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as the Management Company 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 Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management Company 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 are 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 Management Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Company.
- 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 Those Charged with Governance of 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 Those Charged with Governance of 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 Those Charged with Governance of Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) the financial statements prepared for the year ended June 30, 2022 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;

- b) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- c) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- d) the financial statements prepared are in agreement with the Fund's books and records; and
- e) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

Other Matter

The financial statements of the Fund for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements on September 07, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Nadeem Yousuf Adil.

**Chartered Accountants****Place:** Karachi**Date:** September 27, 2022**UDIN:** AR202210091SCs4qXodx



Meezan Tahaffuz Pension Fund
Statement of Assets and Liabilities
As at June 30, 2022

	Note	2022				Total	2021 Total
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
----- (Rupees in '000) -----							
ASSETS							
Bank balances	4	252,715	1,421,580	3,187,630	36,604	4,898,529	3,771,829
Investments	5	4,362,271	3,505,353	1,068,340	-	8,935,964	9,499,977
Investment in gold	5.5	-	-	-	130,145	130,145	99,444
Dividend receivable		1,020	-	-	-	1,020	21,739
Deposits and other receivables	6	8,742	100,453	59,400	291	168,886	141,767
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	-	-	21,422
Receivable against sale of investments		15,928	-	-	-	15,928	7,696
Total assets		4,640,676	5,027,386	4,315,370	167,040	14,150,472	13,563,874
LIABILITIES							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	7	1,439	793	559	38	2,829	1,472
Payable to Central Depository Company of Pakistan Limited - Trustee	8	319	356	298	12	985	953
Payable to auditors	15	68	68	68	68	272	292
Payable to Securities and Exchange Commission of Pakistan	9	1,997	1,812	1,411	55	5,275	3,995
Payable against purchase of investments		13,579	-	-	-	13,579	4,600
Payable against withdrawal / change of plan		4,060	2,275	3,705	7	10,047	35,084
Accrued expenses and other liabilities	10	26,669	9,847	2,702	133	39,351	157,702
Total liabilities		48,131	15,151	8,743	313	72,338	204,098
NET ASSETS		4,592,545	5,012,235	4,306,627	166,727	14,078,134	13,359,776
Contingencies and commitments	13						
PARTICIPANTS' SUB - FUNDS (as per statement attached)		4,592,545	5,012,235	4,306,627	166,727	14,078,134	13,359,776
----- (Number of units) -----							
Number of units in issue (as per statement attached)		9,458,521	16,451,282	14,695,470	846,664		
----- (Rupees) -----							
Net assets value per unit		485.5458	304.6714	293.0581	196.9220		

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Income Statement and Statement of Other Comprehensive Income
For the year ended June 30, 2022

	Note	For the year ended June 30, 2022				Total	For the year
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		ended June 30, 2021
		(Rupees in '000)				Total	
INCOME							
Profit from sukuk certificates and commercial paper		-	254,847	98,669	-	353,516	217,259
Profit on saving accounts with banks		10,394	143,555	201,822	2,057	357,828	185,347
Profit on term deposit receipts / COMs		-	48,628	43,685	-	92,313	98,624
Dividend income		333,912	-	-	-	333,912	237,520
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss' - net	5.1 & 5.2	(522,193)	(8,571)	(5,370)	-	(536,134)	983,110
Unrealised appreciation on investment in gold	5.5	-	-	-	30,701	30,701	1,518
Net realised (loss) / gain on sale of investments		(275,803)	15	380	-	(275,408)	398,160
Other income	12	2,091	-	-	892	2,983	566
Total (loss) / income		(451,599)	438,474	339,186	33,650	359,711	2,122,104
EXPENSES							
Remuneration to Al Meezan Investment Management Limited - Pension Fund Manager	7.1	76,921	53,128	41,119	2,000	173,168	180,061
Sindh Sales Tax and Federal Excise Duty on remuneration of the Pension Fund Manager	7.2	10,000	6,907	5,346	260	22,513	23,408
Allocated expense	7.3	11,932	21,702	10,621	121	44,376	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	3,950	3,570	2,780	109	10,409	9,501
Sindh Sales Tax on remuneration of the Trustee	8.2	513	464	361	14	1,352	1,234
Annual fee to Securities and Exchange Commission of Pakistan	9	1,997	1,812	1,411	55	5,275	3,996
Auditors' remuneration	15	142	142	142	142	568	700
Brokerage charges and custodian fee		6,952	94	23	1,136	8,205	11,116
Legal and professional charges		46	46	46	46	184	-
Bank and settlement charges		889	97	85	-	1,071	952
Charity expense	10.3	8,045	-	-	-	8,045	6,792
(Reversal of provision) / provision for Sindh Workers' Welfare Fund	11	(71,887)	(22,241)	(13,506)	(931)	(108,565)	38,478
Total expenses		49,500	65,721	48,428	2,952	166,601	276,238
Net (loss) / income from operating activities		(501,099)	372,753	290,758	30,698	193,110	1,845,866
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(5,394)	12,941	37,767	1,445	46,759	39,537
Net (loss) / income for the year before taxation		(506,493)	385,694	328,525	32,143	239,869	1,885,403
Taxation	22	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(506,493)	385,694	328,525	32,143	239,869	1,885,403
Other comprehensive income		-	-	-	-	-	-
Total comprehensive (loss) / income for the year		(506,493)	385,694	328,525	32,143	239,869	1,885,403

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director



Meezan Tahaffuz Pension Fund
Statement of Cash Flows
For the year ended June 30, 2022

	Note	For the year ended June 30, 2022				Total	For the year ended June 30, 2021
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
(Rupees in '000)							
CASH FLOW FROM OPERATING ACTIVITIES							
Net (loss) / income for the year before taxation		(506,493)	385,694	328,525	32,143	239,869	1,885,403
Adjustments:							
Unrealised diminution / (appreciation) on 're-measurement of investments at 'fair value through profit or loss' - net	5.1 & 5.2	522,193	8,571	5,370	-	536,134	(983,110)
Unrealised appreciation on investment in gold	5.5	-	-	-	(30,701)	(30,701)	(1,518)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net		5,394	(12,941)	(37,767)	(1,445)	(46,759)	(39,537)
		21,094	381,324	296,128	(3)	698,543	861,238
Decrease / (increase) in assets							
Investments - net		279,592	(816,683)	564,970	-	27,879	(989,166)
Receivable against sale of investments		(8,232)	-	-	-	(8,232)	2,303
Dividend receivable		20,719	-	-	-	20,719	(13,455)
Deposits and other receivables		73,871	(60,170)	(40,589)	(231)	(27,119)	(62,398)
		365,950	(876,853)	524,381	(231)	13,247	(1,062,716)
Increase / (decrease) in liabilities							
Payable to Al Meezan Investment Management Limited - Pension fund Manager		907	372	232	(154)	1,357	(533)
Payable to Central Depository Company of Pakistan Limited - Trustee		(76)	50	56	2	32	165
Payable to Securities and Exchange Commission of Pakistan		308	594	368	10	1,280	777
Payable to auditors		(5)	(5)	(5)	(5)	(20)	39
Payable against purchase of investments		8,979	-	-	-	8,979	(5,389)
Accrued expenses and other liabilities		(78,269)	(24,598)	(14,150)	(1,334)	(118,351)	(14,829)
		(68,156)	(23,587)	(13,499)	(1,481)	(106,723)	(19,770)
Net cash generated from / (used in) operating activities		318,888	(519,116)	807,010	(1,715)	605,067	(221,248)
CASH FLOW FROM FINANCING ACTIVITIES							
Receipts of contribution / change of plan / change of fund manager / issuance of units		1,767,346	2,557,285	2,832,157	44,880	7,201,668	6,073,516
Payments on withdrawal / change of plan		(2,172,340)	(2,242,737)	(2,221,043)	(43,915)	(6,680,035)	(5,085,236)
Net cash (used in) / generated from financing activities		(404,994)	314,548	611,114	965	521,633	988,280
Net (decrease) / increase in cash and cash equivalents during the year		(86,106)	(204,568)	1,418,124	(750)	1,126,700	767,032
Cash and cash equivalents at beginning of the year		338,821	1,626,148	1,769,506	37,354	3,771,829	3,004,797
Cash and cash equivalents at end of the year	4	252,715	1,421,580	3,187,630	36,604	4,898,529	3,771,829

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Statement of Movement in Participants' Sub Funds
For the year ended June 30, 2022

	For the year ended June 30, 2022				Total	For the year ended June 30, 2021
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
	----- (Rupees in '000) -----					
Net assets at beginning of the year	5,511,365	4,334,385	3,378,955	135,071	13,359,776	10,520,698
Amount received on issuance of units (2022: Equity sub fund: 3,412,731 units; Debt sub fund: 8,657,338 units; Money market sub fund: 10,017,821 units; and Gold sub fund: 249,216 units) (2021: Equity sub fund: 3,001,184 units; Debt sub fund: 8,638,206 units; Money market sub fund: 8,287,159 units; and Gold sub fund: 221,620 units)	1,755,700	2,547,509	2,832,157	44,880	7,180,246	6,094,938
Amount paid on withdrawal of units (2022: Equity sub fund: 4,177,582 units; Debt sub fund: 7,618,479 units; Money market sub fund: 7,804,467 units; and Gold sub fund: 252,280 units) (2021: Equity sub fund: 3,100,398 units; Debt sub fund: 5,360,959 units; Money market sub fund: 7,821,337 units; and Gold sub fund: 125,977 units)	(2,173,421)	(2,242,412)	(2,195,243)	(43,922)	(6,654,998)	(5,101,726)
	(417,721)	305,097	636,914	958	525,248	993,212
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	5,394	(12,941)	(37,767)	(1,445)	(46,759)	(39,537)
Net realised (loss) / gain on sale of investments	(275,803)	15	380	-	(275,408)	398,160
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss' - net	(522,193)	(8,571)	(5,370)	-	(536,134)	983,110
Unrealised appreciation on investment in gold	-	-	-	30,701	30,701	1,518
Other net income for the year	291,503	394,250	333,515	1,442	1,020,710	502,615
	(506,493)	385,694	328,525	32,143	239,869	1,885,403
Net assets at end of the year	4,592,545	5,012,235	4,306,627	166,727	14,078,134	13,359,776

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director



Meezan Tahaffuz Pension Fund
Statement of Contribution Table
For the year ended June 30, 2022

	For the year ended June 30, 2022								Total (Rupees in '000)	For the year ended June 30, 2021 (Rupees in '000)
	Equity sub fund		Debt sub fund		Money Market sub fund		Gold sub fund			
	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)		
Contribution net of front end fee for the year										
Individuals										
- issuance / conversion / reallocation of units	<u>3,412,731</u>	<u>1,755,700</u>	<u>8,657,338</u>	<u>2,547,509</u>	<u>10,017,821</u>	<u>2,832,157</u>	<u>249,216</u>	<u>44,880</u>	<u>7,180,246</u>	<u>6,094,938</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Statement of Number of Units in Issue
For the year ended June 30, 2022

	For the year ended June 30, 2022			
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund
	----- (Number of units) -----			
Total units in issue at beginning of the year	10,223,372	15,412,423	12,482,116	849,728
Add: Units issued / converted / reallocated during the year	3,412,731	8,657,338	10,017,821	249,216
Less: Units redeemed / converted / reallocated during the year	(4,177,582)	(7,618,479)	(7,804,467)	(252,280)
Total units in issue at the end of the year	<u>9,458,521</u>	<u>16,451,282</u>	<u>14,695,470</u>	<u>846,664</u>
	For the year ended June 30, 2021			
	Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund
	----- (Number of units) -----			
Total units in issue at beginning of the year	10,322,586	12,135,176	12,016,294	754,085
Add: Units issued / converted / reallocated during the year	3,001,184	8,638,206	8,287,159	221,620
Less: Units redeemed / converted / reallocated during the year	(3,100,398)	(5,360,959)	(7,821,337)	(125,977)
Total units in issue at the end of the year	<u>10,223,372</u>	<u>15,412,423</u>	<u>12,482,116</u>	<u>849,728</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Pension Fund Manager)

Chief Executive

Chief Financial Officer

Director

Meezan Tahaffuz Pension Fund
Notes to the Financial Statements
For the year ended June 30, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the Pension Fund Manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Sharah-e-Faisal, Karachi 74400, Pakistan.

The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund comprises of four Shariah compliant sub funds namely Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Gold Sub-Fund (collectively the "Sub-Funds"). Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. The Fund offers six types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Variable Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. Allocation scheme can be selected initially at the time of opening of account and subsequently the allocation and percentages may change twice in a financial year. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimization through diversification.

1.2 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah.

1.3 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the participants.

1.4 Title to the assets of the Sub Funds is held in the name of CDC as a Trustee of the Fund.

1.5 Meezan Bank Limited acts as Shariah Advisor of the Fund to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.6 The Pension Fund Manager has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 27, 2021 (2021: AM1 dated December 31, 2020) and by PACRA dated June 23, 2022 (2021: AM1 dated June 23, 2021). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

1.7 The Trust Act, 1882 has been repealed due to promulgation of Provincial Trust Act "Sindh Trusts Act, 2020" as empowered under the Eighteenth Amendment to the Constitution of Pakistan. Various new requirements including registration under the Trust Act have been introduced. The Management Company has fulfilled requirements for registration and accordingly, the fund has been registered under Sindh Trusts Act, 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 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 comprises of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Voluntary Pension System Rules, 2005 (the VPS Rules), Voluntary Pension System Part V (NBFC Regulations, 2008) and requirements of the trust deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the trust deed differ from the IFRS standards, provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the VPS Rules and requirements of the trust deed have been followed.

2.1.2 The SECP vide SRO 800 (I)/2021 dated June 22, 2021 modified the effective date for applicability of International Financial Reporting Measurement) for Non-Banking Finance Companies and Modarabas, as "Reporting period/year ending on or after June 30, 2022 (earlier application permitted)". However, as permitted the Fund had already applied the IFRS-9 during the year ended June 30, 2019 with the exception of below mentioned impairment requirements (refer note 2.1.3).

2.1.3 The SECP vide letter ref SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" in relation to debt securities for mutual funds. Accordingly, the impairment requirements of IFRS 9 have not been considered for debt securities and requirements of SECP Circular 33 of 2012 have continued to be followed.

2.2 Basis of measurement

These financial statements have been prepared on historical cost convention basis except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Fund's functional and presentation currency. Figures have been rounded off to nearest thousand rupee, unless otherwise stated.

2.4 Use of judgements and estimates

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In the process of applying the Fund's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years:

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Impairment of financial instruments (note 3.1.4); and
- c) Provision (note 3.5)

2.5 Application of new standards, amendments and interpretations to the published approved accounting standards

a) New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Interest Rate Benchmark Reform – Phase 2
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4

**Effective from Accounting
period beginning on or after**

January 01, 2021

**Effective from Accounting
period beginning on or after**

Amendment to IFRS 16 'Leases' - Covid-19 related
rent concessions extended beyond June 30, 2021

April 01, 2021

b) New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

**Effective from Accounting
period beginning on or after**

Amendments to IFRS 3 'Business Combinations' - Reference to
the conceptual framework

January 01, 2022

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds
before intended use

January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and
Contingent Assets' - Onerous Contracts — cost of fulfilling
a contract

January 01, 2022

Annual Improvements to IFRS Standards 2018-2020 Cycle (related
to IFRS 9, IFRS 16 and IAS 41)

January 01, 2022

Amendments to IAS 1 'Presentation of Financial Statements' -
Classification of liabilities as current or non-current

January 01, 2023

Amendments to IAS 1 'Presentation of Financial Statements' -
Disclosure of accounting policies

January 01, 2023

Amendments to IAS 8 'Accounting Policies, Changes in
Accounting Estimates and Errors' - Definition of accounting
estimates

January 01, 2023

Amendments to 'IAS 12 Income Taxes' - deferred tax related to
assets and liabilities arising from a single transaction.

January 01, 2023

Amendments to IFRS 10 and 28 - Sale or Contribution of Assets
between an Investor and its Associate or Joint Venture

Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in the financial statements.

3.1 Financial instruments

The Fund applied IFRS 9 (refer note 2.1.2) except for impairment requirements for which the Fund has continued to follow the requirements of SECP circular No. 33 of 2012 dated October 24, 2012.

3.1.1 Recognition and initial measurement

Financial assets 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 expensed in the income statement.

3.1.2 Classification and subsequent measurement

3.1.2.1 Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at otherwise arise.

Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment on debt securities, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

3.1.2.2 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any profit / mark-up or dividend income, are recognised in income statement.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / mark-up income and impairment are recognised in income statement.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, and impairment are recognised in income statement. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to income statement.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income statement.

Subsequent to initial recognition, financial assets designated by the management as 'fair value through profit or loss' and 'fair value through OCI' are valued as follows:

a) Basis of valuation of debt securities

The fair value of debt securities (other than government securities) is based on the value determined and announced by Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (SECP). In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The aforementioned circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

b) Basis of valuation of Government securities

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKIRSV rates) which are based on the remaining tenure of the securities.

c) Basis of valuation of equity securities

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

3.1.3 Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.1.4 Impairment

The Fund at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

The SECP through its letter SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of impairment requirements of IFRS 9 in relation to debt securities for mutual funds and has instructed to continue to follow the requirements of Circular No. 33 of 2012 dated October 24, 2012.

3.1.5 Regular way contracts

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

3.1.6 Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

3.1.7 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.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the Balance Sheet if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2 Investment in gold

Investment in gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate (i.e. Immediately next day after expired contract) fixed by Pakistan Mercantile Exchange Limited (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognized in the income statement in the period of change.

3.3 Participants' fund

Participants' fund representing the units issued by the Fund, are carried at the net assets value representing the investors' right to a residual interest in the Fund's net assets.

3.4 Issuance, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of that dealing day (forward pricing) for each sub-fund, when the contribution is realized. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the participants are according to the allocation schemes selected by the participants.

Withdrawals made are used to redeem units of the sub-funds of the fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

3.5 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.6 Net assets value per unit of each sub-fund

The net assets value (NAV) per unit, as disclosed in the Statement of Asset and Liabilities, is calculated by dividing the net assets of each sub-fund by the number of units in issue at year end.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision in respect of taxation has been made in these financial statements.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001.

3.8 Income

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- (ii) Dividend income is recognised when the Fund's right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- (iii) Profit on bank balances and term deposits / COMs are recognised on time proportion basis using effective yield method.
- (iv) Income on sukuk certificates, placements and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- (v) Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.

3.9 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

3.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, the determination of weighted average units for calculating EPU is not practicable.

3.11 Cash and cash equivalents

Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.12 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed -

An equalisation account called 'element of income / (loss) and capital gains / (losses)' included in prices of units issued less those in units redeemed is set up in order to prevent the dilution of income per unit.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the participants' funds in a separate account. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.13 Distribution

Distribution of dividend or bonus units is not allowed under the VPS Rules 2005.

4. BANK BALANCES

	Note	2022				2021	
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	
Current accounts		7,052	35	34	-	7,121	6,279
Savings accounts	4.1	245,663	1,421,545	3,187,596	36,604	4,891,408	3,765,550
		252,715	1,421,580	3,187,630	36,604	4,898,529	3,771,829

4.1 The balance in savings accounts carry expected profit which ranges from 3.00% to 16.40% (2021: 1.50% to 7.32%) per annum.

5. INVESTMENTS

	Note	2022				2021
		Equity sub fund	Debt sub fund	Money Market sub fund	Total	Total
Investments by category						
At fair value through profit or loss						
Listed equity securities	5.1	4,362,271	-	-	4,362,271	5,164,056
Sukuk certificates	5.2	-	3,406,616	1,069,111	4,475,727	2,807,955
		4,362,271	3,406,616	1,069,111	8,837,998	7,972,011
At amortised cost						
Term deposit receipts / COMs	5.3	-	100,000	-	100,000	1,530,000
Commercial paper	5.4	-	-	-	-	-
Less: Provision for impairment los	5.2.5	-	(1,263)	(771)	(2,034)	(2,034)
		4,362,271	3,505,353	1,068,340	8,935,964	9,499,977

5.1 Listed equity securities - at fair value through profit or loss
Held by Equity Sub-Fund
Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of the investee company	As at 01 July 2021	Purchases during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised gain / (loss) as at June 30, 2022	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	(Number of shares)				(Rupees in '000)			(%)		
Automobile Assembler										
Millat Tractors Limited	96,548	5,000	73,925	-	175,473	109,708	153,116	43,408	3.33	0.18
Gandhara Industries Limited	700	42,500	-	15,000	28,200	7,002	4,455	(2,547)	0.10	0.07
Gandhara Nissan	-	200,000	-	200,000	-	-	-	-	-	-
									3.43	0.25
Automobile Parts & Accessories										
Panther Tyres Limited	51,346	470,000	99,269	620,615	-	-	-	-	-	-
Commercial Bank										
BankIslami Pakistan Limited	9,136,000	180,000	-	-	9,316,000	104,792	112,165	7,373	2.44	0.84
Meezan Bank Limited	1,481,659	798,685	305,836	20,000	2,566,180	270,475	289,927	19,452	6.31	0.16
									8.75	1.00
Cement										
D.G Khan Cement Company Limited	815,000	1,180,000	-	1,995,000	-	-	-	-	-	-
Lucky Cement Limited	632,456	161,500	-	358,000	435,956	354,167	200,121	(154,046)	4.36	0.13
Maple Leaf Cement Factory Limited	2,465,042	2,738,000	-	2,990,000	2,213,042	85,552	60,527	(25,025)	1.32	0.20
Kohat Cement Company Limited	666,820	51,000	-	4,500	713,320	146,364	92,824	(53,540)	2.02	0.36
Cherat Cement Company Limited	494,500	362,100	-	57,500	799,100	129,256	74,348	(54,908)	1.62	0.41
Fauji Cement Company Limited	45,000	-	-	45,000	-	-	-	-	-	-
Power Cement Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-
Chemical										
Dynea Pakistan Limited (Face value of Rs. 5 each)	120,500	-	-	-	120,500	26,631	20,962	(5,669)	0.46	0.64
Engro Polymer & Chemicals Limited	2,890,209	-	-	1,975,000	915,209	43,234	72,878	29,644	1.59	0.10
ICI Pakistan Limited	156,920	1,000	-	47,600	110,320	95,720	79,932	(15,788)	1.74	0.12
Sitara Chemical Industries Limited	28,600	-	-	28,600	-	-	-	-	-	-
									3.79	0.86

Name of the investee company	As at 01 July 2021	Purchases during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised gain / (loss) as at June 30, 2022	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	-----Number of shares-----				----- (Rupees in '000) -----				----- % -----	
Engineering										
K.S.B Pumps Company Limited	800	-	-	800	-	-	-	-	-	-
International Steels Limited	382,000	-	-	382,000	-	-	-	-	-	-
International Industries Limited	317,550	94,100	-	411,650	-	-	-	-	-	-
Agha Steel Industries Limited	581,000	400,000	16,800	997,800	-	-	-	-	-	-
Mughal Iron & Steel Industries	616,700	887,500	162,480	514,000	1,152,680	94,419	66,440	(27,979)	1.45	0.34
Aisha Steel Mills Limited	1,325,000	1,300,000	-	2,625,000	-	-	-	-	-	-
Ittefaq Iron Industries Limited	650,500	400,000	-	1,050,500	-	-	-	-	-	-
Amreli Steels limited	-	1,002,000	-	1,002,000	-	-	-	-	-	-
									1.45	0.34
Fertilizer										
Engro Corporation Limited (note 5.1.1)	1,088,920	35,000	-	255,968	867,952	255,117	223,142	(31,975)	4.86	0.15
Engro Fertilizers Limited	841,834	1,417,611	-	50,000	2,209,445	161,127	195,845	34,718	4.26	0.17
Fauji Fertilizer Bin Qasim Limited	-	698,000	-	698,000	-	-	-	-	-	-
									9.12	0.32
Food and Personal Care Products										
National Foods Limited (Face value of Rs. 5)	127,600	-	31,900	93,100	66,400	12,166	9,613	(2,553)	0.21	0.06
Al-Shaheer Corporation Limited	33,160	-	-	-	33,160	661	300	(361)	0.01	0.01
At- Tahur Limited	-	1,724,000	201,840	128,000	1,797,840	46,396	34,285	(12,111)	0.75	0.90
Unity Foods Limited	910,000	650,000	-	1,560,000	-	-	-	-	-	-
									0.97	0.97
Glass & Ceramics										
Ghani Glass Limited	1,140,150	-	-	516,500	623,650	30,060	25,464	(4,596)	0.55	0.07
Shabbir Tiles and Ceramics Limited (Face value of Rs. 5 each)	1,379,500	199,500	-	1,579,000	-	-	-	-	-	-
Ghani Global Glass Limited	1,500	-	-	1,500	-	-	-	-	-	-
									0.55	0.07
Leather & Tanneries										
Service Global Footwear Limited	257,445	-	-	257,445	-	-	-	-	-	-
Oil and Gas Exploration Companies										
Oil and Gas Development Company Limited	2,629,500	1,297,000	-	229,000	3,697,500	348,441	290,882	(57,559)	6.33	0.09
Pakistan Oilfields Limited (note 5.1.2)	485,559	127,206	-	173,032	439,733	171,758	178,448	6,690	3.89	0.15
Pakistan Petroleum Limited	2,693,038	1,127,500	-	225,000	3,595,538	304,839	242,734	(62,105)	5.29	0.13
Mari Petroleum Company Limited	280,344	62,500	-	8,552	334,292	518,344	581,581	63,237	12.66	0.25
									28.17	0.62

Name of the investee company	As at 01 July 2021	Purchases during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised gain / (loss) as at June 30, 2022	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
Oil and Gas Marketing Companies										
Pakistan State Oil Company Limited	1,082,056	297,000	-	292,000	1,087,056	229,780	186,800	(42,980)	4.07	0.23
Attock Petroleum Limited	91,844	-	-	-	91,844	29,485	29,510	25	0.64	0.09
Sui Northern Gas Pipelines Limited	1,110,600	1,175,000	-	192,000	2,093,600	95,206	71,622	(23,584)	1.56	0.33
Hascol Petroleum Limited	2,588	-	-	-	2,588	23	11	(12)	-	-
									6.27	0.65
Paper and Board										
Packages Limited	221,701	-	-	24,650	197,051	107,432	78,596	(28,836)	1.71	0.22
Century Paper & Board Mills	647,900	-	97,185	17,000	728,085	77,285	44,996	(32,289)	0.98	0.36
Roshan Packages Limited	41,000	-	-	41,000	-	-	-	-	-	-
Security Paper Limited	51,900	-	-	51,900	-	-	-	-	-	-
									2.69	0.58
Pharmaceuticals										
AGP Limited	528,300	-	-	528,300	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare	112,500	-	-	2,200	110,300	27,585	26,288	(1,297)	0.57	0.09
The Searle Company Limited	506,688	-	143,006	484,000	165,694	30,924	18,064	(12,860)	0.39	0.05
Highnoon Laboratories Limited	43,984	-	4,398	-	48,382	26,390	25,636	(754)	0.56	0.12
IBL HealthCare Limited	121,000	-	16,380	137,380	-	-	-	-	-	-
Ferozsons Laboratories Limited	30,000	-	-	30,000	-	-	-	-	-	-
Glaxosmithkline Pakistan Limited	-	305,200	-	13,000	292,200	39,529	36,505	(3,024)	0.79	0.09
									2.31	0.35
Power Generation & Distribution										
The Hub Power Company Limited	2,224,543	1,270,000	-	467,000	3,027,543	238,714	206,388	(32,326)	4.49	0.23
K-Electric Limited (Face value Rs. 3.5)	15,005,500	3,900,000	-	4,550,000	14,355,500	57,338	43,641	(13,697)	0.95	0.05
									5.44	0.28
Refinery										
Attock Refinery Limited	125,000	550,500	-	290,000	385,500	65,548	67,763	2,215	1.48	0.13
National Refinery Limited	-	326,000	-	148,796	177,204	45,884	44,756	(1,128)	0.97	0.08
									2.45	0.21
Textile Composite										
Nishat Mills Limited	857,700	-	-	401,900	455,800	42,526	33,688	(8,838)	0.73	0.13
Feroze1888 Mills Limited	200,000	-	12,000	67,500	144,500	14,274	9,021	(5,253)	0.20	0.04
Interloop Limited	1,997,000	129,000	63,660	102,828	2,086,832	142,273	127,297	(14,976)	2.77	0.23
Kohinoor Textile	50,000	514,500	-	-	564,500	48,495	28,225	(20,270)	0.61	0.19
									4.31	0.59

Name of the investee company	As at 01 July 2021	Purchases during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised gain / (loss) as at June 30, 2022	Market value as a percentage of net assets of sub-fund	Percentage of paid-up capital of investee company
	-----Number of shares-----					----- (Rupees in '000) -----			----- % -----	
Technology & Communication										
Pakistan Telecommunication Company Limited "A"	-	-	-	-	-	-	-	-	-	-
Avanceon Limited	527,260	150,000	-	677,260	-	-	-	-	-	-
Systems Limited	401,555	188,500	312,765	128,790	774,030	224,480	255,322	30,842	5.56	0.28
Air Link Communication Limited	-	1,081,500	34,762	849,500	266,762	17,743	10,775	(6,968)	0.23	0.07
Octopus Digital Limited	-	87,336	-	87,336	-	-	-	-	-	-
									5.79	0.35
Miscellaneous										
Synthetic Products Enterprises Limited (Face value of Rs. 5 each)	4,560	-	-	4,560	-	-	-	-	-	-
Pakistan Aluminum Beverage Cans Ltd	-	968,617	-	734,617	234,000	7,321	7,378	57	0.16	0.03
Total						4,884,464	4,362,271	(522,193)	0.16	0.03

- 5.1.1 160,000 shares (June 30, 2021: 160,000 shares) of Engro Corporation Limited having market value of Rs 41.13 million as at June 30, 2022 (2021: Rs. 47.14 million) have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.
- 5.1.2 25,000 shares (June 30, 2021: 25,000 shares) of Pakistan Oilfields Limited having market value of Rs. 10.15 million as at June 30, 2022 (June 30, 2021: Rs. 9.85 million), have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.
- 5.1.3 The Finance Act 2014, introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold 5 percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to 5 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 Scheme (CIS) through the Trustee 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 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 has been granted by High Court of Sindh (HCS) in favour of CISs.

The Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which were already pending or should 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 of 50% of the tax calculated by the tax authorities for the case continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically in 2019. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, tax on bonus shares subsequent to this amendment, issued to the Fund was not withheld by the investee companies.

- 5.1.3.1 As at June 30, 2022, CDC holding of Mari Petroleum Company Limited, Pakistan State Oil Company Limited, The Searle Company Limited, Highnoon Laboratories Limited, Al-Shaheer Corporation Limited and Hascol Petroleum Limited is different from the books and records of the Fund. The difference pertains to tax deduction on bonus shares in prior years (refer note 5.1.3 above).

5.2 Sukuk certificates - At fair value through profit or loss
5.2.1 Held by Debt Sub-Fund

Name of the Security	Note	As at July 01,	Purchases	Sales /	As at	Carrying	Market value as	Unrealised gain	Market value
		2021	during the	Matured	June 30,	value as at	at June 30, 2022	/ (loss) as at	as a
			year	during the	2022	June 30,	(Rupees in '000)	June 30, 2022	percentage of
			Number of certificates	year		2022			Net Assets
									%
Property & Real Estate									
Eden Housing Limited	5.2.1.1	500	-	-	500	-	-	-	-
Leasing Companies									
Security Leasing Corporation Limited II	5.2.1.1	500	-	-	500	-	-	-	-
Fertilizer									
Fatima Fertilizer Company Limited	5.2.1.1	31,640	-	31,640	-	-	-	-	-
Banks									
Dubai Islamic Bank Pakistan Limited	5.2.1.1	57	-	-	57	58,594	58,910	316	1.18
Pharmaceuticals									
AGP Limited	5.2.1.1	500	-	500	-	-	-	-	-
OBS AGP (Private) Limited	5.2.1.1	-	820	-	820	82,032	82,410	378	1.64
Power Generation & Distribution									
K-Electric Limited-Short Term Sukuk (IV)	5.2.1.1	-	100	-	100	100,000	100,000	-	2.00
K-Electric Limited-Short Term Sukuk (V)	5.2.1.1	-	500	-	500	500,000	500,000	-	9.98
The Hub Power Holding Limited	5.2.1.1	2,000	-	-	2,000	197,506	197,506	-	3.94
Cement & Construction									
Javedan Corporation Limited	5.2.1.1	250	750	-	1,000	74,407	74,459	52	1.49
Steel & Allied Products									
Agha Steels Industries Limited	5.2.1.1 & 5.2.4	50	-	-	50	43,655	45,349	1,694	0.90
Chemicals									
Engro Polymer & Chemicals Limited	5.2.1.1	1,500	-	-	1,500	153,150	160,500	7,350	3.20
Miscellaneous									
Shakarganj Foods Product Limited	5.2.1.1 & 5.2.6	18	-	-	18	11,745	12,221	476	0.24
International Brand Limited	5.2.1.1	550	1,100	1,650	-	-	-	-	-

Name of the Security	Note	As at July 01,	Purchases	Sales /	As at	Carrying	Market value as	Unrealised gain	Market value
		2021	during the	Matured	June 30,	value as at	at June 30, 2022	/ (loss) as at	as a
		Number of certificates					(Rupees in '000)		%
Government Securities									
Pakistan Energy Sukuk I	5.2.1.1 & 5.2.3	110,000	-	-	110,000	587,126	587,400	274	11.72
Pakistan Energy Sukuk II	5.2.1.1 & 5.2.3	92,000	-	-	92,000	463,680	463,220	(460)	9.24
GOP-Ijarah sukuk XXI	5.2.1.1	1,480	-	1,480	-	-	-	-	-
GOP-Ijarah sukuk XXIV VRR	5.2.1.1	3,500	-	150	3,350	338,082	334,263	(3,819)	6.67
GOP-Ijarah sukuk XXV	5.2.1.1	-	3,000	3,000	-	-	-	-	-
GOP-Ijarah sukuk XXVI	5.2.1.1	-	3,500	-	3,500	350,220	349,755	(465)	6.98
GOP-Ijarah sukuk XXVII	5.2.1.1	-	2,000	-	2,000	200,000	199,360	(640)	3.98
GOP-Ijarah sukuk XXVII Fixed	5.2.1.1	-	2,500	-	2,500	253,727	240,000	(13,727)	4.79
Non-Performing Investments	5.2.5					1,263	1,263	-	
Total						3,415,187	3,406,616	(8,571)	

5.2.1.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2022 are as follows:

Name of security	Original principal (Rupees per certificate)	Mark-up rate (per annum)	Issue date	Maturity date
Eden Housing Limited	984.38	-	31-Dec-07	31-Dec-12
Security Leasing Corporation Limited II	5,000	-	19-Sep-07	19-Sep-12
Fatima Fertilizer Company Limited	5,000	6 months KIBOR + 1.10%	28-Nov-16	28-Nov-21
Dubai Islamic Bank Pakistan Limited	1,000,000	6 months KIBOR + 0.50%	14-Jul-17	14-Jul-27
AGP Limited	100,000	3 months KIBOR + 1.30%	09-Jun-17	09-Jun-22
OBS AGP (Private) Limited	100,000	3 months KIBOR + 1.55%	15-Oct-22	15-Oct-26
K-Electric Limited-Short Term Sukuk (IV)	1,000,000	6 months KIBOR + 0.85%	25-Mar-22	24-Sep-22
K-Electric Limited-Short Term Sukuk (V)	1,000,000	6 months KIBOR + 0.95%	12-Apr-22	12-Oct-22
The Hub Power Holding Limited	100,000	6 months KIBOR + 2.5%	12-Nov-20	12-Nov-25
Javedan Corporation Limited	100,000	6 months KIBOR + 1.75%	04-Oct-18	04-Oct-26
Agha Steels Industries Limited	1,000,000	3 months KIBOR + 0.80%	09-Oct-18	09-Oct-25
Engro Polymer & Chemicals Limited	100,000	3 months KIBOR + 0.90%	11-Jan-19	11-Jul-26
Shakarganj Foods Product Limited	1,000,000	3 months KIBOR + 1.75%	10-Jul-18	10-Jul-25
International Brand Limited	100,000	3 months KIBOR + 0.50%	15-Nov-17	15-Nov-21
Pakistan Energy Sukuk I	10,000	6 months KIBOR + 0.80%	01-Mar-19	01-Mar-29
Pakistan Energy Sukuk II	5,000	6 months KIBOR + (0.01%)	21-May-19	21-May-30
GOP-Ijarah sukuk XXI	100,000	Weighted average yield of 6 months T-Bills	29-May-20	29-May-25
GOP-Ijarah sukuk XXIV VRR	100,000	Weighted average yield of 6 months T-Bills	09-Dec-20	09-Dec-25
GOP-Ijarah sukuk XXV	100,000	Weighted average yield of 6 months T-Bills	06-Oct-21	06-Oct-26
GOP-Ijarah sukuk XXVI	100,000	Weighted average yield of 6 months T-Bills	29-Oct-21	29-Oct-26
GOP-Ijarah sukuk XXVII	100,000	Weighted average yield of 6 months T-Bills	27-Apr-22	24-Apr-27
GOP-Ijarah sukuk XXVII Fixed	100,000	Weighted average yield of 6 months T-Bills	15-Dec-21	15-Dec-26

5.2.2 Held by Money Market Sub-Fund

Name of the Security	Note	As at July 01, 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 loss as at June 30, 2022	Market value as a percentage of Net Assets
		-----Number of certificates-----				(Rupees in '000)			-----%
Leasing Companies									
Security Leasing Corporation Limited II	5.2.2.1	500	-	-	500	-	-	-	-
Power Generation & Distribution									
The Hub Power Company Limited	5.2.2.1	3,250	-	3,250	-	-	-	-	-
K-Electric Limited- Short Term Sukuk (III)	5.2.2.1	-	200	-	200	200,000	200,000	-	4.64
K-Electric Limited- Short Term Sukuk (IV)	5.2.2.1	-	70	-	70	70,000	70,000	-	1.63
Government Securities									
GOP-Ijarah sukuk XXIV VRR	5.2.2.1	4,000	-	-	4,000	403,680	399,120	(4,560)	9.27
GOP-Ijarah sukuk XXV	5.2.2.1	-	1,000	1,000	-	-	-	-	-
GOP-Ijarah sukuk XXVI	5.2.2.1	-	3,000	1,000	2,000	200,030	199,860	(170)	4.64
GOP-Ijarah sukuk XXVII	5.2.2.1	-	2,000	-	2,000	200,000	199,360	(640)	4.63
Non-Performing Investments	5.2.5					771	771	-	
Total						1,074,481	1,069,111	(5,370)	

5.2.2.1 Significant terms and conditions of Sukuk certificates outstanding as at June 30, 2022 are as follows:

Name of security	Original principal (Rupees per certificate)	Mark-up rate (per annum)	Issue date	Maturity date
Security Leasing Corporation Limited II	5,000	-	19-Sep-07	19-Sep-12
The Hub Power Company Limited	100,000	6 months KIBOR + 1.10%	05-May-21	05-Nov-21
K-Electric Limited- Short Term Sukuk (III)	1,000,000	6 months KIBOR + 0.85%	01-Mar-22	01-Sep-22
K-Electric Limited- Short Term Sukuk (IV)	1,000,000	6 months KIBOR + 0.85%	25-Mar-22	24-Sep-22
GOP-Ijarah sukuk XXIV VRR	100,000	Weighted average yield of 6 months T-Bills	09-Dec-20	09-Dec-25
GOP-Ijarah sukuk XXV	100,000	Weighted average yield of 6 months T-Bills	06-Oct-21	06-Oct-26
GOP-Ijarah sukuk XXVI	100,000	Weighted average yield of 6 months T-Bills	29-Oct-21	29-Oct-26
GOP-Ijarah sukuk XXVII	100,000	Weighted average yield of 6 months T-Bills	27-Apr-22	24-Apr-27

5.2.3 Sukuks of The Hub Power Company Limited have been measured at their initial investment value, as their market values are not available at MUFAP. Market value of Pakistan Energy Sukuk I and Pakistan Energy Sukuk II are not available at MUFAP, therefore the Fund has applied the Market value determined by the PSX.

5.2.4 The Fund has applied discretionary mark-down on June 27, 2022 to the fair value of the security. Post to discretionary mark-up, the price of Agha Steel Industries Limited has decreased from Rs. 105.8879 per unit (MUFAP price) to Rs. 103.6540 per unit and Shakarganj Foods Product Limited has decreased from Rs. 107.3077 per unit (MUFAP price) to Rs. 104.4499 per unit.

5.2.5 The agreement with the Securities Leasing Corporation Limited (SLCL) had been amended on 19 February 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of the contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 03, 2012. Therefore, in accordance with the requirement of SECP's circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy, amount of Rs. 1.542 million (June 30, 2021: Rs. 1.542 million) in both debt and money market sub fund has also been held as a provision against principal as at June 30, 2022.

On May 6, 2011, Eden Housing sukuk certificates have been classified as non-performing by MUFAP therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 0.492 million (June 30, 2021: Rs. 0.492 million) has also been held as provision against the outstanding principal as at June 30, 2022 in Debt Sub-fund.

Following investments of the Fund are in the sukuk which are below 'investment grade' securities:

Non-performing investment	Type of Investment	Cost	Provision held	Net carrying value
		(Rupees in '000)		
Debt Sub Fund				
Eden Housing Limited	Non-traded sukuk	492	492	-
Security Leasing Corporation Limited II	Non-traded sukuk	771	771	-
		<u>1,263</u>	<u>1,263</u>	<u>-</u>
Money Market Sub Fund				
Security Leasing Corporation Limited II	Non-traded sukuk	771	771	-

5.2.6 As at June 30, 2022, rating of Shakarganj Foods Product Limited was BBB+ which is lower than the minimum prescribed rating (refer note 1.2), which at the time of investment was compliant with SECP criteria and investment policy of the Fund.

5.3 Term deposit receipts / COMs - at amortised cost

5.3.1 Held by Debt Sub-Fund

Name of the Bank	Rating	Maturity date	Profit rate per annum	As at July 01, 2021	TDR's placed during the year	Matured during the year	As at June 30,2022	Market Value as a Percentage of Net Assets
----- (Rupees in '000) ----- % -----								
Orix Modaraba	AA+	April 29, 2022	11.49%	220,000	-	220,000	-	-
Orix Modaraba	AA+	July 29, 2022	15.50%	-	100,000	-	100,000	2.00
First Habib Modarba	AA+	December 01, 2021	7.80%	200,000	-	200,000	-	-
First Habib Modarba	AA+	December 21, 2021	9.30%	200,000	-	200,000	-	-
First Habib Modarba	AA+	February 04, 2022	11.65%	-	207,846	207,846	-	-
The Bank Of Punjab	AA+	March 15, 2022	11.25%	-	450,000	450,000	-	-
				620,000	757,846	1,277,846	100,000	

5.3.2 Held by Money Market Sub-Fund

United Bank Limited	AAA	July 05, 2021	7.00%	450,000	-	450,000	-	-
United Bank Limited	AAA	August 09, 2021	6.80%	-	450,000	450,000	-	-
United Bank Limited	AAA	September 09, 2021	6.80%	-	450,000	450,000	-	-
United Bank Limited	AAA	October 08, 2021	7.00%	-	450,000	450,000	-	-
United Bank Limited	AAA	November 08, 2021	7.00%	-	450,000	450,000	-	-
United Bank Limited	AAA	December 02, 2021	8.35%	-	300,000	300,000	-	-
Askari Bank Limited	AA+	September 01, 2021	7.15%	460,000	-	460,000	-	-
Askari Bank Limited	AA+	December 01, 2021	7.15%	-	460,000	460,000	-	-
Askari Bank Limited	AA+	June 13, 2022	13.50%	-	300,000	300,000	-	-
The Bank of Punjab	AA+	March 15, 2022	11.25%	-	500,000	500,000	-	-
				910,000	3,360,000	4,270,000	-	

5.4 Commercial Papers - at amortised cost

5.4.1 Held by Money Market Sub-Fund

Name of Company	Maturity Date	As at July 01, 2021	Placements made during the year	Income Accrued	Matured during the year	As at June 30, 2022	Market Value as a percentage of Net Assets
Note		(Rupees in '000)					%
K-electric Limited CP	5.4.1.1 January 27, 2022	-	216,225	8,775	225,000	-	-
K-electric Limited CP	5.4.1.2 May 04, 2022	-	238,854	11,146	250,000	-	-
		-	455,079	19,921	475,000	-	

5.4.1.1 This commercial paper was placed at discount at a rate of 8.05% (6 months kibar plus 0.45%) and is being amortised over a period of 184 days.

5.4.1.2 This commercial paper was placed at discount at a rate of 9.41% (6 months kibar plus 0.60%) and is being amortised over a period of 181 days.

5.5 Investment in gold

	As at July 01, 2021	Purchases during the year	Sales during the year	As at June 30, 2022	Carrying value as at June 30, 2022	Market value as at June 30, 2022	Unrealised gain as at June 30, 2022	Market Value as a Percentage of Net Assets
	(Quantity in Tola)				(Rupees'000)			%
Tola Gold	926	-	-	926	99,444	130,145	30,701	78.06
Total	926	-	-	926	99,444	130,145	30,701	

5.5.1 The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX.

5.5.2 The investment in gold of Rs. 130.145 million has been measured at fair value based on the quoted market price in active markets.

6. DEPOSITS AND OTHER RECEIVABLES

		2022					2021
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
Note ----- (Rupees in '000) -----							
Advance against IPO	6.1	-	-	-	-	-	72,765
Security deposits		2,600	100	100	-	2,800	2,800
Profit receivable on saving accounts with banks and Term Deposits /COMs		1,395	19,775	34,854	291	56,315	26,215
Profit receivable on sukuks certificates		-	80,578	24,446	-	105,024	35,240
Advance tax		4,747	-	-	-	4,747	4,747
		8,742	100,453	59,400	291	168,886	141,767

6.1 This represents advance against IPO subscription of 1,485,000 shares of Pakistan Aluminum Beverage Cans Limited.

**7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED
(Al Meezan) - PENSION FUND MANAGER**

		2022					2021
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
Note ----- (Rupees in '000) -----							
Management remuneration	7.1	1,139	425	360	33	1,957	1,303
Sindh Sales Tax on management fee	7.2	148	55	47	4	254	169
Allocated Expense	7.3	152	313	152	1	618	-
		1,439	793	559	38	2,829	1,472

7.1 As per regulation 67F of NBFC Regulation, 2008, Al Meezan Investment Management Limited, the Pension Fund Manager of the Fund is allowed to charge an annual management fee of the average of the values of the net assets of each of the Sub-Fund calculated for determining the prices of the units of the Sub-Funds with allowed expense ratio limit. Accordingly, the Pension Fund Manager has charged management fee at the following rates of the average daily net assets of the Sub-Funds. (June 30, 2021: 1.5%).

	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund
From July 01, 2021 till February 28, 2022	1.50%	1.50%	1.50%	1.50%
From March 01, 2022 till June 30, 2022		0.50%	0.50%	1.30%

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2021: 13%) on the remuneration of the Management Company through Sindh Sales Tax Act, 2011 effective from July 01, 2011.

7.3 As per S.R.O.1068(I)/2021 dated August 23, 2021 the SECP made an amendment in Non-Banking Finance Companies and Notified Entities Regulations, 2008, adjoined "Voluntary Pension System" as Part V of NBFC Regulations, 2008. In accordance with Regulation 67G(3), Pension Fund Manager may charge the eligible expense as given in sub-regulation (2) and (3) of the regulation 60 to pension fund.

In accordance with Regulation 60 of the NBFC Regulations, the Pension Fund Manager is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to its Voluntary Pension Scheme.

The Pension Fund Manager based on its own discretion has charged the following on average annual net assets of the sub-funds for allocation of such expenses.

	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund
From October 01, 2021 till February 28, 2022	0.11%	0.15%	0.15%	
From March 01, 2022 till June 30, 2022	0.61%	1.15%	0.65%	0.11%

6. DEPOSITS AND OTHER RECEIVABLES
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	2022	2022				2021	
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	
Note		(Rupees in '000)					
Trustee fee	8.1	282	315	264	11	872	843
Sindh Sales Tax on Remuneration of the Trustee	8.2	37	41	34	1	113	110
		319	356	298	12	985	953

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets of the sub-funds.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2022 is as follows:

Average net asset value	Tariff per annum
Amount up to Rs. 1 billion	Rs. 0.3 million or 0.15% p.a of net asset value, whichever is higher
Amount exceeding Rs. 1 billion up to Rs. 3 billion	Rs. 1.5 million plus 0.10% p.a of net asset value exceeding Rs. 1 billion
Amount exceeding Rs. 3 billion up to Rs. 6 billion	Rs. 3.5 million plus 0.08% p.a of net asset value exceeding Rs. 3 billion
Amount exceeding Rs. 6 billion	Rs. 5.9 million plus 0.06% p.a of net asset value exceeding Rs. 6 billion

8.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13% (June 30, 2021: 13%) on the remuneration of the Trustee through Sindh Sales Tax Act, 2011 effective from July 01, 2011.

9. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

This represents annual fee payable to SECP in accordance with the rule 36 of the VPS Rules whereby the Fund is required to pay SECP an amount equal to one twenty-fifth of 1% (June 30, 2021 : one thirtieth of 1%) of average annual net asset value of the Fund.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	2022	2022				2021	
		Equity-sub fund	Debt-sub fund	Money Market sub-fund	Gold sub-fund	Total	
Note		(Rupees in '000)					
Provision for Sindh Workers' Welfare Fund	11	-	-	-	-	-	108,566
Federal Excise Duty on remuneration of the Pension Fund Manager	10.1	15,436	8,816	2,449	-	26,701	26,701
Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund Manager	10.2	1,800	962	242	-	3,004	3,004
Charity payable	10.3	7,967	-	-	-	7,967	8,722
Brokerage payable		1,466	69	11	-	1,546	3,661
Custodian Charges Payable		-	-	-	133	133	374
Amount received against units to be issued		-	-	-	-	-	6,674
		26,669	9,847	2,702	133	39,351	157,702

10.1 Federal Excise Duty on remuneration of the Pension Fund Manager

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Pension Fund Manager has been applied effective from June 13, 2013. The Pension Fund Manager is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan with the Sindh High Court (SHC) on behalf of various Asset Management Companies and CISs.

6. DEPOSITS AND OTHER RECEIVABLES

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non- Banking Financial Institutions, which are already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager, as a matter of abundant caution, is carrying provision for FED, aggregating to Rs. 15.436 million, Rs. 8.816 million and Rs. 2.449 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

Had the provision not been made, the Net Asset Value per unit as at June 30, 2022 would have been higher by Rs. 1.82 (June 30, 2021: Rs. 1.50) per unit, Re. 0.59 (June 30, 2021: Re. 0.27) per unit and Re. 0.18 (June 30, 2021: Re. 0.20) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

10.2 Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund Manager

It represents amount payable in respect of Sindh Sales Tax at the rate of 13 percent (June 30, 2021: 13 percent) on remuneration of the Pension Fund Manager through the Sindh Sales Tax on Services Act, 2011, being Sindh Sales Tax accrued on Federal Excise Duty (FED) on remuneration of the Pension Fund Manager as fully explained in note 10.1 above.

10.3 Charity payable

According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 7.96 million (2021: Rs. 8.72 million) is outstanding in this regard after making charity payments of Rs 8.8 million (2021: Rs 3.7 million) to renowned charitable institutions. None of the directors of the Pension Fund Manager of the Fund were interested in any of the donee.

11. PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honorable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds were excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds were not subject to this levy after the introduction of this amendment which was applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments had been struck down by the SCP. The Federal Board of Revenue (FBR) filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgment on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

Furthermore, 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, is 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. However, it may be stated that under Companies Act, 2017, mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In the view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP has recommended that as a matter of abundant caution provision in respect of SWWF should be made on prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

6. DEPOSITS AND OTHER RECEIVABLES

SRB through its letter dated August 12, 2021 has intimated MUFAP that the mutual funds do not qualify as Financial Institutions / Industrial Establishments and are therefore, not liable to pay the SWWF contributions. This development was discussed at MUFAP level and was also been taken up with the SECP. All the Asset Management Companies, in consultation with SECP, have reversed the cumulative provision for SWWF recognised in the financial statements of the Funds, for the period from May 21, 2015 to August 12, 2021, on August 13, 2021. The SECP has given its concurrence for prospective reversal of provision for SWWF vide its circular dated August 30, 2021.

Provisioning against SWWF amounting to Rs.72.67 million, Rs. 22.88 million, Rs. 13.98 million and Rs. 0.93 million has been reversed and it has contributed towards an increase in NAV of the fund by Rs. 7.21 (1.33%) per unit, Rs. 1.47 (0.52%) per unit, Rs.1.14 (0.42%) per unit and Rs.1.25 (0.80%) per unit of Equity Sub Fund, Debt Sub Fund, Money Market Sub Fund and Gold Sub Fund respectively.. This was one-off event and is not likely to be repeated in the future.

12. PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide letter No. SCD/PRDD/VPS/AIML/O1/2018 dated January 01, 2018 permitted the Fund to charge price adjustment charges. Price Adjustment Charges (PAC) means difference between the offer price and the bid price from the closing price of the Gold transactions (Contract) available at PMEX, which shall be added to and deducted from the NAV of the Gold sub fund to determine offer price and redemption price respectively. Such charges shall form part of Fund Property.

Currently, PAC added / deducted to / from Nav of Gold sub fund to determine offer/ redemption price is 1% of NAV. These are included in other income

13. CONTINGENCIES AND COMMITMENTS

There were no other contingencies and commitments outstanding as at June 30, 2022 and June 30, 2021

14. EXPENSE RATIO

	2022			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub	Gold Sub Fund
Total Expense ratio (including government levies)	2.37%	1.90%	1.72%	2.75%
Government levies	0.26%	0.20%	0.20%	0.23%

The total expense ratio of pension fund prescribed in NBFC Regulations Part V Regulation 67G of Voluntary Pension System is capped as follows: (a) Equity Sub Fund upto 4.5% (b) Money Market upto 2% (c) Income upto 2.5% (d) Commodity upto 3%.

15. AUDITORS' REMUNERATION

	2022					2021
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	----- (Rupees in '000) -----					
Audit fee	68	68	68	68	272	408
Half yearly review	68	68	68	68	272	272
Out of pocket expenses	6	6	6	6	24	20
	142	142	142	142	568	700

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

16.1 Connected persons and related parties include Al Meezan Investment Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Pension Fund Manager, Directors and executives of the Pension Fund Manager, other collective investment schemes managed by the Pension Fund Manager, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Pension Fund Manager due to common directorship, post employment benefit funds of the Pension Fund Manager and unit holders holding ten percent or more of the Sub-Fund's net assets.

16.2 The transactions with connected persons are carried out in the normal course of business, at contracted rates and terms determined in accordance with the market norms.

16.3 Remuneration of the Pension Fund Manager is determined in accordance with the provisions of the provisions of VPS Rules, 2005 and the Trust Deed.

16.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

16.5 Amount outstanding as at year end are as follows:

	2022				Total	2021 Total
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
(Rupees in '000)						
AI Meezan Investment Management Limited						
(AI Meezan) - Pension Fund Manager						
Remuneration payable	1,139	425	360	33	1,957	1,303
Sindh Sales Tax on management fee	148	55	47	4	254	169
Allocated expense payable	152	313	152	1	618	-
Investments as at June 30, 2022: (Equity sub fund: 260,077 units; Gold Sub Fund: 174,735) as at June 30, 2021 (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000 units)	126,279	-	-	34,409	160,688	187,894
Meezan Bank Limited (MBL)						
Bank balance	44,502	844	9,111	18,266	72,723	106,734
Profit receivable on saving account	140	18	13	79	250	190
Investment in shares as at June 30, 2022: 2,566,180 (June 30, 2021: 1,481,659 shares)	289,927	-	-	-	289,927	170,998
Central Depository Company of Pakistan Limited (CDC) - Trustee						
Trustee fee payable	282	315	264	11	872	843
Sindh Sales Tax on trustee fee payable	37	41	34	1	113	110
Deposits	100	100	100	-	300	300
Directors and Executives of the Pension Fund Manager						
Investments as at June 30, 2022: (Equity sub fund: 1,155,590 units; Debt Sub Fund: 917,690 units; Money Market Sub Fund: 289,825 units; Gold Sub Fund: 254,439 Units) as at June 30, 2021: (Equity sub fund: 1,139,985 units; Debt sub fund: 674,405 units; Money Market sub fund: 217,280 units; Gold Sub Fund : 226,232 units)	561,092	279,594	84,935	50,105	975,726	899,002

16.6 Detail of transactions with connected person and related parties are as follow:

	2022				Total	2021 Total
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		
(Rupees in '000)						
AI Meezan Investment Management Limited						
(AI Meezan) - Pension Fund Manager						
Remuneration for the year	76,921	53,128	41,119	2,000	173,168	180,061
Sindh Sales Tax on management fee	10,000	6,907	5,346	260	22,513	23,408
Allocated expense for the year	11,932	21,702	10,621	121	44,376	-
Units redeemed / reallocated (Gold Sub Fund: 125,265 units)	-	-	-	20,000	20,000	-
Meezan Bank Limited (MBL)						
Profit on savings account	1,942	150	248	525	2,865	2,827
Purchase of 798,685 shares	101,549	-	-	-	101,549	162,107
Sale of 20,000 shares	2,955	-	-	-	2,955	-
Bonus Shares 305,836 shares	-	-	-	-	-	-
Dividend income for the year	14,636	-	-	-	14,636	2,222
Meezan Balanced Fund						
Purchase of 750 units of Javedan Corporation sukuk	-	55,845	-	-	55,845	-
Central Depository Company of Pakistan Limited (CDC) - Trustee						
Remuneration for the year	3,950	3,570	2,780	109	10,409	9,501
Sindh Sales Tax on trustee fee	513	464	361	14	1,352	1,234
CDS Charges for the year	198	16	7	-	221	276
Directors and Executives of the Pension Fund Manager						
Units issued (Equity Sub Fund: 1,320,559 units; Debt Sub Fund: 1,314,666 units; Money Market Sub Fund: 334,573 units; Gold sub fund: 42,544 units)	675,501	392,236	95,815	7,504	1,171,056	165,851
Units redeemed / reallocated (Equity Sub Fund 1,304,954 units; Debt Sub Fund: 1,071,381 units; Money Market Sub Fund: 262,028 units; Gold sub fund: 14,337 units)	675,269	321,668	75,325	2,792	1,075,054	106,422

17. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

The risk management policy of the Fund aims to maximise the return attributable to the participants and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk of the Funds is being managed by the Pension Fund Manager in accordance with the approved policies of the Investment Committee which provide broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the VPS Rules and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

17.1 Market risk

17.1.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The Pension Fund Manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the participants from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund's overall market positions are monitored on a quarterly basis by the board of directors of the Pension Fund Manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 5 to these financial statements. At June 30, 2022 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

In case of 5% increase / decrease in fair value on June 30, 2022, the net income for the year would increase / decrease by Rs. 218.113 million (net off SWWF) (2021: Rs. 258.202 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the reporting date with all other variables held constant.

17.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

a) Sensitivity analysis for variable rate instruments

Presently the Debt Sub-Fund and Money Market Sub-Fund hold KIBOR based debt securities, exposing the Sub-Funds to cash flow in interest rate risk. However, Eden Housing Limited and Security Leasing Corporation Limited II are non-performing assets and have been fully provided for, with their mark-up not being recognised.

	2022			2021		
	Effect on net income			Effect on net income		
	Debt Sub-Fund	Money Market Sub-Fund	Total	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- (Rupees in '000) -----					
Increase by 100 basis points	34,054	10,683	44,737	20,772	7,287	28,059
Decrease by 100 basis points	(34,054)	(10,683)	(44,737)	(20,772)	(7,287)	(28,059)

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan for the Government Ijarah Sukuks is expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2022 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

b) Sensitivity analysis for fixed rate instruments

The fixed interest rate profile of the Fund's interest-bearing financial instruments as reported to the management of the Fund is as follows.

	Note	Carrying amount	
		2022	2021
----- (Rupees in 000) -----			
Savings accounts	4	4,891,408	3,765,550
Term deposit receipts / COMs	5	100,000	1,530,000
		4,991,408	5,295,550

Yield / interest 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 financial instruments is based on the settlement date.

As at 30 June 2022							
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
		Up to three months	More than three months and up to one year	More than one year			
Note	----- (Rupees in '000) -----						
On-balance sheet financial instruments							
Financial assets							
	4	3.00% to 16.40%	4,891,408	-	-	7,121	4,898,529
Bank balances							
Investments - at fair value through profit or loss							
- Listed equity securities	5.1		-	-	-	4,362,271	4,362,271
- Sukuk certificates	5.2		-	4,473,693	-	-	4,473,693
Investments - at amortised cost							
- Term deposit receipts / COMs	5.3		-	-	-	100,000	100,000
Receivable against sale of investments			-	-	-	15,928	15,928
Deposits and other receivables			-	-	-	164,139	164,139
Dividend receivable			-	-	-	1,020	1,020
Receivable against change of plan / change of fund manager / issuance of units			-	-	-	-	-
			4,891,408	4,473,693	-	4,650,479	14,015,580
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager			-	-	-	1,957	1,957
Payable to Central Depository Company of Pakistan Limited - Trustee			-	-	-	872	872
Payable to auditors			-	-	-	272	272
Payable against purchase of investments			-	-	-	13,579	13,579
Payable against withdrawal / change of plan			-	-	-	10,047	10,047
Accrued expenses and other liabilities			-	-	-	9,646	9,646
			-	-	-	36,373	36,373
On-balance sheet gap			4,891,408	4,473,693	-	4,614,106	13,979,207
Off-balance sheet financial instruments							
			-	-	-	-	-
Off-balance sheet gap			-	-	-	-	-
Total interest rate sensitivity gap			4,891,408	4,473,693	-		
Cumulative interest rate sensitivity gap			4,891,408	9,365,101	9,365,101		

As at June 30, 2021							
Exposed to yield / interest rate risk							
	Effective yield / interest rate	Up to three months	More than three months and up to one year	More than one year	Not exposed to yield / interest rate risk	Total	
Note	(Rupees in '000)						
On-balance sheet financial instruments							
Financial assets							
Bank balances	4	1.5% to 7.32%	3,765,550	-	-	6,279	3,771,829
Investments - at fair value through profit or loss							
- Listed equity securities	5		-	-	-	5,164,056	5,164,056
- Sukuk certificates	5		-	2,805,921	-	-	2,805,921
Investments - at amortised cost							
- Term deposits receipts / COMs			-	-	-	1,530,000	1,530,000
- Commercial paper			-	-	-	-	-
Receivable against sale of investments (net)			-	-	-	7,696	7,696
Deposits and other receivable			-	-	-	137,020	137,020
Dividend receivable			-	-	-	21,739	21,739
Receivable against change of plan / change of fund manager / issuance of units			-	-	-	21,422	21,422
			3,765,550	2,805,921	-	6,888,212	13,459,683
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Pension Fund Manager			-	-	-	1,303	1,303
Payable to Central Depository Company of Pakistan Limited - Trustee			-	-	-	843	843
Payable to auditors			-	-	-	292	292
Payable against purchase of investments			-	-	-	4,600	4,600
Payable against withdrawal / change of plan			-	-	-	35,084	35,084
Accrued expenses and other liabilities			-	-	-	12,757	12,757
			-	-	-	54,879	54,879
On-balance sheet gap			3,765,550	2,805,921	-	6,833,333	13,404,804
Off-balance sheet financial instruments							
Off-balance sheet gap			-	-	-	-	-
Total interest rate sensitivity gap			3,765,550	2,805,921	-		
Cumulative interest rate sensitivity gap			3,765,550	6,571,471	6,571,471		

17.1.3 Currency risk

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

17.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, dividends receivable on equity securities, receivable against sale of investments and other deposits.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The credit rating wise analysis of investment in debt instruments has been tabulated as follows:

	2022				2021			
	Debt sub fund		Money market sub fund		Debt sub fund		Money market sub fund	
	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Government guaranteed	2,173,998	62%	798,340	75%	1,552,955	63%	403,680	25%
AAA	-	-	-	0%	-	0%	450,000	27%
AA+	197,506	5%	-	0%	576,145	23%	785,000	48%
AA-	133,369	4%	-	-	97,153	4%	-	-
AA	860,500	25%	270,000	25%	175,666	7%	-	-
A+	127,759	4%	-	-	59,963	2%	-	-
A	-	-	-	-	-	0%	-	-
A-1+	-	-	-	-	-	0%	-	-
BBB+	12,221	0%	-	-	15,359	1%	-	-
	3,505,353	100%	1,068,340	100%	2,477,241	100%	1,638,680	100%

Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers, thus the risk of default is considered to be minimal. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimizes the credit risk. In accordance with the risk management policy of the Fund, the Fund manager monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

Credit Rating wise analysis of balances with banks of the Fund are tabulated below:

	Rating agency	2022	
		(Rs. in '000)	(%)
AAA	VIS / PACRA	3,336,662	68.00%
AA+	VIS / PACRA	7,706	0.00%
AA	VIS / PACRA	972	0.00%
AA-	VIS / PACRA	10	0.00%
A+	VIS / PACRA	1,553,155	32.00%
A	VIS / PACRA	24	0.00%
		4,898,529	100%

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 concentration of credit risk.

The maximum exposure to credit risk as at June 30, 2022 along with comparative is tabulated below:

	2022	2021
	(Rupees in '000)	
Financial assets exposed to credit risk		
Bank balances	4,898,529	3,771,829
Investments	1,601,355	2,379,286
Receivable against sale of investments	15,928	7,696
Dividend receivable	1,020	21,739
Deposits and other receivables	164,139	137,020
Receivable against change of plan / change of fund manager	-	21,422
	6,680,971	6,338,992

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuk, however, pledged security to the investment agent in trust for the benefit of sukuk holders.

17.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting participant's early redemptions at any time. The Fund's investment are considered to be readily realisable.

In accordance with the rule 28 (2) of the VPS Rules, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding ninety days to the extent of fifteen per cent of the net assets value of the Fund. However, no such borrowing has been obtained during the year.

In accordance with the risk management policy of the Fund, the investment committee monitors the liquidity position which is reviewed by the Board of Directors of the Pension Fund Manager.

An analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2022 and June 30, 2021 is tabulated below:

	2022				Total
	Maturity up to				
	Three months	Six months	One year	More than one year	
----- (Rupees in '000) -----					
Financial liabilities					
Payable to Pension Fund Manager	2,575	-	-	-	2,575
Payable to Trustee	872	-	-	-	872
Payable to auditors	272	-	-	-	272
Payable against purchase of investments	13,579	-	-	-	13,579
Payable against withdrawal / change of plan	10,047	-	-	-	10,047
Accrued expenses and other liabilities	9,646	-	-	-	9,646
	<u>36,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,991</u>
Net assets attributable to redeemable units	<u>14,078,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,078,134</u>
----- (Rupees in '000) -----					
	2021				Total
	Maturity up to				
	Three months	Six months	One year	More than one year	
----- (Rupees in '000) -----					
Financial liabilities					
Payable to Pension Fund Manager	1,303	-	-	-	1,303
Payable to Trustee	843	-	-	-	843
Payable to auditors	292	-	-	-	292
Payable against purchase of investments	4,600	-	-	-	4,600
Payable against withdrawal / change of plan	35,084	-	-	-	35,084
Accrued expenses and other liabilities	12,757	-	-	-	12,757
	<u>54,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,879</u>
Net assets attributable to redeemable units	<u>13,359,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,359,776</u>

18. PARTICIPANTS' FUND RISK MANAGEMENT

All units and fractions thereof represent an undivided share in the respective sub-fund and rank pari passu as to their rights in the net assets and earnings of that sub-fund. The relevant movements are shown on the 'statement of movement in participants' sub-funds'.

Each participant has a beneficial interest in the Fund proportionate to the units held by such participant in the respective sub-fund in his individual pension account (IPA). The liability of the participant is limited to the number of units, held by each participant in his IPA. These are only redeemable in case of retirement, premature encashment / redemption, death of the participant, and change of Pension Fund Manager, change of allocation schemes and / or rebalancing of the IPA according to the percentages selected allocation schemes.

In accordance with risk management policies stated in note 17, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet early withdrawal requests, such liquidity being augmented by disposal of investments where necessary.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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 or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For valuation techniques for specific instruments, refer note 3.1.2.2.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Carrying Amounts			Fair Values				
		Amortised cost	At fair value through profit or loss	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in'000)									
June 30,2022									
Financial assets - measured at fair value									
- Listed equity securities		-	4,362,271	-	4,362,271	4,362,271	-	-	4,362,271
- Sukuk certificates		-	4,473,693	-	4,473,693	1,050,620	3,423,073	-	4,473,693
		-	8,835,964	-	8,835,964				
Financial assets not measured at fair value									
Bank balances	19.1	4,898,529	-	-	4,898,529				
Investments									
- Term deposit receipt / COMs	19.1	100,000	-	-	100,000				
-Commercial Paper		-							
Dividend receivable	19.1	1,020	-	-	1,020				
Deposits and other receivables	19.1	164,139	-	-	164,139				
Receivable against sale of investments	19.1	15,928	-	-	15,928				
Receivable against change of plan / change of fund manager / issuance of units	19.1	-	-	-	-				
		5,179,616	-	-	5,179,616				
		5,179,616	8,835,964	-	14,015,580				
Financial liabilities not measured at fair value									
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	19.1	-	-	1,957	1,957				
Payable to Central Depository Company of Pakistan Limited - Trustee	19.1	-	-	872	872				
Payable to auditors	19.1	-	-	272	272				
Payable against purchase of investments	19.1	-	-	13,579	13,579				
Payable against withdrawal / change of plan	19.1	-	-	10,047	10,047				
Accrued expenses and other liabilities	19.1	-	-	9,646	9,646				
		-	-	36,373	36,373				

	Note	Carrying Amounts				Fair Values			
		Amortised cost	At fair value through profit or loss	Financial liabilities measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2021									
----- (Rupees in'000) -----									
Financial assets - measured at fair value									
- Listed equity securities		-	5,164,056	-	5,164,056	5,164,056	-	-	5,164,056
- Sukuk certificates		-	2,805,921	-	2,805,921	1,050,803	1,755,118	-	2,805,921
		-	7,969,977	-	7,969,977				
Financial assets not measured at fair value									
Bank balances	18.1	3,771,829	-	-	3,771,829				
Investments					-				
- Term deposit receipt / COMs	18.1	1,530,000	-	-	1,530,000				
Dividend receivable	18.1	21,739	-	-	21,739				
Deposits and other receivables	18.1	137,020	-	-	137,020				
Receivable against sale of investments	18.1	7,696	-	-	7,696				
Receivable against change of plan / change of fund manager / issuance of units	18.1	21,422	-	-	21,422				
		5,489,706	-	-	5,489,706				
		5,489,706	7,969,977	-	13,459,683				
Financial liabilities not measured at fair value									
Payable to Al Meezan Investment Management Limited - Pension Fund Manager	18.1	-	-	1,303	1,303				
Payable to Central Depository Company of Pakistan Limited - Trustee	18.1	-	-	843	843				
Payable to auditors	18.1	-	-	292	292				
Payable against purchase of investments	18.1	-	-	4,600	4,600				
Payable against withdrawal / change of plan	18.1	-	-	35,084	35,084				
Accrued expenses and other liabilities	18.1	-	-	12,757	12,757				
		-	-	54,879	54,879				

19.1 The Fund has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

19.2 Financial instruments not measured at FVTPL include net assets attributable to unitholders. The Fund routinely redeems and issues the units at the amount equal to the proportionate share of net assets of the respective sub-fund at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying amount of net assets attributable to unitholders approximates their fair value. The units are categorized into Level 2 of the fair value hierarchy.

20. PERFORMANCE TABLE

	For the year ended June 30, 2022	For the year ended June 30, 2021	Percentage change	For the year ended June 30, 2020	For the year ended June 30, 2019	For the year ended June 30, 2018																										
	(Rupees in '000')		-----(-)-----	(Rupees in '000) -----																												
EQUITY SUB FUND																																
Net (loss) / income	(506,493)	1,420,501	(136)	232,998	(1,268,816)	(1,070,301)																										
Net realised gain / (loss) on sale of investments	(275,803)	389,748	(171)	2,777	(310,877)	(397,392)																										
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss' (net)	(522,193)	935,236	(156)	121,463	(1,116,081)	(759,404)																										
Dividend income	333,912	237,520	41	176,627	229,481	260,126																										
Profit on savings accounts with banks	10,394	9,570	9	19,004	17,620	6,088																										
Transactions in securities																																
Purchases	2,028,368	2,501,487	(19)	5,694,416	2,087,420	2,450,808																										
Sales	2,307,960	2,301,836	-	5,707,764	2,316,077	1,854,015																										
Total contribution received	1,755,700	1,500,225	17	1,432,864	1,616,733	1,739,581																										
Total net asset value	4,592,545	5,511,365	(17)	4,130,564	4,086,115	5,431,850																										
Net Asset value per unit (Rs.)	485.5458	539.0946	(10)	400.1482	377.5765	494.8205																										
DEBT SUB FUND																																
Net income	385,694	297,676	30	313,094	185,361	74,278																										
Net realised gain / (loss) on sale of investments	15	6,803	(100)	200	(1,418)	(17,356)																										
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss'	(8,571)	44,284	(119)	(2,742)	(1,674)	(11,557)																										
Profit on savings accounts with banks	143,555	79,630	80	144,623	79,474	17,532																										
Profit on Term Deposit Receipts / COMs	48,628	24,979	95	38,408	48,300	50,442																										
Profit on Sukuk Certificates and Commercial Paper	254,847	171,525	49	177,836	109,711	73,901																										
Transactions in securities																																
Purchases	5,010,253	2,085,237	140	1,512,914	2,563,841	249,325																										
Sales	4,193,570	1,772,882	137	666,869	3,152,538	(46,183)																										
Total contribution received	2,547,509	2,368,842	8	1,951,819	1,434,919	1,254,161																										
Total net asset value	5,012,235	4,334,385	16	3,178,358	2,807,052	11,701,249																										
Net Asset value per unit (Rs.)	304.6714	281.2267	8	261.9128	236.1122	220.5205																										
MONEY MARKET SUB FUND																																
Net income	328,525	166,742	97	277,574	141,302	28,316																										
Net realised gain / (loss) on sale of investments	380	1,609	100	-	122	(2,953)																										
Unrealised (diminution) / appreciation on 're-measurement of investments at 'fair value through profit or loss'	(5,370)	3,590	(250)	(4,800)	-	(2,363)																										
Profit on savings accounts with banks	201,822	95,081	112	235,653	93,200	15,469																										
Profit on Term Deposit Receipts / COMs	43,685	73,645	(41)	39,451	32,155	13,472																										
Profit on Sukuk Certificates and Commercial Paper	98,669	45,734	116	27,450	15,603	12,503																										
Transactions in securities																																
Purchases	2,123,450	941,163	126	818,391	1,177,912	-																										
Sales	2,688,420	464,003	479	(80,939)	1,372,165	(177,392)																										
Total contribution received	2,832,157	2,189,157	29	2,770,311	2,701,257	-																										
Total net asset value	4,306,627	3,378,955	27	3,092,338	2,072,836	1,013,598																										
Net Asset value per unit (Rs.)	293.0581	270.7037	8	257.3454	234.2456	218.2775																										
GOLD SUB FUND																																
Net income	32,143	484	6,541	21,043	18,682	5,403																										
Net realised gain on sale of investments	-	-	-	261	-	79																										
Unrealised appreciation on investment in gold	30,701	1,518	1,922	20,655	17,923	6,347																										
Profit on savings accounts with banks	2,057	1,066	93	1,073	349	133																										
Transactions in securities																																
Purchases	-	-	-	10,757	10,395	-																										
Sales	-	99,444	(100)	4,704	-	866																										
Total contribution received	44,880	36,714	22	26,924	20,322	-																										
Total net asset value	166,727	35,627	368	119,438	84,316	49,960																										
Net Asset value per unit (Rs.)	196.9220	158.9588	24	158.3880	130.4834	101.5719																										
Net Asset value per unit (Rs.)	<table border="1"> <thead> <tr> <th colspan="2">Equity sub fund</th> <th colspan="2">Debt sub fund</th> <th colspan="2">Money market sub fund</th> <th colspan="2">Gold Sub Fund</th> </tr> <tr> <th>Lowest issue price</th> <th>Highest issue price</th> <th>Lowest issue price</th> <th>Highest issue price</th> <th>Lowest issue price</th> <th>Highest issue price</th> <th>Lowest issue price</th> <th>Highest issue price</th> </tr> </thead> <tbody> <tr> <td>473.2889</td> <td>564.5848</td> <td>281.2695</td> <td>304.6714</td> <td>270.7423</td> <td>293.0581</td> <td>155.4966</td> <td>204.6029</td> </tr> </tbody> </table>		Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund		Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	473.2889	564.5848	281.2695	304.6714	270.7423	293.0581	155.4966	204.6029	(Rupees)					
Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund																										
Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price																									
473.2889	564.5848	281.2695	304.6714	270.7423	293.0581	155.4966	204.6029																									
For the year ended June 30, 2022	473.2889	564.5848	281.2695	304.6714	270.7423	293.0581	155.4966	204.6029																								
For the year ended June 30, 2021	410.0797	556.7766	261.9616	281.2267	257.3812	270.7037	153.7639	184.4760																								

21. COMMODITY RISK MANAGEMENT

21.1 Commodity risk

Commodity risk represents the accounting loss that would be recognised at the reporting date due to change in the future market values and the size of the future income, caused by fluctuations in the price of commodities.

Commodity risk arises on the fair value or future cash flows of a commodity that will fluctuate because of the decrease / increase in the price of the gold contract quoted on Pakistan Mercantile Exchange (PMEX).

22. TAXATION

The income of the Fund is exempt from income tax under clause 57(3) (viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in these

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. Accordingly, Supertax and any other taxes introduced in Finance Act,

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 16, 2022 by the Board of Directors of the Pension Fund Manager.

24. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**

Chief Executive

Chief Financial Officer

Director

OUR BRANCH NETWORK





- ◆ **FTC Branch, Karachi**
Ground Floor, Finance and Trade Centre,
Shahrah-e-Faisal, Karachi
Tel: (92-21) 111-633-926, 35630722-26
- ◆ **Sales Hub, Karachi**
Banglow # 43-5-E/2, Shah Abdul Latif Road,
PECHS Block 6, Karachi.
Tel: (92-21) 34559262-5
- ◆ **North Nazimabad Branch, Karachi**
Shop # G-1, G-2, Ground Floor, Ajwa Residency,
B-1, Block-L, North Nazimabad, Karachi
Tel: (92-21) 36641491-4
- ◆ **Bahadurabad Branch, Karachi**
Shop # 4, Ground Floor, Adam Arcade, B.M.C.H
Society, Shaheed-e-Millat Road, Block #3,
Karachi
Tel: (92-21) 34923112-6
- ◆ **DHA Branch, Karachi**
Shop # 01 Ground Floor, Sunset Commercial
St-02, Khayaban e Jami, Near Baitussalam
Masjid, Phase IV, D.H.A Karachi.
Tel: (92-21) 35802411-3
- ◆ **Gulshan-e-Iqbal Branch, Karachi**
Shop # 02, Ground Floor, Shelozon Center, Block
15, Gulshan-e-Iqbal Karachi.
Tel: (92-21) 34990491-4
- ◆ **Site Area Branch, Karachi**
Shop # 22, Ground Floor S.P Chamber,
Plot # B/9-B-1, SITE Area, Karachi.
Tel: (92-21) 32570051-2
- ◆ **DHA, Badar Commercial Branch, Karachi**
Plot # 8C, Shop # 03 , Street # 10, Badar
Commercial, DHA phase V, Karachi.
Tel: (92-21) 35171381-4, 021-37131680-1,
021-37131683-4
- ◆ **Gulistan-e-Jauhar Branch, Karachi**
Plot # B11, Shop # 06, Ground Floor, Alam Shah
Bukhari Apartment (Right Opposite Hilltop
Banquet Hall), Block -19, Gulistan-e-Jauhar,
Karachi.
Tel: (92-21) 34187181-84
- ◆ **Clifton Branch, Karachi**
Shop # 3, ground Floor, Plot # D-39 , Tabba
Tower Gizri Road, Karachi
Tel: (92-21) 35155219, 021-35155220 021-35155221
- ◆ **Hyderabad Branch**
Shop # A-1, 1 & 2, Mezzanine Floor Shifa Heaven,
Main Auto Bhan Road Hyderabad
Tel:(92-22) 3821277-80
- ◆ **Gulberg Branch, Lahore**
Ground Floor, Leeds Centre, Gulberg III Main
Boulevard, Lahore
Tel: (92-42) 111-633-926, 042-35783608-11
(042) 32560548 – 32560534
- ◆ **DHA Branch, Lahore**
1st Floor, Meezan Bank T Block Branch, Plot No.
7, CCA-2, T Block, Phase II, DHA Lahore
Tel: (92-42) 35747060-3, 042-32560125
- ◆ **Johar Town Branch, Lahore**
Plot No.39, Block-L, M.A.
Johar Town Scheme
Abdul Haq Road, Lahore
Tel: (92-42) 35290585-6 | 042-35290588
(042) 32510561-3
- ◆ **Islamabad Branch**
Office No 7 Ground Floor, Buland Markaz Jinnah
Avenue Blue Area, Islamabad
Tel: (92-51) 2801471-73
- ◆ **Rawalpindi Branch**
Plot # 17, Zubair Plaza, 1st Floor, Chaklala
Scheme III, Main Commercial Area Rawalpindi
Cantt, Rawalpindi, Tel: (92-51) 5766364-6
- ◆ **Faisalabad Branch (Susan Road)**
Shop # 27, First Floor Plot # 27, Susan Road
Near Chenab Market Faisalabad
Tel: 041-8503267, 041-8503268
041-8503269, (92-41)5250001
- ◆ **Peshawar Branch**
Office No 6-D, Ground Floor
6 Saddar Road Peshawar Cantt
Peshawar
Tel: (92-91) 5271911-14

- ◆ **Multan Branch**
1st Floor, Meezan Bank Rasheedabad Chowk
Branch, Aneesa Plaza Rasheedabad Chowk,
Khanewal Road Multan.
Tel: (92-61) 6305911-3 & (061) 2001001-2
- ◆ **Abbottabad Branch**
Office No 2, 3rd Floor Zaman Plaza, Near Ayub
Medical Complex, Mansehra Road, Abbottabad.
Tel: (0992)-414123-24
- ◆ **Gujranwala Branch**
Ground Floor, 387-A, Model Town, Gujranwala
Tel: (92-55) 3842205-6 & (055) 2040090-3
- ◆ **Swat Branch**
Mezzanine Floor, Sultan e Room Plaza, Main G.T
Road, Mingora Swat
Tel: (92-946) 714023-6

- ◆ **Sialkot Branch**
Second Floor Meezan Bank, Qayum plaza,
Aziz Shaheed Road, Sialkot Cant, Sialkot
Tel: (92-52) 4290460-4290461
- ◆ **Gujrat Branch**
P-1037, Ground Floor, G.T Road,
IX Block, Gujrat
Tel: (92-53) 3724765-7
- ◆ **Bahawalpur Branch**
Shop # 27, Ground Floor Liberty Square, Fuji
Basti Chowk, Airport Road, Bahawalpur
Cantt Tel: (92-62) 2200235
- ◆ **Quetta Branch**
1st Floor Mega Trade Center, Ward No.18,
Tappa Urban No.1, Shahrah-e-iqbal, Manan
Chowk, Tehsil & District Quetta
Tel: (92-81) 2824156-58







CONTACT US

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Use of the name and logo of Meezan Bank Limited as given above does not mean that it is responsible for the liabilities/obligations of Al Meezan Investment Management Limited or any investment scheme managed by it.

Note: The role of Meezan Bank Limited (MBL) is restricted to distribution of Mutual Funds only.