

Evolving Reporting **Standards**

Al Meezan's commitment to evolving its reporting standards ensures that clients receive accurate and up-to-date information, offering complete transparency and easy access to information.

Meezan Asset Allocation Fund

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
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Non-Executive Nominee Director- MBL
Mr. Naeem Sattar	Non-Executive Nominee Director- PKIC
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj	Non-Executive Nominee Director- MBL

Ms. Shazia Khurram was appointed on July 4, 2023 as director in place of Mr. Moin M. Fudda who resigned from the Board on June 9, 2023 and Mr. Saad Ur Rahman Khan was appointed on August 7, 2023 in place of Mr. Mubashar Maqbool who resigned from the Board on July 21, 2023. The revised composition of the Board Committees is as under.

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. Saad Ur Rahman Khan	Chairman
Ms. Shazia Khurram	Member
Mr. Furquan R. Kidwai	Member

BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Saad Ur Rahman Khan	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

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box. 15541, Karachi 75530

SHARIAH ADVISER

Dr. Muhammad Imran Usmani
Jamia Darul Uloom Karachi
Korangi Industrial Area Karachi Postal Code 75180 Pakistan
Tel: +92 21 35044770
Email: miu786@gmail.com

BANKERS TO THE FUND

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

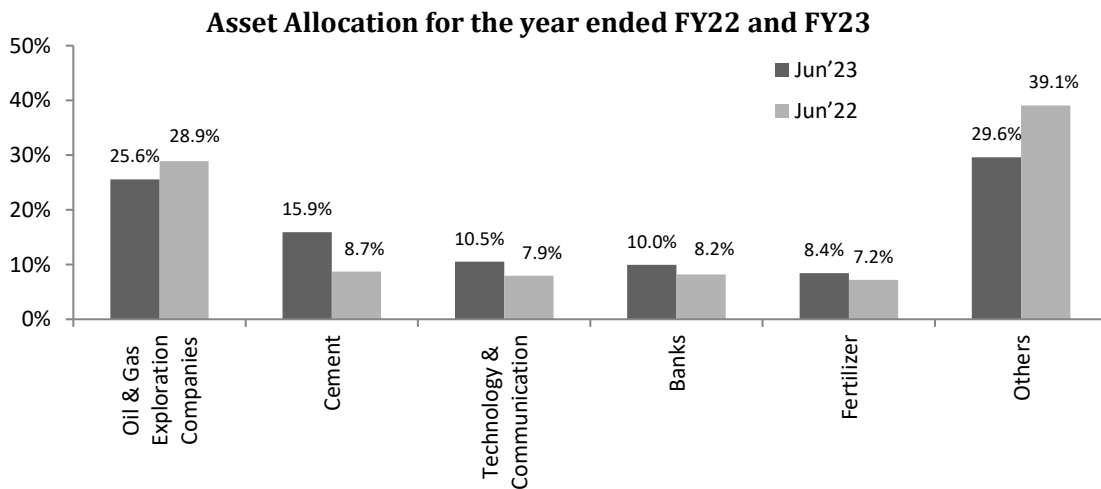
Based on the Fund Manager’s outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall 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, 2023, the fund’s equity exposure was 85.36%, while 14.64% of the Net Assets was invested in bank deposits.

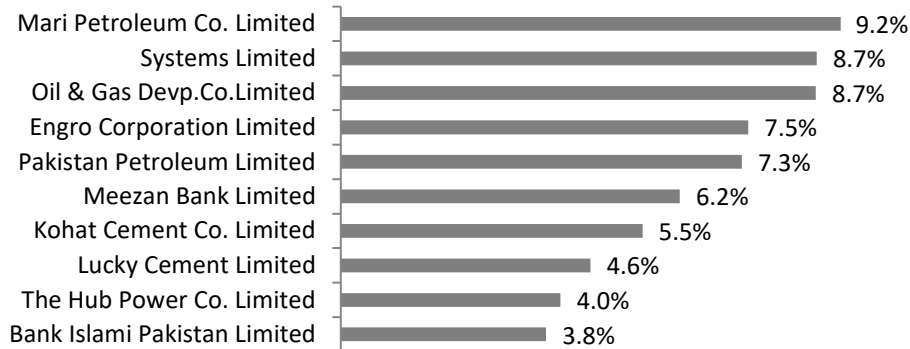




Pure. Profit.



Top Holdings



Performance Review

During the fiscal year 2023, Meezan Asset Allocation Fund provided a positive return of 0.35% to its investors.

	MAAF	Benchmark
Net Asset Value as on June 30, 2022	40.01	68,766.37
Net Asset Value as on June 30, 2023	39.86	70,748.12
Change (Points)	-0.15	1,981.75
Return During the Period - Net	0.35%	3.28%
Under performance	-2.94%	

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 Income of Rs. 29 million during FY23 as compared to total Loss of Rs. 233 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 31 million and Rs. 5 million respectively. Dividend income and profit on saving account with banks comprised of Rs. 54 million and 11 million respectively. After accounting for expenses of Rs. 26 million, the fund posted a net Income of Rs. 3 million. The net assets of the Fund as at June 30, 2023 were Rs. 454 million as compared to Rs. 850 million at the end of last year depicting an decrease of 47%.

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.

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, 2023 an amount of Rs. 1.811 million was accrued as charity payable.

Distributions

There is Re 0.29/- distribution by the Fund during the period ended June 30, 2023.



Pure. Profit.



SWWF Disclosure

Not Applicable

Breakdown of unit holdings by size:

(As on June 30, 2023)

Range (Units)	No. of Investors
1 - 9,999	978
10,000 - 49,999	105
50,000 - 99,999	19
100,000 - 499,999	13
500,000 and above	4
Total	1,119

Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
Number	31	31	0	0
Percentage	100%	100%	0%	0%

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

PERFORMANCE TABLE
MEEZAN ASSET ALLOCATION FUND

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	453,987.00	850,185.00	1,672,231.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	39.8599	40.0109	49.4600
Offer price per unit as at June 30, (Rs.) (ex-distribution)	41.2111	41.3673	51.1367
Highest offer price per unit (Rs.)	43.7888	53.7822	53.0784
Lowest offer price per unit (Rs.)	38.6005	40.2510	38.6076
Highest redemption price per unit (Rs.)	42.3531	52.0188	51.3381
Lowest redemption price per unit (Rs.)	37.3349	38.9313	37.3418
Distribution (%)			
Interim	0.58%	0	0
Final		0	0
Date of distribution			
Interim	27/06/2023	0	0
Final		0	0
Income distribution (Rupees in '000)	3,286	0	0
Growth distribution (Rupees in '000)		0	0
Total return (%)	0.00	(19.10)	35.16

Average annual return as at June 30, 2023 (%)

One Year	Two Years	Three Years
0.00%	-10.05%	3.02%

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

Dr. Muhammad Imran Usmani

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Report of the Shariah Advisor –Meezan Asset Allocation Fund (MAAF)

July 29, 2023/ Dhu Al-Hijjah 29, 1443

Alhamdulillah, the period from July 1, 2022 to June 30, 2023 was the Seventh year of operations of Meezan Asset Allocation Fund (the “MAAF” or the “Fund”) under management of Al Meezan Investment Management Limited (the “Al Meezan” or the “Management Company”). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the “Report”) in accordance with the Trust Deed of the Fund. The scope of the Report is to express an opinion on the Shariah compliance of the Fund’s activity.

In the capacity of Shariah Advisor, we have prescribed six criteria for Shariah compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in Shariah non-compliant activities to total assets (iv) Shariah 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 Shariah compliance with the Shariah guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the Management Company’s personnel and review of various documents prepared by the Management Company to comply with the prescribed criteria.

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 2023 have been in compliance with the Shariah principles.

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

We further confirm that earnings realized through prohibited sources were transferred to the charity account which amounts to PKR 1.8 million and is available for disbursement.

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

And Allah knows the best.



Dr. Muhammad Imran Ashraf Usmani
Shariah Advisor

**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.

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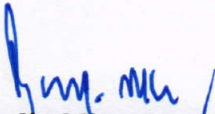
TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan 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, 2023 in accordance with the provisions of the following:

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


Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 25, 2023

INDEPENDENT AUDITORS' 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 **30 June 2023**, and the income statement, comprehensive income, cash flows statement and movement in unit holders' fund 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 present fairly, in all material respects, (or give a true and fair view of) the financial position of the Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of bank balances and investments	
As disclosed in note 5 and 6 to the accompanying financial statements of the Fund for the year ended 30 June 2023, the bank balances and investments (comprised of equity instruments) held by the Fund represent 96% of the total assets of the Fund as at the year end.	<p>We performed a combination of audit procedures focusing on the existence and valuation of bank balances and investments. Our key procedures included the following:</p> <ul style="list-style-type: none"> - We obtained independent confirmations for verifying the existence of the bank balances as at 30 June 2023 and reconciled it with the books and records of the Fund. - We tested controls over acquisition, disposals and periodic valuation of investments portfolio.

Key audit matter	How our audit addressed the key audit matter
<p>In view of the significance of bank balances and investment in relation to the total assets and the Net Assets Value (NAV) of the Fund, we have considered the existence and valuation of such bank balances and investments as a key audit matter.</p>	<ul style="list-style-type: none"> - We performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policy of the Fund as mentioned in note 4. - We evaluated the appropriateness of the classification of the investments in accordance with the requirements of IFRS 9 and the valuations in accordance with the requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). - We assessed the Fund's compliance with the requirements of the Regulations in relation to the concentration of investments and exposure limits prescribed in such Regulations and the applicability of disclosures in this regard. - We also evaluated the adequacy of the overall disclosures in the financial statements in respect of the investment portfolio in accordance with the requirements of the Regulations and applicable financial reporting standards.

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 auditors' 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 for the Financial Statements

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

In preparing the financial statements, 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.

The Board of Directors 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 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 the Board of Directors 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 the Board of Directors 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 the Board of Directors, 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.

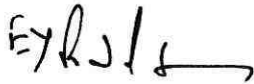
Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.

Other Matter

The annual financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants, whose audit report dated 21 September 2022, expressed an unmodified opinion, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Date: 26 September 2023

Place: Karachi

UDIN Number: AR202310076QEKakzDhP



**MEEZAN ASSET ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2023**

	Note	2023	2022
-----Rupees in '000-----			
Assets			
Balances with banks	5	51,466	94,883
Investments	6	400,027	759,097
Receivable against conversion of units		601	2,873
Receivable against sale of investments		9,966	3,981
Dividend receivable		716	240
Advances, deposits and other receivable	7	5,844	5,992
Total assets		468,620	867,066
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	1,558	1,062
Payable to Central Depository Company of Pakistan Limited - Trustee	9	86	159
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	137	268
Payable to Meezan Bank Limited		-	66
Payable against redemption and conversion of units		8,294	7,287
Payable against purchase of investments		-	5,179
Dividend payable		258	-
Withholding Tax Payable On Dividend		637	-
Accrued expenses and other liabilities	11	3,663	2,860
Total liabilities		14,633	16,881
Net assets		453,987	850,185
Unit holders' fund (as per statement attached)		453,987	850,185
Contingencies and commitments	12		
-----Number of units-----			
Number of units in issue		11,389,560	21,248,845
-----Rupees-----			
Net asset value per unit		39.8599	40.0109

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
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
----- Rupees in '000 -----			
Income			
Realised loss on sale of investments		(31,049)	(149,016)
Dividend income		53,954	68,810
Profit on balances with banks		10,950	11,527
Other income		-	1,032
		<u>33,855</u>	<u>(67,647)</u>
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<u>(4,818)</u>	<u>(165,110)</u>
Total income / (loss)		<u>29,037</u>	<u>(232,757)</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	10,256	20,106
Sindh Sales Tax on remuneration of the Management Company	8.2	1,333	2,614
Allocated expenses	8.3	752	1,474
Selling and marketing expenses	8.4	6,838	13,404
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,368	2,322
Sindh Sales Tax on remuneration of the Trustee	9.2	178	302
Annual fees to the Securities and Exchange Commission of Pakistan (SECP)	10	137	268
Brokerage expense		1,736	4,526
Auditors' remuneration	13	386	339
Fee and subscription charges		471	563
Legal and professional charges		-	184
Bank and settlement charges		462	621
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(21,839)
Charity expense	11.1	1,811	1,420
Total expenses		<u>(25,728)</u>	<u>(26,304)</u>
Net income / (loss) for the year before taxation		<u>3,309</u>	<u>(259,061)</u>
Taxation	15	-	-
Net income / (loss) for the year after taxation		<u>3,309</u>	<u>(259,061)</u>
Allocation of net income for the year			
Net income for the year after taxation		3,309	-
Income already paid on units redeemed		-	-
		<u>3,309</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		3,309	-
		<u>3,309</u>	<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 COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022
	----- Rupees in '000-----	
Net income / (loss) for the year after taxation	3,309	(259,061)
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	<u>3,309</u>	<u>(259,061)</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
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023	2022
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income / (loss) for the year before taxation		3,309	(259,061)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	4,818	165,110
		<u>8,127</u>	<u>(93,951)</u>
Decrease / (increase) in assets			
Investments - net		354,252	499,195
Receivable against sale of investments		(5,985)	4,151
Dividend receivable		(476)	400
Advances, deposits and other receivable		148	21,970
		<u>347,939</u>	<u>525,716</u>
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		496	(3,442)
Payable to Central Depository Company of Pakistan Limited - Trustee		(73)	(82)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(131)	(42)
Payable against purchase of investments		(5,179)	5,051
Payable to Meezan Bank Limited		(66)	17
Dividend payable		258	-
Withholding Tax Payable On Dividend		637	-
Accrued expenses and other liabilities		803	(24,560)
		<u>(3,255)</u>	<u>(23,058)</u>
Net cash generated from operating activities		<u>352,811</u>	<u>408,707</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,286)	-
Receipts against issuance and conversion of units		95,992	659,458
Payment against redemption and conversion of units		(488,934)	(1,223,144)
Net cash used in from financing activities		<u>(396,228)</u>	<u>(563,686)</u>
Net decrease in cash and cash equivalents during the year		<u>(43,417)</u>	<u>(154,979)</u>
Cash and cash equivalents at the beginning of the year		94,883	249,862
Cash and cash equivalents at the end of the year	5	<u>51,466</u>	<u>94,883</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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 Shariah.

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 30, 2022 (2022: 'AM1' dated December 31, 2021) and by PACRA dated June 23, 2023 (2022: 'AM1' 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.

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 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

Amendments and improvements to the approved accounting and reporting standards that became effective during the year

The Fund has adopted the following amendments and improvements to the approved accounting and reporting standards which became effective for the current year:

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16	Leases: Lease incentives
IAS 41	Agriculture - Taxation in fair value measurement

The adoption of the above amendments and improvements to the approved accounting and reporting standards did not have any material effect on these financial statements.

3.3 Standards and amendments to the approved accounting standards that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments	Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising - from a Single Transaction - Amendments to IAS 12 January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-Current and - Non-Current Liabilities with Covenants - Amendments to IAS 1 January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its - Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 Not yet finalised
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 - and IFRS 7 January 01, 2024
IAS 12	International Tax Reform – Pillar Two Model Rules -Amendments to IAS 12 January 01, 2023

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRS January 01, 2004
IFRS 17	Insurance Contracts January 01, 2023

The Company expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the fund's financial statements in the period of initial application.

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.

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	2023	2022
			----- Rupees in '000-----	
	Balances with banks in:			
	Savings accounts	5.1	49,757	92,714
	Current accounts		<u>1,709</u>	<u>2,169</u>
			<u>51,466</u>	<u>94,883</u>

5.1 These include balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 10.00% (2022: 6.01%) per annum. Other savings accounts of the Fund have expected profit rates ranging from 7.14% to 20.25% per annum (2022: 4.00% to 15.50% per annum).

6	INVESTMENTS	Note	2023	2022
			----- Rupees in '000-----	
	Investment at 'fair value through profit or loss'			
	Listed equity securities	6.1	<u>400,027</u>	<u>759,097</u>

6.1 Investments in equity securities - listed

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised (diminution)/a ppreciation as at June 30, 2023	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											
Attock Cement Pakistan Limited	3,100	-	-	-	3,100	206	257	51	0.06	-	-
Cherat Cement Company Limited	74,600	50,000	-	30,000	94,600	9,429	11,378	1,950	2.51	0.05	0.03
Fauji Cement Company Limited	245,000	140,000	30,625	300,000	115,625	1,525	1,360	(165)	0.30	-	-
Gharibwal Cement Limited	442,000	-	-	185,500	256,500	5,002	3,976	(1,026)	0.88	0.06	0.01
Kohat Cement Company Limited	125,800	43,968	-	20,500	149,268	20,611	25,894	5,283	5.70	0.07	0.06
Lucky Cement Limited	58,031	31,000	-	48,000	41,031	18,650	21,422	2,772	4.72	0.01	0.05
Pioneer Cement Limited	-	50,000	-	-	50,000	3,600	4,332	732	0.95	0.02	0.01
Maple Leaf Cement Factory Limited	489,707	150,000	-	428,033	211,674	5,880	5,997	116	1.32	0.02	0.01
									16.44	0.23	0.17
Chemicals											
Descon Oxychem Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Dynea Pakistan Limited (note 6.1.1)	59,600	100	-	59,700	-	-	-	-	-	-	-
Engro Polymer and Chemicals Limited	199,761	-	-	199,761	-	-	-	-	-	-	-
Lucky Core Industries Limited	12,400	-	-	3,000	9,400	6,811	5,679	(1,132)	1.25	0.01	0.01
									1.25	0.01	0.01
Commercial Banks											
BankIslami Pakistan Limited	852,000	300,000	-	160,000	992,000	12,256	17,618	5,362	3.88	0.09	0.04
Meezan Bank Limited (a related party of the Fund)	539,167	-	49,516	252,000	336,683	34,580	29,079	(5,501)	6.41	0.02	0.07
									10.29	0.11	0.11
Engineering											
International Industries Limited	-	5,000	-	5,000	-	-	-	-	-	-	-
International Steels Limited	-	50,000	-	50,000	-	-	-	-	-	-	-
Mughal Iron and Steel Industries Limited	186,190	160,000	-	346,190	-	-	-	-	-	-	-
									-	-	-
Fertilizer											
Engro Corporation Limited (note 6.1.2)	95,778	178,000	-	139,263	134,515	36,608	34,959	(1,649)	7.70	0.02	0.09
Fatima Fertilizer Company Limited	-	102,264	-	102,264	-	-	-	-	-	-	-
Engro Fertilizers Limited	423,348	75,000	-	444,000	54,348	4,765	4,485	(280)	0.99	-	0.01
									8.69	0.02	0.10
Food And Personal Care Products											
Al-Shaheer Corporation Limited (note 6.1.3)	7,704	-	-	7,516	188	2	1	(1)	-	-	0.00
National Foods Limited	-	45,000	-	33,000	12,000	1,020	1,181	161	0.26	0.01	0.00
The Organic Meat Company Limited	-	285,000	9,750	95,000	199,750	4,188	4,151	(37)	0.91	-	0.01
At-Tahir Limited	169,200	-	16,920	181,500	4,620	80	76	(4)	0.02	-	0.00
									1.19	0.01	0.01
Glass and Ceramics											
Shabbir Tiles and Ceramics Limited (note 6.1.1)	1,326,500	-	-	1,326,500	-	-	-	-	-	-	-
Leather & Tanneries											
Service GlobalFootwear Limited	15,005	-	-	15,005	-	-	-	-	-	-	-
Oil And Gas Exploration Companies											
Mari Petroleum Company Limited	55,936	6,368	-	33,975	28,329	48,718	42,908	(5,810)	9.45	0.02	0.11
Oil and Gas Development Company Limited (note 6.1.2)	874,650	115,000	-	467,000	522,650	41,187	40,767	(420)	8.98	0.01	0.10
Pakistan Oilfields Limited	40,667	-	-	36,249	4,418	1,793	1,775	(18)	0.39	-	0.00
Pakistan Petroleum Limited	1,002,841	101,000	-	522,000	581,841	39,695	34,410	(5,285)	7.58	0.02	0.09
									26.40	0.05	0.30
Oil And Gas Marketing Companies											
Attock Petroleum Limited	-	32,000	6,250	29,015	9,235	2,755	2,773	18	0.61	0.01	0.01
Pakistan State Oil Company Limited (note 6.1.3)	126,561	34,000	-	103,000	57,561	9,802	6,390	(3,412)	1.41	0.01	0.02
Sui Northern Gas Pipelines Limited	442,336	270,000	-	519,000	193,336	7,399	7,612	213	1.68	0.03	0.02
									3.70	0.05	0.05
Paper and Board											
Century Paper and Board Mills Limited	166,100	35,500	106,378	92,500	215,478	6,451	6,085	(366)	1.34	0.11	0.02
Packages Limited	33,250	-	-	18,000	15,250	6,083	5,931	(152)	1.31	0.02	0.01
									2.65	0.13	0.03
Pharmaceuticals											
Haleon Pakistan Limited	19,800	-	-	19,800	-	-	-	-	-	-	-
IBL Healthcare Limited	473,300	-	33,330	506,630	-	-	-	-	-	-	-
The Searle Company Limited (note 6.1.3)	3,682	-	920	-	4,602	401	176	(225)	0.04	-	0.00
									0.04	-	0.00

Name of the investee company	As at July 1, 2022	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised (diminution)/a ppreciation as at June 30, 2023	Percentage in relation to							
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of invest-ments					
								(Number of shares)			(Rupees in '000)			%		
Power Generation And Distribution																
The Hub Power Company Limited	150,797	490,000	-	370,000	270,797	18,861	18,842	(19)	4.15	0.02	0.05					
K-Electric Limited (note 6.1.1)	1,779,500	1,000,000	-	2,779,500	-	-	-	-	-	-	-					
									4.15	0.02	0.05					
PROPERTY & REAL ESTATE																
TPL Properties Limited	-	300,000	10,000	100,000	210,000	3,547	2,617	(931)	0.58	0.04	0.01					
									0.58	0.04	0.01					
Refinery																
Attock Refinery Limited	4,500	-	-	4,500	-	-	-	-	-	-	-					
Cnergyico PK Limited	1,898,000	750,000	-	2,648,000	-	-	-	-	-	-	-					
National Refinery Ltd	20,956	-	-	20,956	-	-	-	-	-	-	-					
									-	-	-					
Technology and Communication																
Air Link Communication Limited	46,737	-	-	46,737	-	-	-	-	-	-	-					
Avanceon Limited	43,000	-	6,450	49,450	-	-	-	-	-	-	-					
Octopus Digital Limited	25,524	-	-	25,524	-	-	-	-	-	-	-					
Supernet Limited	500,000	10,000	50,000	-	560,000	9,774	8,394	(1,380)	1.85	0.50	0.02					
Systems Limited	145,260	10,000	-	54,000	101,260	34,089	40,841	6,752	9.00	0.04	0.10					
Worldcall Telecom Limited	3,150,000	-	-	3,150,000	-	-	-	-	-	-	-					
									10.85	0.54	0.12					
Textile Composite																
Feroze1888 Mills Limited	63,600	-	-	61,600	2,000	125	150	25	0.03	-	0.00					
Interloop Limited	279,626	220,000	37,361	449,362	87,625	3,627	3,090	(537)	0.68	0.01	0.01					
Kohinoor Textile Mills Limited	260,500	-	-	154,000	106,500	5,325	5,422	97	1.19	0.04	0.01					
Nishat Mills Limited	75,700	-	-	75,700	-	-	-	-	-	-	-					
									1.90	0.05	0.02					
Total as at June 30, 2023						404,845	400,027	(4,818)	88.14		98.64					
Total as at June 30, 2022						924,207	759,097	(165,110)	89.29		100.00					

* Nil figures due to rounding off

- 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.8.836 million and Rs.10.92 million respectively as at June 30, 2023 (June 30, 2022: 34,000 shares of Engro Corporation Limited, 140,000 shares of Oil and Gas Development Company Limited, having market value of Rs.17.676 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 01, 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, 2023, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs.0.800 million (June 30, 2022: Rs.1.37 million).

	Note	2023	2022
----- Rupees in '000-----			
6.2 Unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss			
Market value of investments	6.1	400,027	759,097
Carrying value of investments	6.1	(404,845)	(924,207)
		<u>(4,818)</u>	<u>(165,110)</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		2,512	2,500
Profit receivable on saving accounts with banks		762	922
Advance tax	7.1	2,470	2,470
		<u>5,844</u>	<u>5,992</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 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 May 12, 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 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, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	Note	2023	2022
-----Rupees in '000-----			
PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY			
Remuneration payable	8.1	148	211
Sindh Sales Tax on remuneration payable to the Management Company	8.2	19	27
Allocated expenses payable	8.3	42	5
Front End Sales load payable		15	13
Sindh Sales Tax payable on sales load		2	1
Selling and marketing expenses payable	8.4	1,332	805
		<u>1,558</u>	<u>1,062</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% (2022:1.5%) per annum of the average net assets of the Fund during the year June 30, 2023 . The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs.1.333 million (2022: Rs.2.614 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.1,341 million (2022: Rs.2.605 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% (2022: 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 05, 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% (2022: 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	Note	2023	2022
-----Rupees in '000-----			
PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE			
Remuneration of the Trustee	9.1	76	141
Sindh Sales Tax payable on remuneration of the Trustee	9.2	10	18
		<u>86</u>	<u>159</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:

On net assets:

- 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.0.178 million (2022: Rs.0.302 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.0.186 million (2022: Rs.0.312 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 (2022: 0.02% of average annual net assets).

	Note	2023	2022
-----Rupees in '000-----			
11 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		255	208
Brokerage payable		568	318
Shariah advisor fee payable		167	264
Charity payable	11.1	2,036	1,417
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
Capital gain tax payable		10	26
		<u>3,663</u>	<u>2,860</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, 2023, Shariah non-compliant income amounting to Rs.1.811 million (2022: Rs.1.420 million) was charged as charity expense and Rs1.19 million was disbursed to following charitable / welfare organisations respectively:

S. No	Charitable Organisations	Amount Rupees in '000
1	Akhuwat Foundation	227
2	The Patients behbud Society for AKUH	963
Total		<u>1,190</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 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 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.0.627 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.0.06 (June 30, 2022: Re.0.03) per unit.

12 CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies and commitments outstanding as at June 30, 2023 and June 30, 2022.

	2023	2022
	-----Rupees in '000-----	
13 AUDITORS' REMUNERATION		
Annual audit fee	246	225
Half yearly review fee	102	94
Out of pocket expenses	38	20
	<u>386</u>	<u>339</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 3.76% (2022: 3.59%) which includes 0.27% (2022: 0.28%) 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, 2023 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	2023	2022
	-----Rupees '000-----	
Al Meezan Investment Management Company (Management Company)		
Remuneration payable to the Management Company	148	211
Sindh Sales Tax payable on remuneration of the Management Company	19	27
Sales load payable	15	13
Sindh Sales Tax on sales load	2	1
Allocated expenses	42	5
Selling and marketing expenses payable	1,332	805
Central Depository Company Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	76	141
Sindh Sales Tax on remuneration of the Trustee	10	18
Deposits	100	100
Meezan Bank Limited		
Sales load payable	-	58
Sindh Sales tax on sales load payable	-	8
Bank balance	3,774	1,472
Profit receivable on savings account	45	60
Outstanding 336,683 shares (2022: 539,167 shares)	29,079	60,915
Shariah Advisor fee payable	167	264
Unit Holders holding 10% or more units of the Fund		
Investment (Rs. in '000)	136,190	-
Investment (Units)	3,417	-
Directors and their close family members and key management personnel of the Management Company		
Investment of 96,221 units (2022: 295,585 units)	3,835	11,827
For the year ended June 30,		
	2023	2022
	----- (Rupees in '000) -----	
Al Meezan Investment Management Company (Management Company)		
Remuneration to the Management Company	10,256	20,106
Sindh Sales Tax on remuneration of the Management Company	1,333	2,614
Allocated expenses	752	1,474
Selling and marketing expenses	6,838	13,404
Central Depository Company Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,368	2,322
Sindh Sales Tax on remuneration of the Trustee	178	302
CDS charges	47	125
Meezan Bank Limited		
Profit on savings account	690	947
Purchase of Nil (2022: 271,234 shares)	-	36,646
Bonus of 49,516 shares (2022: 71,108 shares)	-	-
Sale 252,000 shares (2022: 131,000 shares)	25,985	18,889
Dividend income	4,780	3,469
Shariah Advisor fee	443	535
Unit holders holding 10% or more units of the Fund		
Dividend paid	755	-
Directors and their close family members and key management personnel of the Management Company		
Issuance of 3,498 units (2022: 586,315 units)	147	27,827
Redemption of 202,819 units (2022: 1,282,474 units)	7,998	61,895
Dividend paid	1,106	-

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**

2023		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
Financial assets		
Balances with banks	51,466	51,466
Investments	-	-
Receivable against conversion of units	400,027	400,027
Receivable against sale of investments	601	601
Dividend receivable	9,966	9,966
Advances, deposits and other receivable	716	716
	3,374	3,374
	<u>66,123</u>	<u>466,150</u>
Financial liabilities		
Payable to Al Meezan Investment Management Company - Management Company	1,558	1,558
Payable to Central Depository Company Of Pakistan Limited- Trustee	86	86
Payable against redemption and conversion of units	8,294	8,294
Accrued expenses and other liabilities	990	990
	<u>10,928</u>	<u>10,928</u>
Net financial assets / (liabilities)	<u>55,195</u>	<u>455,222</u>

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	-	-
Receivable against sale of investments	759,097	759,097
Receivable against conversion of units	2,873	2,873
Dividend receivable	3,981	3,981
Advances, deposits and other receivable	240	240
	3,522	3,522
	<u>105,499</u>	<u>864,596</u>
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>14,543</u>
Net financial assets / (liabilities)	<u>90,956</u>	<u>850,053</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: 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, 2023, 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.0.50 million (2022: Rs.0.93 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2023, 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, 2023 can be determined as follows:



2023						
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	7.14% to 20.25%	49,757	-	-	1,709	51,466
Investments		-	-	-	400,027	400,027
Receivable against conversion of units		-	-	-	601	601
Dividend receivable		-	-	-	716	716
Receivable against sale of investments		-	-	-	9,966	9,966
Advances, deposits and other receivable		-	-	-	3,374	3,374
		49,757	-	-	416,393	466,150
Financial liabilities						
Payable to Al Meezan Asset Management Company - Management Company		-	-	-	1,558	1,558
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	86	86
Payable against redemption and conversion of units		-	-	-	8,294	8,294
Accrued expenses and other liabilities		-	-	-	990	990
		-	-	-	10,928	10,928
On-balance sheet gap (a)		49,757	-	-	405,465	455,222
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		49,757	-	-		
Cumulative profit rate sensitivity gap		49,757	49,757	49,757		

2022						
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	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		

(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, 2023, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs.4.00 million (2022: Rs.7.591 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, 2023 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:

2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

Financial assets

Balances with banks	51,466	-	-	-	-	51,466
Investments	-	-	-	-	400,027	400,027
Receivable against conversion of units	601	-	-	-	-	601
Receivable against sale of investments	9,966	-	-	-	-	9,966
Dividend receivable	716	-	-	-	-	716
Advances, deposits and other receivable	3,374	-	-	-	-	3,374
	66,123	-	-	-	400,027	466,150

Financial liabilities

Payable to Al Meezan Management Company Limited- Management Company	1,558	-	-	-	-	1,558
Payable to Central Depository Company of Pakistan Limited - Trustee	86	-	-	-	-	86
Payable against redemption and conversion of units	8,294	-	-	-	-	8,294
Accrued expenses and other liabilities	568	422	-	-	-	990
	10,506	422	-	-	-	10,928

Net assets / (liabilities)

	55,617	(422)	-	-	-	400,027	455,222
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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 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
Accrued expenses and other liabilities	318	472	-	-	-	790
Payable to Meezan bank Limited	66	-	-	-	-	66
	14,071	472	-	-	-	14,543

Net assets / (liabilities)

	91,428	(472)	-	-	-	759,097	850,053
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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. The table below analyses the Fund's maximum exposure to credit risk:

	2023		2022	
	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	51,466	51,466	94,883	94,883
Investments	400,027	-	759,097	-
Receivable against conversion of units	601	601	2,873	2,873
Receivable against sale of investments	9,966	9,966	3,981	3,981
Dividend receivable	716	716	240	240
Advances, deposits and other receivable	3,374	3,374	3,522	3,522
	466,150	66,123	864,596	105,499

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.400 million (2022: Rs.759 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:

	2023	2022
	(Percentage)	
AAA	7.38	1.57
AA+	11.72	34.70
AA	0.08	0.03
AA-	15.09	-
A+	65.74	63.70
	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, 2023 & June 30, 2022 the Fund held the following financial instruments measured at fair values:

	2023		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	400,027	-	-
	(Rupees in '000)		
	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	-	-

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	2023			2022		
	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	1,105	308,597	67.97	1,331	465,705	54.78
Private Companies	2	5,743	1.27	5	26,347	3.10
Retirement Funds	9	104,975	23.12	21	315,362	37.09
Others	3	34,672	7.64	4	42,771	5.03
	1,119	453,987	100.00%	1,361	850,185	100.00%

22 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Standard Capital Sec (Pvt) Ltd	8.89%	Intermarket Securities Limited	6.55%
Ismail Iqbal Securities (Pvt) Ltd	6.13%	Arif Habib Limited	6.25%
Topline	5.07%	Ismail Iqbal Securities (Private) Limited	5.97%
Spectrum Securities (Private) Limit	4.58%	Spectrum Securities (Private) Limited	5.90%
Jsglobal	4.47%	Standard Capital Securities (Private) Limited	5.64%
Intermarket Securities Limited	4.34%	Topline Securities Limited	5.18%
Arif Habib Limited	3.85%	Vector Capital (Private) Limited	4.64%
Dalal Securities	3.77%	Alfalah Securities (Private) Limited	4.48%
Aba Ali Habib Securities Pvt Ltd	3.73%	BMA Capital Management Limited	4.16%
Optimus Capital Management Pvt Ltd	3.63%	Next Capital Limited	3.96%

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 Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven years
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Shariah Compliant Income	CFA level II / MBA	Sixteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Twelve years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Thirteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / MBA, ACCA, FRM, FCMA	Fourteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Sixteen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Fifteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Nine 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 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah Ahmed	Non-Executive	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda*	Non-Executive	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Independent Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Non-Executive	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Non-Executive	Yes	Yes	Yes	Yes
Mr. Naeem	Non-Executive	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Independent Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Independent Director	Yes	No	Yes	Yes
Mr. Mohammad Shoab, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes

*Mr. Moin M. Fudda resigned from the Board on June 9, 2023.



25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 7, 2023 by the Board of Directors of the Management Company.

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

Chief Financial Officer

Director