



# Continuous *Research*

Al Meezan's commitment to evolving its research methodologies ensures that it stays at the forefront of rapidly changing market trends and insights, offering clients well-informed investment options and facilitating them to take knowledge-based decisions.

## Meezan Islamic Income Fund

Meezan Islamic Income Fund is Pakistan's first Shariah Compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation.

# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto: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](mailto:miu786@gmail.com)

## BANKERS TO THE FUND

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

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

## LEGAL ADVISER

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

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



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## REPORT OF THE FUND MANAGER Meezan Islamic Income Fund (MIIF)

### Type of Fund

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

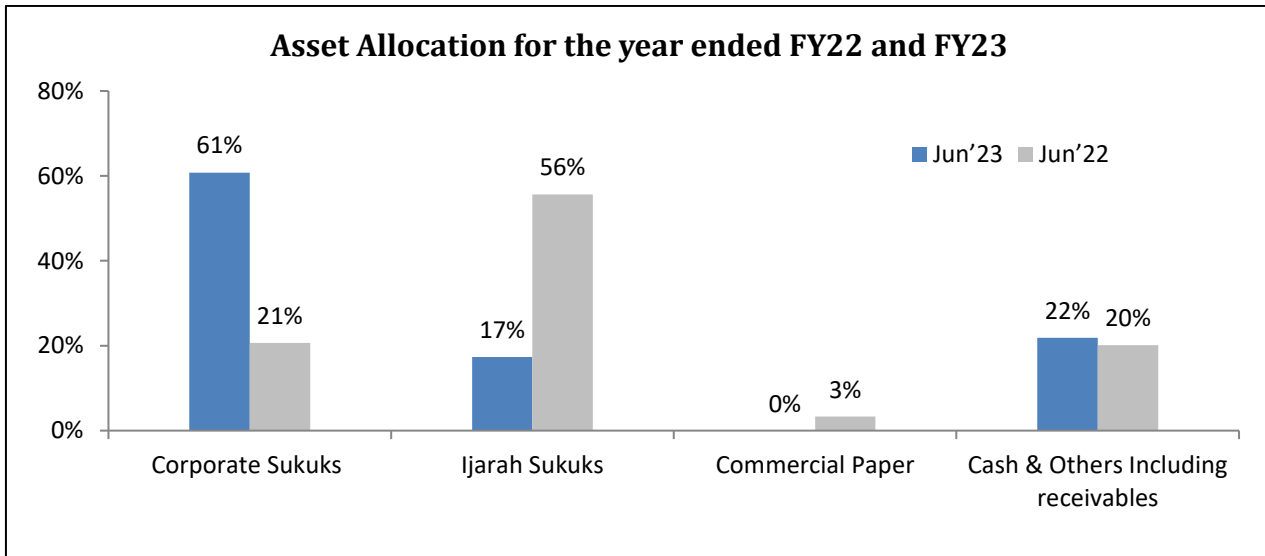
### Objective

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

Strategy, Investment policy and asset allocation

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

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



### Performance Review

During FY23, Meezan Islamic Income Fund (MIIF) provided a full year return of 14.86% as compared to its benchmark return of 6.06%. The fund manager remained on a continuous look out for deployment opportunities in high quality instruments and investments were primarily made in Ijarah Sukuk issued by the government. In line with monetary tightening expectations, longer tenor TDRs/Placements were not made during the year. The fund has five non performing Sukuk currently (Sukuk of Eden Housing Limited, Security Leasing Company Limited, Arzoo Textile Mills Limited, Hascol Petroleum Limited and Shakarganj Food Products Limited) but it is pertinent to note that Eden Housing Limited Sukuk, Arzoo Textile Mills Sukuk, Security Leasing Company Limited and Hascol Petroleum Limited Sukuk stand fully provided while provisioning for Shakarganj Food Products Limited is being carried out based on relevant regulatory requirements. A case for Arzoo Textile Mills Limited Sukuk is already under contestation in



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the courts, whereas for Eden Housing Limited, Security Leasing Limited and Hascol Petroleum Limited negotiations have not been very fruitful so it appears that the most likely way forward will be procession of legal proceedings against the respective companies but the Sukuk holders are yet to reach a conclusion on the matter. For Shakarganj Food Products Limited, the issuer has requested restructuring of principal amount with extension of 1 year, for which respective sukuk holders have provided their consent and the restructuring process is reaching its final documentation process. As at year end, the fund was invested 78% in Islamic Sukuk/Ijarah and 22% in Islamic Bank Deposits including other receivables.

The Fund earned a gross income of Rs. 2,512 million, which was primarily due to profit on Sukuk certificates amounting worth Rs. 1,920 million. Profit on saving accounts at Islamic banks contributed Rs. 734 million while realized loss on sale of Sukuks certificates was Rs. 57 million. On the other side, the fund incurred unrealized diminution worth Rs. 86 million and also recorded provision against sukuk certificate Rs. 11 million. The fund also incurred expenses totalling to Rs. 222 million, which brought the net income figure to Rs. 2,290 million. The net assets of the Fund as at June 30, 2023 were Rs. 11,474 million as compared to Rs. 18,609 million at the end of last year depicting a decrease of 38%. The net asset value per unit as at June 30, 2023 was Rs. 51.6491 (Ex-Dividend) as compared to Rs. 51.5323 per unit as on June 30, 2022.

	MIIF	Islamic Bank Deposits (Benchmark)
Net Asset Value as on June 30, 2022	51.53	
Net Asset Value as on June 30, 2023	51.65	
Return for the year	14.86%	6.06%
Outperformance	8.80%	

**Fund Rating**

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

**Distributions**

The final distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2023 was Rs. 7.5250 per unit (15.06%). Total distribution made by the fund was Rs. 1,080 million.

**SWWF Disclosure**

Not Applicable

**Breakdown of unit holdings by size:**

(As on June 30, 2023)

Range (Units)	No. of investors
1 - 9,999	21,123
10,000 - 49,999	2,116
50,000 - 99,999	441
100,000 - 499,999	340
500,000 and above	32
<b>Total</b>	<b>24,052</b>

**PERFORMANCE TABLE**  
**MEEZAN ISLAMIC INCOME FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	11,474,348	18,609,435	28,678,602
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	51.6491	51.5323	51.4736
Offer price per unit as at June 30, (Rs.) (ex-distribution)	52.2327	52.1146	52.0552
Highest offer price per unit (Rs.)	59.7246	56.4032	55.4980
Lowest offer price per unit (Rs.)	52.1146	52.0043	51.7670
Highest redemption price per unit (Rs.)	59.0573	55.7730	54.8779
Lowest redemption price per unit (Rs.)	51.5323	51.4233	51.4736
Distribution (%)			
Interim	15.06	8.74	6.82
Final	-	-	-
Date of distribution			
Interim	June 27, 2023	June 27, 2022	June 30, 2021
Final	-	-	-
Income distribution (Rupees in '000)	1,079,561	1,057,593	828,248
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	14.86	8.63	6.64

	One Year	Two Years	Three Years
Average annual return as at June 30, 2023 (%)	14.86%	11.70%	9.99%

*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 Islamic Income Fund (MIIF)**

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

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

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

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 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 (where applicable).

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

And Allah knows the best.



**Dr. Muhammad Imran Ashraf Usmani**  
Shariah Advisor

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN ISLAMIC INCOME FUND**

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

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

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Meezan Islamic Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **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
<b>1. Existence and valuation of bank balances and investments</b>	
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 debt instruments) held by the Fund represent 97% 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"> <li>- 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.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>



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"> <li>- 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.</li> <li>- 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).</li> <li>- 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.</li> <li>- 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.</li> </ul>

### 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.

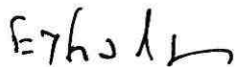
#### **Report on Other Legal and Regulatory Requirements**

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:** AR202310076I9ewzIbHE



**MEEZAN ISLAMIC INCOME FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2023**

	2023	2022
Note	----- (Rupees in '000) -----	
<b>Assets</b>		
Balances with banks	5 <b>2,340,015</b>	3,440,427
Investments	6 <b>9,479,354</b>	15,097,091
Receivable against conversion of units	<b>3,037</b>	86,611
Advance, deposit, prepayments and other receivables	7 <b>317,500</b>	325,582
<b>Total assets</b>	<b>12,139,906</b>	18,949,711
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited - Management Company	8 <b>19,081</b>	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee	9 <b>959</b>	1,408
Payable to the Securities and Exchange Commission of Pakistan	10 <b>3,366</b>	5,316
Payable to Meezan Bank Limited	<b>505</b>	1,164
Payable against redemption and conversion of units	<b>314,198</b>	65,446
Dividend payable	<b>37,141</b>	-
Accrued expenses and other liabilities	11 <b>290,308</b>	253,798
<b>Total liabilities</b>	<b>665,558</b>	340,276
<b>Net assets</b>	<b>11,474,348</b>	18,609,435
<b>Unit holders' fund (as per statement attached)</b>	<b>11,474,348</b>	18,609,435
<b>Contingencies and commitments</b>	12	
	----- (Number of units) -----	
<b>Number of units in issue</b>	<b>222,159,660</b>	361,122,076
	----- (Rupees) -----	
<b>Net asset value per unit</b>	<b>51.6491</b>	51.5323

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

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC INCOME FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- (Rupees in '000) -----	2022
<b>Income</b>			
Profit on sukuk certificates and commercial papers		1,920,161	1,668,721
Profit on certificates of musharakah		-	66,278
Net realised loss on sale of investments		(56,661)	(64,630)
Profit on savings accounts with banks		734,049	714,843
Other income		202	937
		<b>2,597,751</b>	2,386,149
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.3	<b>(86,045)</b>	(989)
<b>Total income</b>		<b>2,511,706</b>	2,385,160
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	84,128	132,905
Sindh Sales Tax on remuneration of the Management Company	8.2	10,937	17,278
Allocated expenses	8.3	25,238	39,872
Selling and marketing expenses	8.4	67,314	98,795
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	12,619	19,922
Sindh Sales Tax on remuneration of the Trustee	9.2	1,640	2,590
Annual fee to the Securities and Exchange Commission of Pakistan	10	3,366	5,316
Auditors' remuneration	13	728	681
Fees and subscription		1,435	1,401
Legal and professional charges		1,356	754
Brokerage expense		1,367	1,491
Printing charges		29	-
Bank and settlement charges		377	2,262
Provision against sukuk certificates	6.1.2.4	11,173	45,000
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)		-	(130,733)
<b>Total expenses</b>		<b>221,707</b>	237,534
<b>Net income for the year before taxation</b>		<b>2,289,999</b>	2,147,626
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>2,289,999</b>	2,147,626
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		2,289,999	2,147,626
Income already paid on units redeemed		(1,184,586)	(1,069,597)
		<b>1,105,413</b>	1,078,029
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		1,105,413	1,078,029
		<b>1,105,413</b>	1,078,029

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

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC INCOME FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023</b>	<b>2022</b>
	----- (Rupees in '000) -----	
<b>Net income for the year after taxation</b>	<b>2,289,999</b>	2,147,626
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>2,289,999</u></b>	<b><u>2,147,626</u></b>

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

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC INCOME FUND**  
**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
<b>Net assets at the beginning of the year</b>	<b>18,347,819</b>	<b>261,616</b>	<b>18,609,435</b>	27,004,995	241,180	27,246,175
Issuance of 431,785,293 units (2022: 635,347,582 units)						
- Capital value (at net asset value per unit at the beginning of the year)	<b>22,250,889</b>	-	<b>22,250,889</b>	32,703,627	-	32,703,627
- Element of income	<b>1,868,587</b>	-	<b>1,868,587</b>	855,051	-	855,051
Total proceeds on issuance of units	<b>24,119,476</b>	-	<b>24,119,476</b>	33,558,678	-	33,558,678
Redemption of 570,747,709 units (2022: 803,548,936 units)						
- Capital value (at net asset value per unit at the beginning of the year)	<b>29,411,942</b>	-	<b>29,411,942</b>	41,361,557	-	41,361,557
- Element of income	<b>1,460,529</b>	<b>1,184,586</b>	<b>2,645,115</b>	582,588	1,069,597	1,652,185
Total payments on redemption of units	<b>30,872,471</b>	<b>1,184,586</b>	<b>32,057,057</b>	41,944,145	1,069,597	43,013,742
Total comprehensive income for the year	-	<b>2,289,999</b>	<b>2,289,999</b>	-	2,147,626	2,147,626
Distribution for the year ended June 30, 2022	-	-	-	-	(1,057,593)	(1,057,593)
Distribution for the year ended June 30, 2023	-	<b>(1,079,561)</b>	<b>(1,079,561)</b>	-	-	-
Refund of capital for the year ended June 30, 2022	-	-	-	(271,709)	-	(271,709)
Refund of capital for the year ended June 30, 2023	<b>(407,944)</b>	-	<b>(407,944)</b>	-	-	-
Total distribution during the year	<b>(407,944)</b>	<b>(1,079,561)</b>	<b>(1,487,505)</b>	(271,709)	(1,057,593)	(1,329,302)
<b>Net assets at the end of the year</b>	<b>11,186,880</b>	<b>287,468</b>	<b>11,474,348</b>	<b>18,347,819</b>	<b>261,616</b>	<b>18,609,435</b>
<b>Undistributed income brought forward</b>						
- Realised income		262,605			148,151	
- Unrealised (loss) / income		(989)			93,029	
		<b>261,616</b>			<b>241,180</b>	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		<b>1,105,413</b>			<b>1,078,029</b>	
		<b>1,105,413</b>			<b>1,078,029</b>	
Interim distribution during the year at Rs. 4.3714 per unit i.e. 8.74% of the par value of Rs. 50/- each (June 27, 2022)		-			(1,057,593)	
Interim distribution during the year at Rs. 7.5250 per unit i.e. 15.06% of the par value of Rs. 50/- each (June 27, 2023)		<b>(1,079,561)</b>			-	
Undistributed income carried forward		<b>287,468</b>			<b>261,616</b>	
<b>Undistributed income carried forward</b>						
- Realised income		373,513			262,605	
- Unrealised loss		(86,045)			(989)	
		<b>287,468</b>			<b>261,616</b>	
		<b>(Rupees)</b>			<b>(Rupees)</b>	
Net asset value per unit at the beginning of the year	<b>51.5323</b>			<b>51.4736</b>		
Net asset value per unit at the end of the year	<b>51.6491</b>			<b>51.5323</b>		

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

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

Chief Executive Officer

Chief Financial Officer

Director



**MEEZAN ISLAMIC INCOME FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- (Rupees in '000) -----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		2,289,999	2,147,626
<b>Adjustments for:</b>			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.3	86,045	989
Provision against sukuk certificates		11,173	45,000
		<u>2,387,217</u>	<u>2,193,615</u>
<b>Decrease in assets</b>			
Investments - net		5,520,519	746,394
Receivable against sale of investments		-	506
Advance, deposit, prepayments and other receivables		8,082	(69,264)
		<u>5,528,601</u>	<u>677,636</u>
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		5,937	(22,426)
Payable to Central Depository Company of Pakistan Limited - Trustee		(449)	(1,052)
Payable to the Securities and Exchange Commission of Pakistan		(1,950)	(1,649)
Payable to Meezan Bank Limited		(659)	(1,260)
Accrued expenses and other liabilities		36,510	(142,447)
		<u>39,389</u>	<u>(168,834)</u>
<b>Net cash generated from operating activities</b>		<u>7,955,207</u>	<u>2,702,417</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		23,795,106	33,218,491
Payments against redemption and conversion of units		(31,808,305)	(43,900,839)
Dividend paid		(1,042,420)	(1,093,813)
<b>Net cash used in financing activities</b>		<u>(9,055,619)</u>	<u>(11,776,161)</u>
<b>Net decrease in cash and cash equivalents during the year</b>		<u>(1,100,412)</u>	<u>(9,073,744)</u>
Cash and cash equivalents at the beginning of the year		3,440,427	12,514,171
<b>Cash and cash equivalents at the end of the year</b>	5	<u>2,340,015</u>	<u>3,440,427</u>

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

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ISLAMIC INCOME FUND**  
**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 Islamic Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 21, 2008 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) notified through S.R.O. 1203 (I) / 2008. The Trust Deed was previously registered under The "Trust Act 1882" and now has been registered under "The Sindh Trust Act 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above-mentioned Trust Deed has been registered under the Sindh Trust Act. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unit holders competitive and stable rate of income on their investments in a Shariah compliant way with a broadly diversified portfolio of long, medium and short term and high quality Islamic income instruments. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2022: 'AM1' dated December 27, 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. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated January 03, 2023 (2021: A+(f) dated December 27, 2021).
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (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 IAS 34, 'Interim Financial Reporting' 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:

<b>Standards</b>		<b>IASB Effective date (annual periods beginning on or after)</b>
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 the financial statements in conformity with the accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires the management to exercise judgment in the application of the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events, that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying value of assets and liabilities. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

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

### 3.5 Accounting convention

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

### 3.6 Functional and presentation currency

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Cash and cash equivalents

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

### 4.2 Financial assets

#### 4.2.1 Initial recognition and measurement

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

#### 4.2.2 Classification and subsequent measurement

##### 4.2.2.1 Debt instruments

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

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

based on the business model of the entity.

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

#### **4.2.3 Impairment**

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

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

##### **4.2.3.1 Impairment loss on debt securities**

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

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

#### **4.2.4 Regular way contracts**

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

#### **4.2.5 Derecognition**

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

#### **4.3 Financial liabilities**

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

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

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

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

#### **4.5 Provisions**

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

#### **4.6 Net asset value per unit**

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

#### **4.7 Issue and redemption of units**

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

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

#### **4.8 Distribution to unit holders**

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

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

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

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

#### **4.10 Revenue recognition**

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

#### **4.11 Expenses**

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

#### 4.12 Taxation

##### Current

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

##### Deferred

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

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

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

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

#### 4.13 Earnings per unit

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

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

#### 4.14 Foreign currency translation

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

	Note	2023 ----- (Rupees in '000) -----	2022
<b>5</b>	<b>BALANCES WITH BANKS</b>		
	Balances with banks in:		
	Savings accounts	5.1 2,339,975	3,440,383
	Current account	40	44
		<u>2,340,015</u>	<u>3,440,427</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 10.00% (2022: 6.01%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 6.74% to 20.50% (2022: 3.00% to 16.25%) per annum.		
<b>6</b>	<b>INVESTMENTS</b>		
	<b>Investments - 'at fair value through profit or loss'</b>		
	Sukuk certificates	6.1 9,479,354	14,544,888
	Commercial papers	6.2 -	552,203
		<u>9,479,354</u>	<u>15,097,091</u>

6.1	Sukuk certificates	Note	2023	2022
			----- (Rupees in '000) -----	
	Government securities	6.1.1	<b>7,383,457</b>	10,538,677
	Corporate sukuk certificates	6.1.2	<b>2,095,897</b>	4,006,211
			<b><u>9,479,354</u></b>	<b><u>14,544,888</u></b>

**6.1.1 Government securities**

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Sold / Matured during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to	
												Net assets of the Fund	Total market value of investments
					----- Number of certificates -----			----- (Rupees in '000) -----			----- % -----		
GoP Ijarah Sukuk Certificates - XIX - VRR	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted average 6 months T-Bills	2,000	145	2,000	145	14,333	14,407	74	0.13	0.15
GoP Ijarah Sukuk Certificates - XX - VRR	Semi-annually / At maturity	June 24, 2020	June 24, 2025	Weighted average 6 months T-Bills	2,340	-	2,340	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXII - VRR	Semi-annually / At maturity	December 9, 2020	December 9, 2025	Weighted average 6 months T-Bills	1,735	-	1,735	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXV - VRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted average 6 months T-Bills	6,800	-	6,800	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	4,400	4,400	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	5,000	8,000	13,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XXVI - VRR	Semi-annually / At maturity	October 26, 2022	October 26, 2027	Weighted average 6 months T-Bills	-	6,000	6,000	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XI - FRR	Semi-annually / At maturity	December 15, 2021	December 15, 2026	11.40%	5,000	-	-	5,000	480,000	450,417	(29,583)	3.93	4.75
Pakistan Energy Sukuk II	Semi-annually / At maturity	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of 0.10%	1,643,450	-	260,000	1,383,450	6,965,671	6,918,633	(47,038)	60.30	72.99
<b>Total as at June 30, 2023</b>									<b>7,460,004</b>	<b>7,383,457</b>	<b>(76,547)</b>	<b>64.35</b>	<b>77.89</b>
<b>Total as at June 30, 2022</b>									<b>10,585,639</b>	<b>10,538,677</b>	<b>(46,962)</b>	<b>56.63</b>	<b>69.82</b>

**6.1.1.1** The nominal value of these sukuk certificates is Rs. 100,000 each except for Pakistan Energy sukuk II certificates having nominal value of Rs. 5,000 each.

**6.1.2 Corporate sukuk certificates**

Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2022	Purchased during the year	Sold / Matured during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation/ (diminution) as at June 30, 2023	Percentage in relation to	
					----- (Number of certificates) -----			----- (Rupees in '000) -----			----- % -----		
<b>NON-PERFORMING ASSETS</b>													
Arzoo Textile Mills Limited (note 6.1.2.1) *	Not Applicable	April 15, 2014	5,000	Not applicable	14,000	-	-	14,000	-	-	-	-	-
Eden Housing Limited (note 6.1.2.1) *	Not Applicable	September 29, 2014	984	Not applicable	59,400	-	-	59,400	-	-	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.1) *	Not Applicable	January 19, 2022	1,540	Not applicable	10,000	-	-	10,000	-	-	-	-	-
Hascol Petroleum Limited (note 6.1.2.1) *	Not Applicable	January 06, 2022	1,250	Not applicable	80,000	-	-	80,000	-	-	-	-	-
Shakarganj Food Products Limited (BBB+, VIS, non-traded) (notes 6.1.2.1 & 6.1.2.1.5) *	Quarterly	July 10, 2025	450,000	3 months KIBOR plus base rate of 1.75%	100	-	-	100	40,829	38,507	(2,322)	0.34	0.41
<b>COMMERCIAL BANKS</b>													
Dubai Islamic Bank Pakistan Limited (AA-, VIS, non-traded)	Semi-annually / At maturity	July 14, 2027 **	1,000,000	6 months KIBOR plus base rate of 0.50%	538	-	538	-	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>													
K-Electric Limited Sukuk V (AA+, VIS, traded)	Quarterly	August 3, 2027	4,250	3 months KIBOR plus base rate of 1.70%	171,200	-	-	171,200	743,025	740,938	(2,087)	6.46	7.82
The Hub Power Company Limited (AA+, PACRA, non-traded)	Semi-annually	August 22, 2023	25,000	3 months KIBOR plus base rate of 1.90%	2,455	-	-	2,455	64,573	61,558	(3,015)	0.54	0.65
The Hub Power Company Limited (AA+, PACRA, traded)	Semi-annually	March 19, 2024	50,000	12 months KIBOR plus base rate of 1.90%	3,350	-	3,350	-	-	-	-	-	-
Hub Power Holdings Limited (AA+, PACRA, non-traded)	Quarterly / Semi-annually commencing from May 12, 2024	November 12, 2025	100,000	6 months KIBOR plus base rate of 2.50%	6,000	-	900	5,100	510,000	523,413	13,413	4.56	5.52
Engro Powergen Thar (Private) Limited (AA-, PACRA, non-traded)	Quarterly / Annually	August 2, 2024	3,750	3 months KIBOR plus base rate of 1.10%	62,400	-	-	62,400	247,861	238,058	(9,803)	2.07	2.51
Lucky Electric Power Company Limited (AA, PACRA)	At maturity	December 15, 2022	1,000,000	6 months KIBOR plus base rate of 1.20%	350	-	350	-	-	-	-	-	-
Lucky Electric Power Company Limited VI (AA, PACRA)	At maturity	April 13, 2023	1,000,000	6 months KIBOR plus base rate of 1.50%	-	250	250	-	-	-	-	-	-
<b>PHARMACEUTICALS</b>													
OBS AGP (Private) Limited (A+, VIS, traded)	Quarterly	July 15, 2026	81,250	3 months KIBOR plus base rate of 1.55%	3,300	-	-	3,300	269,466	268,661	(805)	2.34	2.83
<b>CEMENT &amp; CONSTRUCTION</b>													
Javedan Corporation Limited (AA-, VIS, non-traded)	Semi-annually	October 4, 2026	58,334	6 months KIBOR plus base rate of 1.75%	800	-	-	800	46,330	45,733	(597)	0.40	0.48



Name of the security	Profit payments / principal redemptions	Maturity date	Face value per certificate (Rupees)	Profit rate	As at July 1, 2022	Purchased during the year	Sold / Matured during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised (diminution) / appreciation as at June 30, 2023	Percentage in relation to	
												Net assets of the Fund	Total market value of investments
					---- (Number of certificates) ----			----- (Rupees in '000) -----		----- % -----			

**STEEL & ALLIED PRODUCTS**

Agha Steel Industries Limited (A+, VIS, non-traded)	Quarterly	October 9, 2025	687,500	3 months KIBOR plus base rate of 0.80%	182	-	-	182	129,697	124,627	(5,070)	1.09	1.31
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**CHEMICALS**

Engro Polymer and Chemicals Limited (AA, PACRA, non-traded)	Quarterly / Semi-annually commencing from July 11, 2024	July 11, 2026 **	100,000	3 months KIBOR plus base rate of 0.90%	478	-	478	-	-	-	-	-	-
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**TEXTILE COMPOSITE**

Masood Textile Mills Limited (A, VIS, non-traded)	Quarterly	December 17, 2024	428,571	3 months KIBOR plus base rate of 2.00%	127	-	-	127	53,614	54,402	788	0.47	0.57
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Total as at June 30, 2023

2,105,395	2,095,897	(9,498)	18.27	22.11
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Total as at June 30, 2022

3,960,238	4,006,211	45,973	21.53	26.54
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\* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

\*\* The issuer of these sukuk certificates has exercised the call option during the year.

**6.1.2.1** The Securities and Exchange Commission of Pakistan vide Circular no. 7 of 2009 dated March 06, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the Circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said Circular. As at June 30, 2023, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires that the rating of any security in the portfolio shall not be lower than the investment grade.

Following investments of the Funds are in sukuk certificates which are non-compliant securities. At the time of investment, these were compliant as per SECP criteria and the investment policy of the Fund.

Name of non-compliant investment	Type of investment	Note	Value of investment before provision	Provision held	Value of investment after provision	Percentage of	
						Net assets	Total assets
						----- % -----	
Arzoo Textile Mills Limited	Non-traded sukuk certificates	6.1.2.1.1	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	6.1.2.1.1	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	6.1.2.1.2	15,403	15,403	-	-	-
Hascol Petroleum Limited	Non-traded sukuk certificates	6.1.2.1.3	99,259	99,259	-	-	-
Shakarganj Food Products Limited	Non-traded sukuk certificates	6.1.2.1.4	49,680	11,173	38,507	0.34	0.32
<b>Total as at June 30, 2023</b>			<b>292,814</b>	<b>254,307</b>	<b>38,507</b>	<b>0.34</b>	<b>0.32</b>
<b>Total as at June 30, 2022</b>			<b>311,026</b>	<b>243,134</b>	<b>67,892</b>	<b>0.36</b>	<b>0.36</b>

**6.1.2.1.1** On May 06, 2011, Arzoo Textile Mills Limited and Eden Housing Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore in accordance with the requirement of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs.70 million and Rs.58.472 million respectively have also been held as provision against the outstanding principal as at June 30, 2023.

**6.1.2.1.2** The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk as per the approval of contributors to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 03, 2012. Therefore, in accordance with the requirement of circular no. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs.15.403 million has also been held as provision against the outstanding principal as at June 30, 2023.

**6.1.2.1.3** On April 1, 2021, sukuk certificates of Hascol Petroleum Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs.99.259 million have also been held as provision. The face value of sukuk certificates is Rs.100 million as at June 30, 2023.

**6.1.2.1.4** On April 26, 2023, sukuk certificates of Shakarganj Food Products Limited have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore, in accordance with the requirement of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing asset and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs.11.173 million have also been held as provision against the outstanding principal as at June 30, 2023.

**6.1.2.2** Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned sukuk certificates of Engro Powergen Thar (Private) Limited has been valued at a discretionary rate of Rs.101.7342 when the reported market rate on MUFAP valuation sheet as at June 30, 2023 was Rs.101.0255. The mark down in price has been done within allowable limits.

	Note	2023 ----- (Rupees in '000) -----	2022
<b>6.1.2.4 Movement of provision</b>			
Balance as at July 01, 2022		243,134	198,134
Charge for the year		11,173	45,000
Reversal for the year		-	-
Balance as at June 30, 2023		<u>254,307</u>	<u>243,134</u>

## 6.2 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Matured during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation/ (diminution) as at June 30, 2023	Percentage in relation to	
			----- (Number of certificates) -----			----- (Rupees in '000) -----			----- % -----		Net assets of the Fund
Mughal Iron & Steel Industries Limited ICP-1 (A-2, VIS)	July 21, 2022	6 months KIBOR plus base rate of 1.75%	300	-	300	-	-	-	-	-	-
Lucky Electric Power Company Limited ICP-2 (AA-, PACRA)	July 12, 2022	6 months KIBOR plus base rate of 1.50%	250	-	250	-	-	-	-	-	-
<b>Total as at June 30, 2023</b>							-	-	-	-	-
<b>Total as at June 30, 2022</b>							552,203	552,203	-	2.97	3.66

**6.2.1** The nominal value of these commercial papers is Rs 1,000,000 each.

	2023 ----- (Rupees in '000) -----	2022
<b>6.3 Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	9,479,354	15,097,091
Less: Carrying value of investments	<u>(9,565,399)</u>	<u>(15,098,080)</u>
	<u>(86,045)</u>	<u>(989)</u>

	Note	2023	2022
----- (Rupees in '000) -----			
<b>7</b>	<b>ADVANCE, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Security deposit with Central Depository Company of Pakistan Limited	100	100
	Prepayments	290	282
	Advance tax	3,127	3,127
	Profit receivable on balances with banks	58,163	45,778
	Profit receivable on sukuk certificates	252,116	273,591
	Advance against IBFT redemptions	1,000	-
	ATM deposit with Meezan Bank Limited	2,704	2,704
		<u>317,500</u>	<u>325,582</u>

**7.1** As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during prior years, withholding tax on profit on debt securities and profit on bank deposits paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 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 profit on debt securities and profit on bank deposits amounts to Rs.3.127 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit on debt securities and profit on bank deposits has been shown as other receivables as at June 30, 2023 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>8</b>	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
	Remuneration payable	1,279	1,464
	Sindh Sales Tax payable on remuneration of the Management Company	166	190
	Allocated expenses payable	1,698	157
	Selling and marketing expenses payable	13,850	7,205
	Sales load payable	1,848	3,653
	Sindh Sales Tax payable on sales load	240	475
		<u>19,081</u>	<u>13,144</u>

**8.1** As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.50% (2022: 0.50%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.

**8.2** During the year, an amount of Rs.10.937 million (2022: Rs.17.278 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.10.961 million (2022: Rs.17.186 million) has been paid to the Management Company which acts as a collecting agent.

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

The Management Company, based on its own discretion, has charged such expenses at the rate of 0.15% (2022: 0.15%) of the average annual net assets of the Fund during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.

- 8.4 In accordance with Circular 11 dated July 05, 2019 issued by the SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the following rates during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred:

Rate applicable from July 1, 2022 to June 30, 2023	Rate applicable from October, 2021 to June 30, 2022	Rate applicable from July 1, 2021 to September 30, 2021
0.4% of the average annual net assets of the Fund	0.4% of the average annual net assets of the Fund	0.3% of the average annual net assets of the Fund

	Note	2023 ----- (Rupees in '000) -----	2022
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
	Remuneration payable	9.1	849
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	110
			1,246
			162
			<u>1,408</u>
			<u>959</u>

- 9.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed at the rate of 0.075% (2022: 0.075%) per annum of the average annual net assets of the Fund.

- 9.2 During the year, an amount of Rs. 1.640 million (2022: Rs. 2.590 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 1,692 million (2022: Rs. 2.711 million) was paid to the Trustee which acts as a collecting agent.

**10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2022: 0.02%) of the average annual net assets of the Fund.

	Note	2023 ----- (Rupees in '000) -----	2022
<b>11</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration payable		492
	Brokerage payable		825
	Shariah advisor fee payable		532
	Withholding tax payable		188,636
	Capital gain tax payable		46,691
	Zakat payable		73
	Other payable		-
	Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.1	50,417
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	2,642
			163,987
			33,900
			381
			954
			<u>253,798</u>
			<u>290,308</u>

- 11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration made was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 04, 2013, a constitutional petition was filed with the Honourable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 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.53.059 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2023 would have been higher by Re.0.24 (2022: Re.0.15) per unit.

## 12 CONTINGENCIES AND COMMITMENTS

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

## 13 AUDITORS' REMUNERATION

	2023	2022
	----- (Rupees in '000) -----	
Annual audit fee	532	419
Half yearly review fee	159	150
Fee for other certifications	-	100
Out of pocket expenses	37	12
	<u>728</u>	<u>681</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 1.25% (2022: 1.22%) which includes 0.10% (2022: 0.10%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

## 15 TAXATION

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these financial statements.

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

## 16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

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

<b>Balances</b>	<b>2023</b>	<b>2022</b>
	----- (Rupees in '000) -----	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	1,279	1,464
Sindh Sales Tax payable on remuneration of the Management Company	166	190
Allocated expenses payable	1,698	157
Selling and marketing expenses payable	13,850	7,205
Sales load payable	1,848	3,653
Sindh Sales Tax on sales load payable	240	475
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Security deposit	100	100
Remuneration payable	849	1,246
Sindh Sales Tax payable on remuneration of the Trustee	110	162
<b>Meezan Bank Limited</b>		
Balances with bank	20,598	147,637
Profit receivable on savings accounts	273	199
Sales load payable	447	1,030
Sindh Sales Tax on sales load payable	58	134
ATM deposit	2,704	2,704
Shariah advisor fee payable	532	531
Advance against IBFT redemptions	1,000	-
<b>Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan</b>		
Investment of nil (2022: 1,418,225 units)	-	73,084
<b>Meezan Financial Planning Fund of Funds - Moderate Allocation Plan</b>		
Investment of nil (2022: 936,854 units)	-	48,278
<b>Meezan Financial Planning Fund of Funds - Conservative Allocation Plan</b>		
Investment of nil (2022: 2,080,458 units)	-	107,211
<b>AI Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Investment of 8,906 units (2022: 217,135 units)	460	11,189
<b>Directors and Executives of the Management Company</b>		
Investment of 31,878 units (2022: 260,557 units)	1,646	13,427
<b>Unit Holders holding 10% or more units of the Fund</b>		
Investment 27,544,351 units (2022: 21,370 units)	1,422,641	1,101
<b>Transactions during the year</b>		
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	84,128	132,905
Sindh Sales Tax on remuneration of the Management Company	10,937	17,278
Allocated expenses	25,238	39,872
Selling and marketing expenses	67,314	98,795
Units issued: 19,050,954 units (2022: 7,606,241 units)	1,084,702	400,117
Units redeemed: 19,050,954 units (2022: 7,606,241 units)	1,087,763	400,467
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	12,619	19,922
Sindh Sales Tax on remuneration of the Trustee	1,640	2,590
CDS charges	79	59
<b>Meezan Bank Limited</b>		
Profit on savings accounts	3,914	2,544
Profit on sukuk certificates	-	10,515
Sale of GoP Ijarah Sukuk Certificates - XXV - VRR: nil certificates (2022: 2,500 sukuk certificates)	-	253,000
Shariah advisor fee	1,080	1,073



**Transactions during the year**

	2023 (Rupees in '000)	2022
<b>Meezan Sovereign Fund</b>		
Purchase of Pakistan Energy Sukuk II: nil certificates (2022: 130,000 sukuk certificates)	-	662,999
<b>MSAF - Meezan Strategic Allocation Plan - I</b>		
Units issued: nil (2022: 4,524,388 units)	-	240,143
Units redeemed: nil (2022: 4,524,388 units)	-	241,280
<b>MSAF - Meezan Strategic Allocation Plan - II</b>		
Units issued: nil (2022: 2,913,682 units)	-	154,745
Units redeemed: nil (2022: 2,913,682 units)	-	155,719
<b>MSAF - Meezan Strategic Allocation Plan - III</b>		
Units issued: nil (2022: 2,688,979 units)	-	142,388
Units redeemed: nil (2022: 2,688,979 units)	-	143,037
<b>MSAF - Meezan Strategic Allocation Plan - IV</b>		
Units issued: nil (2022: 1,104,674 units)	-	58,512
Units redeemed: nil (2022: 1,104,674 units)	-	58,803
<b>MSAF - Meezan Strategic Allocation Plan - V</b>		
Units issued: nil (2022: 374,414 units)	-	19,830
Units redeemed: nil (2022: 374,414 units)	-	19,928
<b>Meezan Financial Planning Fund of Funds</b>		
<b>- Aggressive Allocation Plan</b>		
Units issued: 30,761 units (2022: 241,623 units)	1,750	12,615
Units redeemed: 1,448,986 units (2022: 504,568 units)	80,751	26,714
Dividend paid	-	5,987
Refund of capital	-	178
<b>Meezan Financial Planning Fund of Funds</b>		
<b>- Moderate Allocation Plan</b>		
Units issued: 64,770 units (2022: 489,959 units)	3,500	25,671
Units redeemed: 1,001,624 units (2022: 1,005,937 units)	56,715	53,631
Dividend paid	-	3,520
Refund of capital	-	451
<b>Meezan Financial Planning Fund of Funds</b>		
<b>- Conservative Allocation Plan</b>		
Units issued: nil (2022: 807,839 units)	-	42,684
Units redeemed: 2,080,458 units (2022: 2,024,508 units)	115,875	109,293
Dividend paid	-	7,607
Refund of capital	-	1,101
<b>Meezan Financial Planning Fund of Funds - MAAP - I</b>		
Units issued: nil (2022: 989,214 units)	-	52,304
Units redeemed: nil (2022: 1,829,642 units)	-	96,664
<b>Al Meezan Investment Management Limited - Employees' Gratuity Fund</b>		
Units issued: 1,135 units (2022: 16,996 units)	58	875
Units redeemed: 209,364 units (2022: Nil)	11,000	-
Dividend paid	58	875
<b>Directors and Executives of the Management Company</b>		
Units issued: 4,631,346 units (2022: 4,007,564 units)	270,693	209,303
Units redeemed: of 4,837,035 units (2022: 4,185,267 units)	282,586	221,528
Dividend paid	133	687
Refund of capital	79	329
<b>Unit Holders holding 10% or more units of the Fund</b>		
Units issued 48,321,041 units (2022: Nil units)	2,850,502	-
Units redeemed 24,307,724 units (2022: Nil units)	1,420,555	-
Refund of Capital	180,861	-

**17 FINANCIAL INSTRUMENTS BY CATEGORY**

----- 2023 -----			
At amortised cost	At fair value through profit or loss	Total	
----- (Rupees in '000) -----			
<b>Financial assets</b>			
Balances with banks	2,340,015	-	2,340,015
Investments	-	9,479,354	9,479,354
Receivable against conversion of units	3,037	-	3,037
Deposit and other receivables	313,083	-	313,083
	<u>2,656,135</u>	<u>9,479,354</u>	<u>12,135,489</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	19,081	-	19,081
Payable to Central Depository Company of Pakistan Limited - Trustee	959	-	959
Payable to Meezan Bank Limited	505	-	505
Payable against redemption and conversion of units	314,198	-	314,198
Accrued expenses and other liabilities	1,849	-	1,849
	<u>336,592</u>	<u>-</u>	<u>336,592</u>

----- 2022 -----			
At amortised cost	At fair value through profit or loss	Total	
----- (Rupees in '000) -----			
<b>Financial assets</b>			
Balances with banks	3,440,427	-	3,440,427
Investments	-	15,097,091	15,097,091
Receivable against conversion of units	86,611	-	86,611
Deposit and other receivables	322,173	-	322,173
	<u>3,849,211</u>	<u>15,097,091</u>	<u>18,946,302</u>
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	13,144	-	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee	1,408	-	1,408
Payable to Meezan Bank Limited	1,164	-	1,164
Payable against redemption and conversion of units	65,446	-	65,446
Accrued expenses and other liabilities	2,471	-	2,471
	<u>83,633</u>	<u>-</u>	<u>83,633</u>

**18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**18.1 Market risk**

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



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

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

**(i) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs.113.689 million (2022: Rs.175.053 million).

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

Presently, the Fund holds fixed rate GoP Ijara sukuk certificates which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs.4.504 million (2022: Rs.10.322 million).

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 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:

	Effective profit rate (%)	2023				Total
		Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
		Up to three months	More than three months and up to one year	More than one year		
(Rupees in '000)						
<b>Financial assets</b>						
Balances with banks	6.74% - 20.50%	2,339,975	-	-	40	2,340,015
Investments	Weighted Average 6 months T-Bills & KIBOR + 0.8% to KIBOR +2.5%	1,488,244	7,502,186	-	488,924	9,479,354
Receivable against conversion of units		-	-	-	3,037	3,037
Deposit and other receivables		-	-	-	313,083	313,083
		<b>3,828,219</b>	<b>7,502,186</b>	<b>-</b>	<b>805,084</b>	<b>12,135,489</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	19,081	19,081
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	959	959
Payable to Meezan Bank Limited		-	-	-	505	505
Payable against redemption and conversion of units		-	-	-	314,198	314,198
Accrued expenses and other liabilities		-	-	-	1,849	1,849
		-	-	-	336,592	336,592
<b>On-balance sheet gap (a)</b>		<b>3,828,219</b>	<b>7,502,186</b>	<b>-</b>	<b>468,492</b>	<b>11,798,897</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>3,828,219</b>	<b>7,502,186</b>	<b>-</b>		
<b>Cumulative interest rate sensitivity gap</b>		<b>3,828,219</b>	<b>11,330,405</b>	<b>11,330,405</b>		

----- 2022 -----						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- (Rupees in '000) -----						
<b>Financial assets</b>						
Balances with banks	3.00% - 16.25%	3,440,383	-	-	44	3,440,427
Investments - Sukuk certificates	Weighted Average 6 months T-Bills & KIBOR + 0.5% to KIBOR +2.5%	13,101,441	1,995,650	-	-	15,097,091
Receivable against conversion of units		-	-	-	86,611	86,611
Deposit and other receivables		-	-	-	322,173	322,173
		16,541,824	1,995,650	-	408,828	18,946,302
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	13,144	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,408	1,408
Payable to Meezan Bank Limited		-	-	-	1,164	1,164
Payable against conversion and redemption of units		-	-	-	65,446	65,446
Accrued expenses and other liabilities		-	-	-	2,471	2,471
		-	-	-	83,633	83,633
<b>On-balance sheet gap (a)</b>		16,541,824	1,995,650	-	325,195	18,862,669
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		16,541,824	1,995,650	-		
<b>Cumulative interest rate sensitivity gap</b>		16,541,824	18,537,474	18,537,474		

## (ii) Currency risk

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

## (iii) Price risk

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

## 18.2 Liquidity risk

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

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

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2023.

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

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	2,340,015	-	-	-	-	2,340,015
Investments	-	-	-	2,560,721	6,918,633	9,479,354
Receivable against conversion of units	3,037	-	-	-	-	3,037
Deposit and other receivables	78,048	38,951	193,280	-	-	313,083
	2,421,100	38,951	193,280	2,560,721	6,918,633	12,135,489

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	19,081	-	-	-	-	19,081
Payable to Central Depository Company of Pakistan Limited - Trustee	959	-	-	-	-	959
Payable to Meezan Bank Limited	505	-	-	-	-	505
Payable against redemption and conversion of units	314,198	-	-	-	-	314,198
Accrued expenses and other liabilities	825	1,024	-	-	-	1,849
	335,568	1,024	-	-	-	336,592

**Net financial assets / (liabilities)**

	2,085,532	37,927	193,280	2,560,721	6,918,633	2,804	11,798,897
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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	3,440,427	-	-	-	-	3,440,427
Investments	552,203	-	350,000	4,489,947	9,704,941	15,097,091
Receivable against conversion of units	86,611	-	-	-	-	86,611
Deposit and other receivables	88,895	190,949	39,525	-	-	322,173
	4,168,136	190,949	389,525	4,489,947	9,704,941	18,946,302

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	13,144	-	-	-	-	13,144
Payable to Central Depository Company of Pakistan Limited - Trustee	1,408	-	-	-	-	1,408
Payable to Meezan Bank Limited	1,164	-	-	-	-	1,164
Payable against redemption and conversion of units	65,446	-	-	-	-	65,446
Accrued expenses and other liabilities	1,481	990	-	-	-	2,471
	82,643	990	-	-	-	83,633

**Net financial assets / (liabilities)**

	4,085,493	189,959	389,525	4,489,947	9,704,941	2,804	18,862,669
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**18.3 Credit risk**

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

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	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	2,340,015	2,340,015	3,440,427	3,440,427
Investments in debt instruments	9,479,354	2,095,897	15,097,091	4,558,414
Receivable against conversion of units	3,037	3,037	86,611	86,611
Deposit and other receivables	313,083	310,379	322,173	319,469
	<b>12,135,489</b>	<b>4,749,328</b>	<b>18,946,302</b>	<b>8,404,921</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

### 18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2023	2022
AAA	32.46%	56.00%
AA+	0.09%	-
AA	0.04%	-
AA-	0.73%	0.01%
A+	1.73%	43.99%
A	64.95%	-
	<b>100.00%</b>	<b>100.00%</b>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

### 18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2023 and June 30, 2022 are unsecured and are not impaired except for sukuk certificates Arzoo Textiles Limited, Security Leasing Corporation II, Eden Housing Limited, Hascol Petroleum Limited and Shakarganj Food Products Limited as disclosed in note 6 to these financial statements.

## 19 FAIR VALUE MEASUREMENT

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

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

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

### Fair value hierarchy

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

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

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

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

As at June 30, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

	2023			
	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Sukuk certificates	-	9,479,354	-	9,479,354
Commercial papers	-	-	-	-
	<u>-</u>	<u>9,479,354</u>	<u>-</u>	<u>9,479,354</u>
	2022			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Financial assets 'at fair value through profit or loss'</b>				
Sukuk certificates	-	14,544,888	-	14,544,888
Commercial papers **	-	552,203	-	552,203
	<u>-</u>	<u>15,097,091</u>	<u>-</u>	<u>15,097,091</u>

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

\*\* The valuation of commercial papers has been done based on amortisation to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and are placed with counterparties which have high credit rating except for the commercial paper of Mughal Iron & Steel Industries Limited which has a tenure of one year, however, this has also been valued on the same basis.

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	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	23,859	10,101,399	88.03%	23,820	14,717,133	79.08%
Associated companies /						
Directors	3	816	0.01%	6	245,762	1.32%
Insurance companies	2	1,411	0.01%	5	373,706	2.01%
Retirement funds	74	996,335	8.68%	104	1,275,224	6.85%
Private limited companies	75	253,107	2.21%	51	800,071	4.30%
Public limited companies	-	-	0.00%	3	10,306	0.06%
Others	39	121,280	1.06%	77	1,187,234	6.38%
	<b>24,052</b>	<b>11,474,348</b>	<b>100.00%</b>	<b>24,066</b>	<b>18,609,435</b>	<b>100.00%</b>

## 22 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	47.14%	JS Global Capital Limited	31.04%
BIPL Securities Limited	22.73%	Next Capital Limited	26.90%
Next Capital Limited	14.36%	BIPL Securities Limited	14.63%
C & M Management (Private) Limited	4.96%	Paramount Capital (Private) Limited	10.99%
AKD Securities Limited	4.29%	Summit Capital (Private) Limited	8.72%
Continental Exchange (Private) Limited	2.36%	Alfalah CLSA Securities (Private) Limited	4.05%
Arif Habib Limited	1.65%	C & M Management (Private) Limited	3.41%
Invest One Markets Limited	1.15%	BMA Capital Management Limited	0.27%
Alfalah Securities (Private) Limited	1.03%		
Paramount Capital (Private) Limited	0.33%		

22.1 The Fund has traded with only the above mentioned 10 brokers / dealers during the year ended June 30, 2023 (2022: 8 brokers / dealers).

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

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty 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 Fixed 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

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

- Meezan Cash Fund;
- Meezan Fixed Term Fund; and
- Meezan Rozana Amdani Fund

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

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

Name of Directors	Position on the Board	Meeting held on			
		16-Aug-22	13-Oct-22	13-Feb-23	12-Apr-23
Mr. Ariful Islam	Chairman	✓	✓	✓	✓
Mr. Muhammad Abdullah Ahmed	Non-Executive	✓	✓	✓	✓
Mr. Moin M. Fudda*	Non-Executive	✓	✓	✓	✓
Mr. Furquan Kidwai	Independent Director	✓	✓	✓	✓
Mr. Mubashar Maqbool	Non-Executive	✓	✓	✓	✓
Mr. Tariq Mairaj	Non-Executive	✓	✓	✓	✓
Mr. Naeem	Non-Executive	✓	✓	✓	✓
Mr. Feroz Rizvi	Independent Director	✓	✓	✓	✓
Ms. Danish Zuberi	Independent Director	✓	x	✓	✓
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	✓	✓	✓	✓

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

**25 GENERAL**

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

25.2 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

**26 DATE OF AUTHORISATION FOR ISSUE**

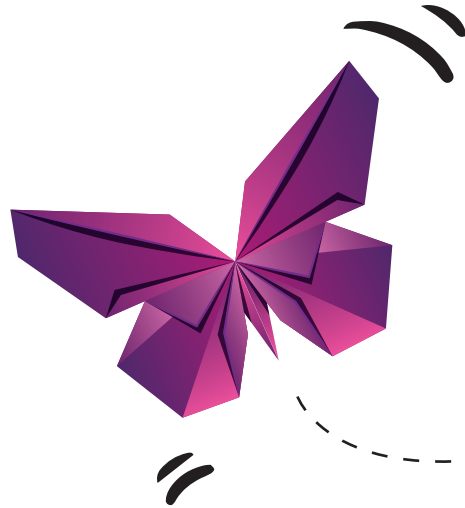
These financial statements were authorised for issue on August 7, 2023 by the Board of Directors of the Management Company.

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

Chief Executive Officer

Chief Financial Officer

Director

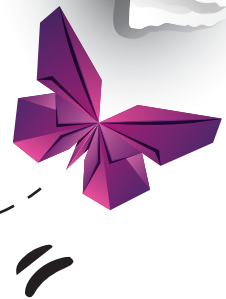


# Diverse Fund Family

Al Meezan showcases its commitment to excellence by continuously evolving its product mix and expanding its range of investment solutions to best meet investors' needs.

## Meezan Sovereign Fund

Meezan Sovereign Fund is Pakistan's first Shariah Compliant Government Securities Fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return.





# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto: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](mailto:miu786@gmail.com)

## BANKERS TO THE FUND

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

## LEGAL ADVISER

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

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Sovereign Fund (MSF)

### Type of Fund

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

### Objective

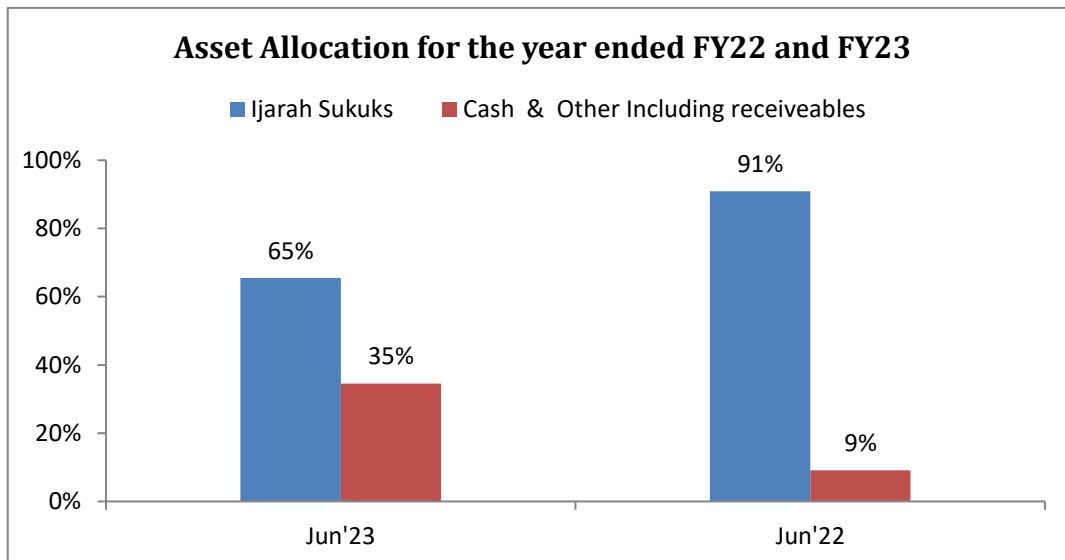
The Fund's primary objective is to provide investors with a low risk and stable rate of current income by primarily investing in Shariah Compliant Sovereign Securities.

### Investment Policy and Strategy

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

### Asset Allocation for the year ended FY22 and FY23

The asset allocation of the fund on June 30, 2022 and June 30, 2023 is as follows:



### Performance Review

Meezan Sovereign Fund (MSF) provided a return of 15.37% to its investors for the year ended June 30, 2023 against a deposits at Islamic Banks (benchmark) return of 6.06%.



Pure. Profit.



	MSF	Deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 30, 2022	51.67	
Net Asset Value as on June 30, 2023	52.14	
Return for the year	15.37%	6.06%
Underperformance	9.32%	

During the year, the Fund earned a gross income of Rs. 1,031 million, which was primarily due to profit on Sukuks certificates worth Rs. 870 million. Profit on saving accounts at Islamic banks contributed Rs. 197 million. On the other side, the fund accrued realized loss and unrealized loss worth Rs. 6 million and Rs. 30 million respectively. The fund also incurred expenses totalling to Rs. 76 million, which brought the net income figure to Rs. 955 million. The net assets of the Fund as at June 30, 2023 were Rs. 8,133 million as compared to Rs. 6,196 million at the end of last year depicting increase of 31%. The net asset value per unit as at June 30, 2023 was Rs. 52.1375 as compared to Rs. 51.6654 per unit as on June 30, 2022.

### Distributions

Interim Pay-out by the Fund during the fiscal year ended June 30, 2023 was Rs. 7.4027 per unit (14.8%). Total distribution made by the fund was Rs. 666 million.

### Fund Stability Rating

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

### SWWF Disclosure

Not Applicable

### Unit holder Break down:

(As on June 30, 2023)

Range (Units)	No. of investors
1 - 9,999	9,022
10,000 - 49,999	841
50,000 - 99,999	186
100,000 - 499,999	158
500,000 and above	47
<b>Total</b>	<b>10,254</b>

**PERFORMANCE TABLE**  
**MEEZAN SOVEREIGN FUND**

	2023	2022	2021
Net assets (Rs. '000) (ex-distribution)	8,132,964	6,196,077	9,939,252
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	52.1375	51.6654	51.5918
Offer price per unit as at June 30, (Rs.) (ex-distribution)	52.7266	52.2492	52.1747
Highest offer price per unit (Rs.)	59.7355	56.3320	56.0695
Lowest offer price per unit (Rs.)	52.2492	52.1293	51.8486
Highest redemption price per unit (Rs.)	59.0681	55.7026	55.4430
Lowest redemption price per unit (Rs.)	51.6654	51.5469	51.5574
Distribution (%)			
Interim	14.8	8.4	7.8
Final			
Date of distribution			
Interim			
Final	19-Jun-23	24-Jun-22	25-Jun-21
Income distribution (Rupees in '000)	665,732	348,331	617,730
Growth distribution (Rupees in '000)	-	-	-
Total return (%)	15.37	8.27	7.65

	One Year	Two Years	Three Years
Average annual return as at June 30, 2023 (%)	15.37%	11.76%	10.38%

*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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**Jamia Darul Uloom Karachi**  
Korangi Industrial Area Karachi  
Pakistan  
Postal Code 75180  
Tel: +92 21 3 5047770  
Fax: +92 21 5040234  
Email: [miu786@gmail.com](mailto:miu786@gmail.com)

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

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

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

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

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 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 (where applicable).

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

And Allah knows the best.



**Dr. Muhammad Imran Ashraf Usmani**  
Shariah Advisor

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN SOVEREIGN FUND**

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

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

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Meezan Sovereign Fund** (the Fund), which comprise the statement of assets and liabilities as at **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
<b>1. Existence and valuation of bank balances and investments</b>	
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 debt 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"> <li>- 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.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>

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"> <li>- 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.</li> <li>- 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).</li> <li>- 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.</li> <li>- 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.</li> </ul>

### 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:** AR2023100765hIPC8Fb0



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

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>Assets</b>			
Balances with banks	5	3,054,345	384,892
Investments	6	6,444,210	5,794,717
Receivable against conversion of units		92,944	79,729
Deposit, prepayments and other receivables	7	254,588	115,438
<b>Total assets</b>		<b>9,846,087</b>	<b>6,374,776</b>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - Management Company	8	9,603	2,521
Payable to Central Depository Company of Pakistan Limited - Trustee	9	423	329
Payable to the Securities and Exchange Commission of Pakistan	10	1,321	1,789
Payable to Meezan Bank Limited		251	516
Payable against redemption and conversion of units		1,582,929	35,110
Dividend payable		386	-
Accrued expenses and other liabilities	11	118,210	138,434
<b>Total liabilities</b>		<b>1,713,123</b>	<b>178,699</b>
<b>Net assets</b>		<b>8,132,964</b>	<b>6,196,077</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>8,132,964</b>	<b>6,196,077</b>
<b>Contingencies and commitments</b>	12		
		----- (Number of units) -----	
<b>Number of units in issue</b>		<b>155,990,593</b>	<b>119,927,049</b>
		(Rupees)	
<b>Net asset value per unit</b>		<b>52.1375</b>	<b>51.6654</b>

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

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

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

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

\_\_\_\_\_  
Director



**MEEZAN SOVEREIGN FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- (Rupees in '000) -----	2022
<b>Income</b>			
Profit on sukuk certificates		869,745	668,615
Net realised loss on sale of sukuk certificates		(5,779)	(18,505)
Profit on savings accounts with banks		196,606	116,275
Other income		-	578
		<b>1,060,572</b>	766,963
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<b>(29,660)</b>	(2,431)
<b>Total income</b>		<b>1,030,912</b>	764,532
<b>Expenses</b>			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	33,045	44,732
Sindh Sales Tax on remuneration of the Management Company	8.2	4,296	5,815
Allocated expenses	8.3	9,914	13,419
Selling and marketing expenses	8.4	19,811	26,839
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	3,635	5,172
Sindh Sales Tax on remuneration of the Trustee	9.2	473	672
Annual fee to the Securities and Exchange Commission of Pakistan	10.1	1,321	1,789
Auditors' remuneration	13	554	578
Legal and professional charges		198	184
Fees and subscription		1,128	1,172
Brokerage expense		1,139	643
Printing expenses		10	-
Bank and settlement charges		492	125
Reversal of provision for Sindh Workers' Welfare Fund (SWWF)	11.1	-	(40,077)
<b>Total expenses</b>		<b>76,016</b>	61,063
<b>Net income for the year before taxation</b>		<b>954,896</b>	703,469
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<b>954,896</b>	703,469
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		954,896	703,469
Income already paid on units redeemed		(499,100)	(434,081)
		<b>455,796</b>	269,388
<b>Accounting income available for distribution</b>			
- Relating to capital gains		-	-
- Excluding capital gains		455,796	269,388
		<b>455,796</b>	269,388

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 SOVEREIGN FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023</b>	<b>2022</b>
	----- (Rupees in '000) -----	
<b>Net income for the year after taxation</b>	<b>954,896</b>	703,469
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b><u>954,896</u></b>	<b><u>703,469</u></b>

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 SOVEREIGN FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 ----- (Rupees in '000) -----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		954,896	703,469
<b>Adjustments for:</b>			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	29,660	2,431
		<u>984,556</u>	<u>705,900</u>
<b>(Increase) / decrease in assets</b>			
Investments - net		<u>-679,153</u>	1,816,359
Deposit, prepayments and other receivables		<u>-139,150</u>	<u>-26,770</u>
		<u>-818,303</u>	1,789,589
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		<u>7,082</u>	<u>-7,069</u>
Payable to Central Depository Company of Pakistan - Trustee		<u>94</u>	<u>-501</u>
Payable to the Securities and Exchange Commission of Pakistan		<u>-468</u>	<u>-33</u>
Payable to Meezan Bank Limited		<u>-265</u>	<u>-318</u>
Accrued expenses and other liabilities		<u>-20,224</u>	<u>-44,739</u>
		<u>-13,781</u>	<u>-52,660</u>
<b>Net cash generated from operating activities</b>		<u>152,472</u>	<u>2,442,829</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units		<u>15,734,603</u>	<u>16,974,539</u>
Payments against redemption and conversion of units		<u>-12,825,181</u>	<u>-20,830,071</u>
Dividend paid		<u>-392,441</u>	<u>-262,606</u>
<b>Net cash generated from / (used in) financing activities</b>		<u>2,516,981</u>	<u>-4,118,138</u>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>		<u>2,669,453</u>	<u>-1,675,309</u>
Cash and cash equivalents at the beginning of the year		<u>384,892</u>	<u>2,060,201</u>
<b>Cash and cash equivalents at the end of the year</b>	5	<u><u>3,054,345</u></u>	<u><u>384,892</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 SOVEREIGN FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	2023			2022		
	Capital value	Undistributed income	Total	Capital value	Undistributed income	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
<b>Net assets at the beginning of the year</b>	5,884,164	311,913	6,196,077	9,634,121	305,131	9,939,252
Issue of 293,143,686 units (2022: 313,601,076 units)						
- Capital value (at net asset value per unit at the beginning of the year)	15,145,386	-	15,145,386	16,179,244	-	16,179,244
- Element of income	875,337	-	875,337	434,015	-	434,015
Total proceeds on issuance of units	16,020,723	-	16,020,723	16,613,259	-	16,613,259
Redemption of 257,080,143 units (2022: 386,325,726 units)						
- Capital value (at net asset value per unit at the beginning of the year)	13,282,148	-	13,282,148	19,931,240	-	19,931,240
- Element of income	591,752	499,100	1,090,852	346,251	434,081	780,332
Total payments on redemption of units	13,873,900	499,100	14,373,000	20,277,491	434,081	20,711,572
Total comprehensive income for the year	-	954,896	954,896	-	703,469	703,469
Distribution for the year ended June 30, 2023	-	(392,827)	(392,827)	-	-	-
Refund of capital for the year ended June 30, 2023	(272,905)	-	(272,905)	-	-	-
Distribution for the year ended June 30, 2022	-	-	-	-	(262,606)	(262,606)
Refund of capital for the year ended June 30, 2022	-	-	-	(85,725)	-	(85,725)
Total distribution during the year	(272,905)	(392,827)	(665,732)	(85,725)	(262,606)	(348,331)
<b>Net assets at the end of the year</b>	<b>7,758,082</b>	<b>374,882</b>	<b>8,132,964</b>	<b>5,884,164</b>	<b>311,913</b>	<b>6,196,077</b>
<b>Undistributed income brought forward</b>						
- Realised income		314,344			203,956	
- Unrealised income		(2,431)			101,175	
		311,913			305,131	
<b>Accounting income available for distribution</b>						
- Relating to capital gains		-			-	
- Excluding capital gains		455,796			269,388	
		455,796			269,388	
Interim distribution during the year at Rs. 7.4027 per unit i.e. 14.8054% of the par value of Rs. 50/- each (June 16, 2023)		(392,827)			-	
Interim distribution during the year at Rs. 4.1829 per unit i.e. 8.3658% of the par value of Rs. 50/- each (June 24, 2022)		-			(262,606)	
Undistributed income carried forward		374,882			311,913	
<b>Undistributed income carried forward</b>						
- Realised income		404,542			314,344	
- Unrealised loss		(29,660)			(2,431)	
		374,882			311,913	
Net asset value per unit at the beginning of the year			51.6654			51.5918
Net asset value per unit at the end of the year			52.1375			51.6654

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

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

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

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

\_\_\_\_\_  
Director

**MEEZAN SOVEREIGN FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Meezan Sovereign Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Trust Deed was previously registered under the "Trust Act, 1882" and now has been registered under "The Sindh Trusts Act, 2020". The Trust Act, 1882 has been repealed due to the promulgation of Provincial Trust Act namely "Sindh Trusts Act, 2020" (the Sindh Trust Act) as empowered under the Eighteenth Amendment to the Constitution of Pakistan. The Fund is required to be registered under the Sindh Trust Act. Accordingly, the above mentioned Trust Deed has been registered under the Sindh Trust Act. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unit holders preservation of capital along with Halal returns by investing primarily in a portfolio of Shariah compliant government securities, thus minimising the credit risk of investments. The Fund also keeps an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on high returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2022: 'AM1' dated December 27, 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. The Fund has been given a stability rating of 'AA(f)' by VIS Credit Rating Company Limited dated January 03, 2023 (2022: 'AA(f)' December 27, 2021).
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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



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

### 3.2 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 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 16 Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	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:

**IASB Effective date  
(annual periods  
beginning on or after)**

**Standards**

IFRS 1	First time adoption of IFRS	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

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

**3.4 Critical accounting estimates and judgments**

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

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

**3.5 Accounting convention**

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

**3.6 Functional and presentation currency**

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**4.1 Cash and cash equivalents**

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

**4.2 Financial assets**

**4.2.1 Initial recognition and measurement**

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

**4.2.2 Classification and subsequent measurement**

**4.2.2.1 Debt instruments**

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

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

based on the business model of the entity.

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

#### **4.2.3 Impairment**

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

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

##### **4.2.3.1 Impairment loss on debt securities**

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

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

#### **4.2.4 Regular way contracts**

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

#### **4.2.5 Derecognition**

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

#### **4.3 Financial liabilities**

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

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

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

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

#### **4.5 Provisions**

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

#### 4.6 Net asset value per unit

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

#### 4.7 Issue and redemption of units

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

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

#### 4.8 Distribution to unit holders

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

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

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

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

#### 4.10 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised on the date when the transaction takes place;
- Unrealised gains / (losses) arising on re-measurement of investments classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise;
- Income on sukuk certificates and government securities is recognised on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis; and
- Profit on savings account with banks is recognised on time proportion basis using the effective yield method.

#### 4.11 Expenses

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

#### 4.12 Taxation

##### Current

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

## Deferred

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

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

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

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

### 4.13 Earnings per unit

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

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

### 4.14 Foreign currency translation

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

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>5 BALANCES WITH BANKS</b>			
Balances with banks in:			
Savings accounts	5.1	3,054,340	384,888
Current accounts		5	4
		<u>3,054,345</u>	<u>384,892</u>

5.1 This includes balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 10.00% (2022: 6.01%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 6.74% to 20.5% (2022: 3.00% to 16.25%) per annum.

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>6 INVESTMENTS</b>			
<b>Investments - 'at fair value through profit or loss'</b>			
Sukuk certificates	6.1	<u>6,444,210</u>	<u>5,794,717</u>
<b>6.1 Sukuk certificates</b>			
Government securities	6.1.1	6,421,246	5,761,444
Corporate sukuk certificates	6.1.2	22,964	33,273
		<u>6,444,210</u>	<u>5,794,717</u>

**6.1.1 Government securities**

Name of the security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	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 as at June 30, 2023	Percentage in relation to	
					----- (Number of certificates) -----				----- (Rupees in '000) -----			Net assets of the Fund	Total market value of investments
Pakistan Energy Sukuk I	Semi-annually / At maturity	March 1, 2019	March 1, 2029	6 months KIBOR plus base rate of 0.80%	150,000	-	-	150,000	801,000	801,000	-	9.85%	12.43%
Pakistan Energy Sukuk II	Semi-annually / At maturity	May 21, 2020	May 21, 2030	6 months KIBOR minus base rate of 0.10%	984,200	110,000	180,000	914,200	4,599,157	4,571,914	(27,243)	56.21%	70.95%
GoP Ijarah Sukuk Certificates - XXX - VRR	Semi-annually / At maturity	April 17, 2023	April 17, 2024	Weighted average 6 months T-Bills	-	7,000	3,500	3,500	350,332	350,199	(133)	4.31%	5.43%
GoP Ijarah Sukuk Certificates - XXXI - VRR	Semi-annually / At maturity	May 22, 2023	May 22, 2024	Weighted average 6 months T-Bills	-	7,000	3,500	3,500	350,403	350,233	(170)	4.31%	5.43%
GoP Ijarah Sukuk Certificates - XXI - VRR	Semi-annually / At maturity	July 29, 2020	July 29, 2025	Weighted average 6 months T-Bills	-	7,000	3,500	3,500	348,023	347,900	(123)	4.28%	5.40%
GoP Ijarah Sukuk Certificates - XVIII - FRR	Semi-annually / At maturity	March 8, 2023	March 8, 2024	Weighted average 6 months T-Bills	-	3,000	3,000	-	-	-	-	0.00%	0.00%
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted average 6 months T-Bills	50	2,000	2,050	-	-	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>									<b>6,448,915</b>	<b>6,421,246</b>	<b>(27,669)</b>	<b>78.96%</b>	<b>99.64%</b>
<b>Total as at June 30, 2022</b>									<b>5,766,001</b>	<b>5,761,444</b>	<b>(4,557)</b>		

6.1.1.1 The nominal value of these sukuk certificates is Rs.100,000 each except for Pakistan Energy sukuk certificates I and II having nominal value of Rs.5,000 each.

**6.1.2 Corporate sukuk certificates**

Name of the security	Profit payments / principal redemptions	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to		
				----- (Number of certificates) -----				----- (Rupees in '000) -----			Net assets of the Fund	Total market value of investments	
<b>Power generation &amp; distribution</b>													
Neelum Jhelum Hydropower Company (Private) Limited (AAA, VIS, non-traded)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	720	-	-	720	24,955	22,964	(1,991)	0.28%	0.36%	
<b>Total as at June 30, 2023</b>									<b>24,955</b>	<b>22,964</b>	<b>(1,991)</b>	<b>0.28%</b>	<b>0.36%</b>
<b>Total as at June 30, 2022</b>									<b>31,147</b>	<b>33,273</b>	<b>2,126</b>		

6.1.2.1 The nominal value of these sukuk certificates is Rs.31,500 each.

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>6.2</b>	<b>Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'</b>		
Market value of investments	6.1.1 & 6.1.2	<b>6,444,210</b>	5,794,717
Less: Carrying value of investments	6.1.1 & 6.1.2	<b>(6,473,870)</b>	(5,797,148)
		<b><u>(29,660)</u></b>	<u>(2,431)</u>
<b>7</b>	<b>DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>		
Security deposit with Central Depository Company of Pakistan Limited		<b>100</b>	100
Prepayments		<b>219</b>	177
Profit receivable on balances with banks		<b>37,917</b>	3,331
Profit receivable on sukuk certificates		<b>215,957</b>	111,436
ATM deposit with Meezan Bank Limited		<b>395</b>	394
		<b><u>254,588</u></b>	<u>115,438</u>
<b>8</b>	<b>PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY</b>		
Remuneration payable	8.1	<b>974</b>	416
Sindh Sales Tax payable on remuneration of the Management Company	8.2	<b>127</b>	54
Allocated expenses payable	8.3	<b>1,020</b>	47
Selling and marketing expenses payable	8.4	<b>5,480</b>	1,787
Sales load payable		<b>1,772</b>	192
Sindh Sales Tax on sales load payable		<b>230</b>	25
		<b><u>9,603</u></b>	<u>2,521</u>
<b>8.1</b>	As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.5% (2022: 0.5%) per annum of the average annual net assets of the Fund during the year ended June 30, 2023. The remuneration is payable to the Management Company monthly in arrears.		
<b>8.2</b>	During the year, an amount of Rs.4.296 million (2022: Rs.5.815 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.4.223 million (2022: Rs.5.796 million) has been paid to the Management Company which acts as a collecting agent.		
<b>8.3</b>	In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses for registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).  The Management Company, based on its own discretion, has charged such expenses at the rate of 0.15% (2022: 0.15%) of the average annual net assets of the Fund during the year ended June 30, 2023, subject to total expense charged being lower than actual expense incurred.		
<b>8.4</b>	In accordance with Circular 11 dated July 05, 2019 with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, charged selling and marketing expense at the rate of 0.3% during the year ended June 30, 2023 (2022: 0.3%) per annum of the average annual net assets of the Fund subject to the total expense charged not being higher than actual expense incurred.		
		<b>Note</b>	<b>2023</b>
			<b>2022</b>
		----- (Rupees in '000) -----	
<b>9</b>	<b>PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>		
Remuneration payable	9.1	<b>374</b>	291
Sindh Sales Tax payable on remuneration of the Trustee	9.2	<b>49</b>	38
		<b><u>423</u></b>	<u>329</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed. The Fund has charged trustee fee 0.055% during the year ended June 30, 2023 (2022: 0.055%)

9.2 During the year, an amount of Rs.0.473 million (2022: Rs.0.672 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.0.462 million (2022: Rs.0.703 million) was paid to the Trustee which acts as a collecting agent.

## 10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 In accordance with the NBFC Regulations 2008, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% (2022: 0.02%) of the average annual net assets of the Fund.

	Note	2023	2022
----- (Rupees in '000) -----			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		333	368
Brokerage payable		513	377
Shariah advisor fee payable		218	268
Withholding tax payable		-	41,908
Capital gain tax payable		34,338	12,763
Zakat payable		169	111
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration of the Management Company	11.1	80,077	80,077
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.1	2,562	2,562
		<u>118,210</u>	<u>138,434</u>

11.1 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16% on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration made was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 04, 2013, a constitutional petition was filed with the Honourable Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution, the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs.82.639 million is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value of the Fund as at June 30, 2023 would have been higher by Re.0.53 (2022: Re.0.69) per unit.

## 12 CONTINGENCIES AND COMMITMENTS

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



	2023	2022
	----- (Rupees in '000) -----	
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	361	302
Fee for half yearly review of condensed interim financial statements	168	150
Fee for other certifications	-	102
Out of pocket expenses	25	24
	<u>554</u>	<u>578</u>

**14 TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund as at June 30, 2023 is 1.15% (2022: 1.13%) which includes 0.09% (2022: 0.09%) representing government levies on the Fund such as Sales Taxes, Federal Excise Duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an 'Income Scheme'.

**15 TAXATION**

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management Company has distributed at least 90% of the Fund's accounting income for the year ended June 30, 2023 as reduced by capital gains (whether realised or unrealised) to its unit holders, therefore no provision for taxation has been made in these financial statements.

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

**16 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

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

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

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



Balances	2023	2022
	----- (Rupees in '000) -----	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	974	416
Sindh Sales Tax payable on remuneration of the Management Company	127	54
Allocated expenses payable	1,020	47
Selling and marketing expenses payable	5,480	1,787
Sales load payable	1,772	192
Sindh Sales Tax on sales load payable	230	25
Investment of Nil units (2022: 9,873,760 units)	-	510,132
<b>Meezan Bank Limited</b>		
Balances with bank	224,245	265,464
Profit receivable on savings accounts	364	88
Sales load payable	222	457
Sindh Sales Tax on sales load payable	29	59
Shariah advisor fee payable	218	268
ATM deposit	395	394
Investment of 9,969 units (2022: 9,969 units)	520	515
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	374	291
Sindh Sales Tax payable on remuneration of the Trustee	49	38
Security deposit	100	100
<b>Meezan Strategic Allocation Fund II - MCPP - V *</b>		
Investment of Nil units (2022: 3 units)	-	-
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 214,472 units (2022: 187,593 units)	11,182	9,691
<b>Directors and Executives of the Management Company</b>		
Investment of 7,175,564 units (2022: 158,349 units)	374,116	8,185

\* Nil figures due to rounding off

Transactions during the year	2023	2022
	----- (Rupees in '000) -----	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration of the Management Company	33,045	44,732
Sindh Sales Tax on remuneration of the Management Company	4,296	5,815
Allocated expenses	9,914	13,419
Selling and marketing expenses	19,811	26,839
Units issued: 33,040,152 units (2022: 9,884,452 units)	1,812,566	510,581
Units redeemed: 42,913,911 units (2022: 19,399,367 units)	2,350,385	1,002,327
<b>Meezan Bank Limited</b>		
Profit on savings accounts	2,549	1,165
Shariah advisor fee	759	806
Units issued: Nil units (2022: 9,969 units)	-	539
Dividend paid	-	14
Cash dividend	74	-
Refund of capital	-	24
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	3,635	5,172
Sindh Sales Tax on remuneration of the Trustee	473	672
CDS charges	72	18

**For the year ended June 30,**  
**2023                      2022**  
**----- (Rupees in '000) -----**

**Transactions during the year**
**Meezan Islamic Income Fund**

Sale of Pakistan Energy Sukuk II certificates: Nil sukuk certificates  
(2022: 130,000 certificates)

-	662,999
-	662,999

**Meezan Strategic Allocation Fund - MCPP - III**

Units issued: 2,347,330 units (2022: 4,798,411 units)  
Units redeemed: 2,347,330 units (2022: 4,798,411 units)

121,652	257,387
122,151	260,528

**Meezan Strategic Allocation Fund II - MCPP - IV**

Units issued: 3,430,352 units (2022: 9,205,562 units)  
Units redeemed: 3,430,352 units (2022: 9,205,562 units)

177,780	492,845
178,513	500,368

**Meezan Strategic Allocation Fund II - MCPP - V**

Units issued: 617,773 units (2022: 2,375,613 units)  
Units redeemed: 617,776 units (2022: 2,375,609 units)

32,016	127,777
32,149	128,767

**Meezan Strategic Allocation Fund II - MCPP - VI**

Units issued: 859,215 units (2022: 2,417,989 units)  
Units redeemed: 859,215 units (2022: 2,417,989 units)

44,529	129,998
44,713	131,077

**Meezan Strategic Allocation Fund II - MCPP - VII**

Units issued: 481,352 units (2022: 2,755,659 units)  
Units redeemed: 481,352 units (2022: 2,755,659 units)

24,946	148,148
25,049	149,473

**Meezan Financial Planning Fund of Funds- Aggressive A.Plan**

Units issued: 312,778 units (2022: Nil units)  
Units redeemed: 312,778 units (2022: Nil units)

16,210	-
16,276	-

**Meezan Financial Planning Fund of Funds- Conservativ A.Plan**

Units issued: 862,999 units (2022: Nil units)  
Units redeemed: 862,999 units (2022: Nil units)

44,725	-
44,909	-

**Meezan Financial Planning Fund of Funds- Moderate A.Plan**

Units issued: 598,357 units (2022: Nil units)  
Units redeemed: 598,357 units (2022: Nil units)

31,010	-
31,138	-

**Meezan Strategic Allocation Fund III - MCPP - IX**

Units issued: 3,373,730 units (2022: 1,064,988 units)  
Units redeemed: 3,373,730 units (2022: 1,064,988 units)

174,846	56,917
175,564	57,488

**AI Meezan Investment Management Limited - Employees Gratuity Fund**

Units issued: 26,878 units (2022: 14,069 units)  
Dividend paid

1,389	726
1,389	726

**Directors and Executives of the Management Company**

Units issued: 13,063,939 units (2022: 1,594,737 units)  
Units redeemed: 6,046,724 units (2022: 1,979,393 units)  
Dividend paid  
Refund of capital

712,217	85,412
353,382	106,231
157	243
231	463

**17 FINANCIAL INSTRUMENTS BY CATEGORY**
**Financial assets**

----- 2023 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Balances with banks	3,054,345	3,054,345
Investments	-	6,444,210
Receivable against conversion of units	92,944	92,944
Deposit and other receivables	254,369	254,369
	<u>3,401,658</u>	<u>9,845,868</u>

**Financial liabilities**

----- 2023 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Payable to Al Meezan Investment Management Limited - Management Company	9,603	9,603
Payable to Central Depository Company of Pakistan Limited - Trustee	423	423
Payable against redemption and conversion of units	1,582,929	1,582,929
Payable to Meezan Bank Limited	251	251
Accrued expenses and other liabilities	1,064	1,064
	<u>1,594,270</u>	<u>1,594,270</u>

**Financial assets**

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Balances with banks	384,892	384,892
Investments	-	5,794,717
Receivable against conversion of units	79,729	79,729
Deposit and other receivables	115,261	115,261
	<u>579,882</u>	<u>6,374,599</u>

**Financial liabilities**

----- 2022 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Payable to Al Meezan Investment Management Limited - Management Company	2,521	2,521
Payable to Central Depository Company of Pakistan Limited - Trustee	329	329
Payable against redemption and conversion of units	35,110	35,110
Payable to Meezan Bank Limited	516	516
Accrued expenses and other liabilities	1,013	1,013
	<u>39,489</u>	<u>39,489</u>

**18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

## 18.1 Market risk

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

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

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

### (i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs. 94.986 million (2022: Rs. 61.796 million).

### b) Sensitivity analysis for fixed rate instruments

As at June 30, 2023, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, profit rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 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 profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in 000 -----					
<b>Financial assets</b>					
Balances with banks	6.74% - 20.5%	3,054,340	-	-	3,054,345
Investments	17.65% - 24.10%	1,148,900	5,295,310	-	6,444,210
Receivable against conversion of units		-	-	92,944	92,944
Deposit and other receivables		-	-	254,369	254,369
		<b>4,203,240</b>	<b>5,295,310</b>	<b>347,318</b>	<b>9,845,868</b>
<b>Financial liabilities</b>					
Payable to AI Meezan Investment Management Limited - Management Company		-	-	9,603	9,603
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	423	423
Payable against redemption and conversion of units		-	-	1,582,929	1,582,929
Payable to Meezan Bank Limited		-	-	251	251
Accrued expenses and other liabilities		-	-	1,064	1,064
		-	-	1,594,270	1,594,270
<b>On-balance sheet gap (a)</b>		<b>4,203,240</b>	<b>5,295,310</b>	<b>(1,246,952)</b>	<b>8,251,598</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		<b>4,203,240</b>	<b>5,295,310</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>4,203,240</b>	<b>9,498,550</b>	<b>9,498,550</b>	

2022						
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- Rupees in 000 -----						
<b>Financial assets</b>						
Balances with banks	3.00% - 16.25%	384,888	-	-	4	384,892
Investments	11.83% - 14.77%	801,000	4,993,717	-	-	5,794,717
Receivable against conversion of units		-	-	-	79,729	79,729
Deposit, prepayments and other receivables		-	-	-	115,261	115,261
		1,185,888	4,993,717	-	194,994	6,374,599
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	2,521	2,521
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	329	329
Payable against redemption and conversion of units		-	-	-	35,110	35,110
Payable to Meezan Bank Limited		-	-	-	516	516
Accrued expenses and other liabilities		-	-	-	1,013	1,013
		-	-	-	39,489	39,489
<b>On-balance sheet gap (a)</b>		1,185,888	4,993,717	-	155,505	6,335,110
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-
<b>Total interest rate sensitivity gap (a+b)</b>		1,185,888	4,993,717	-		
<b>Cumulative interest rate sensitivity gap</b>		1,185,888	6,179,605	6,179,605		

## (ii) Currency risk

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

## (iii) Price risk

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

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not hold any instruments that expose it to price risk (other than those arising from profit rate risk or currency risk) as of June 30, 2023.

## 18.2 Liquidity risk

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

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

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemption requests during the year ended June 30, 2023.

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

----- 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 -----						
<b>Financial assets</b>						
Balances with banks	3,054,345	-	-	-	-	3,054,345
Investments	-	-	700,432	370,864	5,372,915	6,444,210
Receivable against conversion of units	92,944	-	-	-	-	92,944
Deposit and other receivables	37,917	78,103	137,854	-	495	254,369
	<b>3,185,206</b>	<b>78,103</b>	<b>838,286</b>	<b>370,864</b>	<b>5,372,915</b>	<b>9,845,868</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	9,603	-	-	-	-	9,603
Payable to Central Depository Company of Pakistan Limited - Trustee	423	-	-	-	-	423
Payable against redemption and conversion of units	1,582,929	-	-	-	-	1,582,929
Payable to Meezan Bank Limited	251	-	-	-	-	251
Accrued expenses and other liabilities	513	551	-	-	-	1,064
	<b>1,593,719</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,594,270</b>
<b>Net financial assets / (liabilities)</b>	<b>1,591,487</b>	<b>77,552</b>	<b>838,286</b>	<b>370,864</b>	<b>5,372,915</b>	<b>8,251,598</b>

----- 2022 -----						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees in '000 -----						
<b>Financial assets</b>						
Balances with banks	384,892	-	-	-	-	384,892
Investments	-	-	38,270	5,756,447	-	5,794,717
Receivable against conversion of units	79,729	-	-	-	-	79,729
Deposit and other receivables	3,331	-	111,436	-	494	115,261
	<b>467,952</b>	<b>-</b>	<b>111,436</b>	<b>38,270</b>	<b>5,756,447</b>	<b>6,374,599</b>
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited Management Company	2,521	-	-	-	-	2,521
Payable to the Central Depository Company of Pakistan Limited - Trustee	329	-	-	-	-	329
Payable against redemption and conversion of units	35,110	-	-	-	-	35,110
Payable to Meezan Bank Limited	516	-	-	-	-	516
Accrued expenses and other liabilities	377	636	-	-	-	1,013
	<b>38,853</b>	<b>636</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,489</b>
<b>Net financial assets / (liabilities)</b>	<b>429,099</b>	<b>(636)</b>	<b>111,436</b>	<b>38,270</b>	<b>5,756,447</b>	<b>6,335,110</b>

### 18.3 Credit risk

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

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

The table below analyses the Fund's maximum exposure to credit risk:

	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	3,054,345	3,054,345	384,892	384,892
Investments	6,444,210	22,964	5,794,717	33,273
Receivable against conversion of units	92,944	92,944	79,729	79,729
Deposits and other receivables	254,369	38,044	115,261	3,458
	<b>9,845,868</b>	<b>3,208,297</b>	<b>6,374,599</b>	<b>501,352</b>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets. Investment in government securities and related profit receivable, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

### 18.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2023	2022
<b>Balances with banks</b>		
AAA	97.65	75.04
AA+	0.10	0.70
AA	0.30	3.31
A+	0.30	20.92
AA-	1.65	0.03
	<b>100.00</b>	<b>100.00</b>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

### 18.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2023 and June 30, 2022 are unsecured and are not impaired.

## 19 FAIR VALUE MEASUREMENT

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

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



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

### Fair value hierarchy

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

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

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

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

As at June 30, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

2023				
Level 1	Level 2	Level 3	Total	
(Rupees in '000)				
<b>ASSETS</b>				
<b>Financial assets 'at fair value through profit or loss'</b>				
Sukuk certificates	-	6,444,210	-	6,444,210

2022				
Level 1	Level 2	Level 3	Total	
(Rupees in '000)				
<b>ASSETS</b>				
<b>Financial assets 'at fair value through profit or loss'</b>				
Sukuk certificates	-	5,794,717	-	5,794,717

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2023			2022		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total investment (%)
Individuals	10,120	5,888,601	72.41	8,314	4,400,331	71.01
Associated companies / Directors	5	374,464	4.60	6	525,314	8.48
Insurance companies	4	81,258	1.00	4	172,839	2.79
Retirement funds	51	944,868	11.62	49	575,567	9.29
Others	74	843,773	10.37	74	522,026	8.43
<b>Total</b>	<b>10,254</b>	<b>8,132,964</b>	<b>100.00</b>	<b>8,447</b>	<b>6,196,077</b>	<b>100.00</b>

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

2023		2022	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	52.61	Summit Capital (Private) Limited	21.97
BIPL Securities Limited	22.33	BIPL Securities Limited	18.01
Invest One Markets Limited	20.84	JS Global Capital Limited	60.02
Arif Habib Limited	1.99		
Alfalah CLSA Securities Pvt Ltd	1.24		

22.1 The Fund has traded with only the above mentioned 5 brokers / dealers during the year ended June 30, 2023 (2022: 3 brokers / dealers).

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

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty Three years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Seven year
Mr. Taha Javed	Head of Equities	CFA / MBA	Sixteen years
Mr. Faizan Saleem	Head of Fixed 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 Level II / 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

23.2 The Fund manager of the Fund is Mr. Zohaib Saeed. Other Fund being managed by the Fund Manager is as follows:  
- Meezan Daily Income Fund

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

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

Name of Directors	Designation	Meeting held on			
		August 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 Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes

\* Mr. Moin M. Fudda resigned from the Board on June 09, 2023.

**25 GENERAL**

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

**26 DATE OF AUTHORISATION FOR ISSUE**

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

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

Chief Executive Officer

Chief Financial Officer

Director



# Nationwide Presence

Al Meezan's presence in 13 major cities and through over 950 branches of Meezan Bank in 300 cities aligns with its commitment to expanding nationwide presence and services contributing to the financial well-being of the people.

## Meezan Daily Income Fund

Meezan Daily Income Fund is an Allocation Plan under "Meezan Daily Income Fund (MDIF)" with an objective to provide investors with a competitive rate of return, together with daily payout, through investment in Shariah Compliant Fixed Income Instruments.

# FUND INFORMATION

## MANAGEMENT COMPANY

Al Meezan Investment Management Limited  
Ground Floor, Block "B", Finance & Trade Centre, Shahrah-e-Faisal Karachi 74400, Pakistan.  
Phone (+9221) 35630722-6, 111-MEEZAN  
Fax: (+9221) 35676143, 35630808  
Website: [www.almeezangroup.com](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto: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](mailto:miu786@gmail.com)

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)	Allied Bank Limited - Islamic Banking
Askari Bank Ltd - Islamic Banking	Bank Islami Pakistan Limited
Bank of Khyber - Islamic Banking	Bank Alfalah Limited
Habib Bank Limited - Islamic Banking	Dubai Islamic Bank
Soneri Bank Ltd - Islamic Banking	Faysal Bank Limited - Islamic Banking
United Bank Limited- Islamic Banking	Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited	The Bank of Punjab - Islamic Banking

## LEGAL ADVISER

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

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Daily Income Plan (MDIP-I) (Managed under Meezan Daily Income Fund)

### Type of Fund

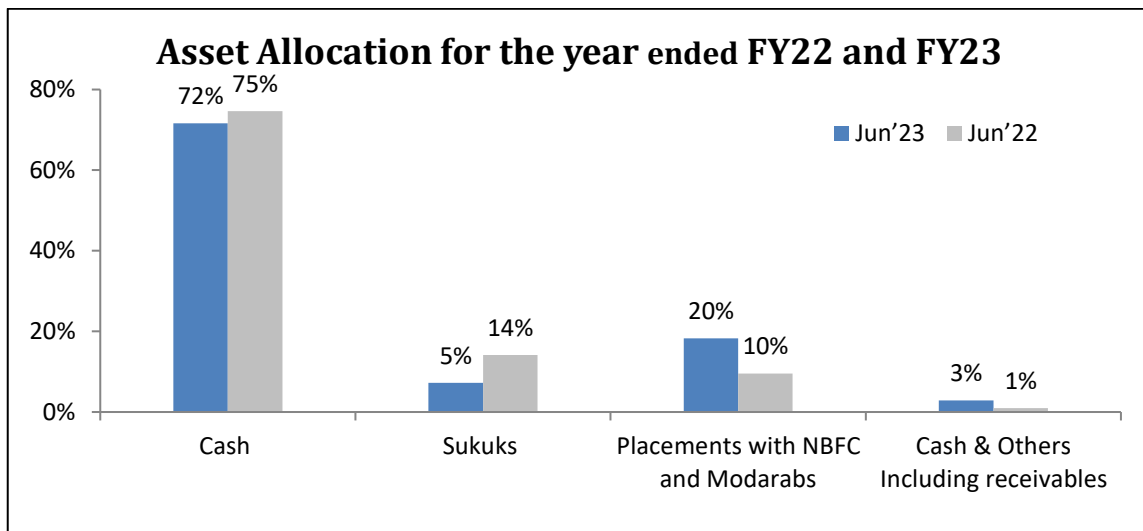
Open ended Shariah Compliant Fixed Income fund investing primarily in Shariah Compliant Fixed Income Instruments.

### Objective

Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

### Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the credit risk, the investment policy limits the investment avenues to short term tenors in corporate sukuk. As per its investment policy, MDIP I can invest or place funds in instruments with a credit rating of at least 'double A' (AA).



### Performance Review

Meezan Daily Income Fund (MDIP-I) provided a return of 16.86% to its investors for the year ended June 30, 2023 as compared to its benchmark return of 6.06%

	MDIP-I	Six Month deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 30, 2022	49.98	
Net Asset Value as on June 30, 2023	49.92	
Return for the year	16.86%	6.06%
Outperformance	10.81%	

**Benchmark: 6 Months average deposit rates of 3 A -rated Islamic Banks**



**Pure. Profit.**



The Fund earned a gross income of Rs. 11,266 million, which was primarily due to profit on bank deposits, placements, bai muajjal and Sukuks amounting to Rs. 11,240 million. The fund also incurred expenses totalling to Rs. 591 million, which brought the net income figure to Rs. 10,675 million. The net assets of the Fund as at June 30, 2023 were Rs. 91,147 million. The net asset value per unit as at June 30, 2023 was Rs. 50 (Ex-dividend).

### **Distributions**

The Total Pay-out by the Fund during the period ended June 30, 2023 was Rs. 7.7880 per unit (15.58%).

Total distribution made by the fund was Rs. 10,675 million.

### **Fund Stability Rating**

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

### **Breakdown of unit holdings by size**

(As on June 30, 2023)

<b>Range (Units)</b>	<b>No. of investors</b>
1 - 9,999	5,880
10,000 - 49,999	8,212
50,000 - 99,999	2,921
100,000 - 499,999	2,907
500,000 and above	557
<b>Total</b>	<b>20,477</b>



Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Mahana Munafa Plan (MMMP-I) (Managed under Meezan Daily Income Fund)

### Type of Fund

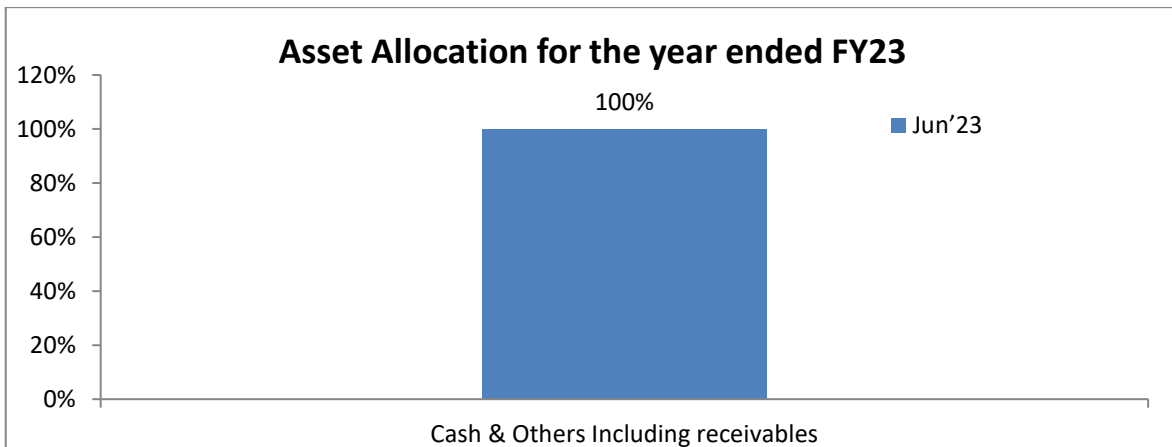
Open ended Shariah Compliant Fixed Income Plan investing primarily in Shariah Compliant Fixed Income Instruments.

### Objective

The Investment Objective of the Plan is to provide Investors with a competitive rate of return, together with monthly profit, through investment in Shariah Compliant fixed income instruments.

### Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the credit risk, the investment policy limits the investment avenues to short term tenors in corporate sukuk. As per its investment policy, MDIP I can invest or place funds in instruments with a credit rating of at least 'double A' (AA).



### Performance Review

Meezan Mahana Munafa Plan (MMMP-I) provided a return of 15.28% to its investors for the year ended June 30, 2023 as compared to its benchmark return of 6.52%

Launched date October 28, 2022

	MMMP-I	Six Month deposits at Islamic Banks (Benchmark)
Net Asset Value as on October 28, 2022	50.00	
Net Asset Value as on June 30, 2023	49.93	
Return for the year	15.28%	6.52%
Outperformance	8.75%	

**Benchmark: 6 Months average deposit rates of 3 A -rated Islamic Banks**



**Pure. Profit.**



The Fund earned a gross income of Rs. 504 million, which was primarily due to profit on bank deposits and placements amounting to Rs. 504 million. The fund also incurred expenses totalling to Rs. 57 million, which brought the net income figure to Rs. 446 million. The net assets of the Fund as at June 30, 2023 were Rs. 5,543 million. The net asset value per unit as at June 30, 2023 was Rs. 50 (Ex-dividend).

### **Distributions**

The Total Pay-out by the Fund during the period ended June 30, 2023 was Rs. 4.8797 per unit (9.76%). Total distribution made by the fund was Rs. 446 million.

### **Fund Stability Rating**

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

### **Breakdown of unit holdings by size**

(As on June 30, 2023)

<b>Range (Units)</b>	<b>No. of investors</b>
1 - 9,999	316
10,000 - 49,999	686
50,000 - 99,999	250
100,000 - 499,999	278
500,000 and above	34
<b>Total</b>	<b>1,564</b>





Pure. Profit.



## REPORT OF THE FUND MANAGER Meezan Sehl Account Plan (MDIP-SHEL) (Managed under Meezan Daily Income Fund)

### Type of Fund

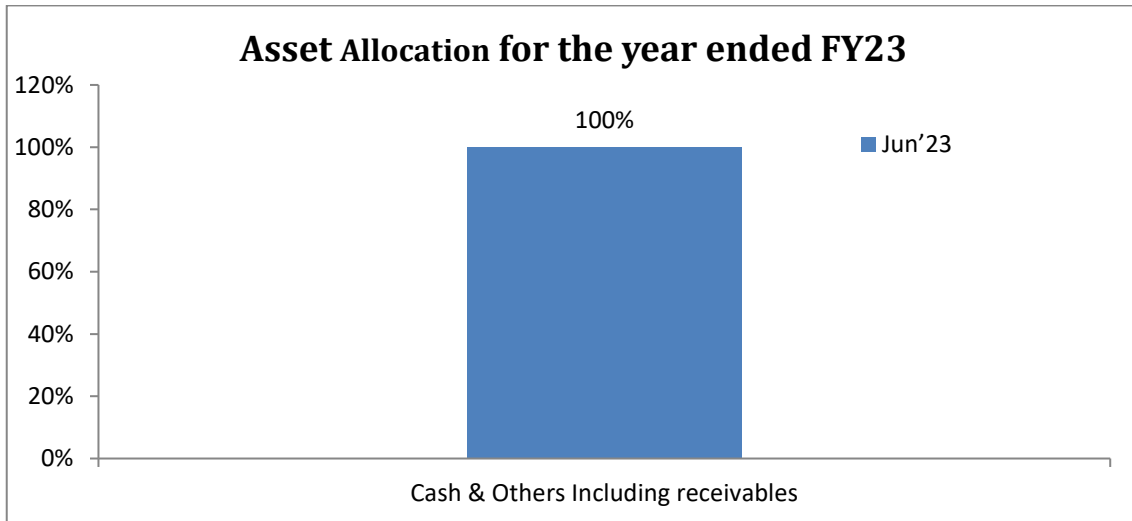
Open ended Shariah Compliant Fixed Income Plan investing primarily in Shariah Compliant Money Market & Fixed Income Instruments (Sukuks).

### Objective

The investment objective of the Plan is to meet liquidity needs of investors by providing investors with a 24/7 access to their invested funds through investment in Shariah Compliant Fixed Income and money market instruments.

### Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the credit risk, the investment policy limits the investment avenues to short term tenors in corporate sukuk. As per its investment policy, MDIP I can invest or place funds in instruments with a credit rating of at least 'double A' (AA).



### Performance Review

Meezan Sehl Account Plan (MDIP-SHEL) provided a return of 8.72% to its investors for the year ended June 30, 2023 as compared to its benchmark return of 7.08%

Launched date June 19, 2023

	MDIP-SHEL	Six Month deposits at Islamic Banks (Benchmark)
Net Asset Value as on June 19, 2023	50.00	
Net Asset Value as on June 30, 2023	50.13	
Return for the year	8.72%	7.08%
Outperformance	1.64%	

**Benchmark: 6 Months average deposit rates of 3 A -rated Islamic Banks**



**Pure. Profit.**



The Fund earned a gross income of Rs. 0.006 million, which was primarily due to profit on bank deposits amounting to Rs. 0.006 million. The fund also incurred expenses totalling to Rs. 0.001 million, which brought the net income figure to Rs. 0.005 million. The net assets of the Fund as at June 30, 2023 were Rs. 4 million. The net asset value per unit as at June 30, 2023 was Rs. 50.1314.

### **Distributions**

The Total Pay-out by the Fund during the period ended June 30, 2023 was nil (0.00%).  
No distribution made by the fund.

### **Fund Stability Rating**

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

### **Breakdown of unit holdings by size**

(As on June 30, 2023)

<b>Range (Units)</b>	<b>No. of investors</b>
1 - 9,999	1,716
10,000 - 49,999	0
50,000 - 99,999	0
100,000 - 499,999	0
500,000 and above	0
<b>Total</b>	<b>1,716</b>

**PERFORMANCE TABLE****MEEZAN DAILY INCOME FUND - MDIP I**

	<b>MDIP I</b>		<b>MMMP</b>	<b>SEHL</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>
Net assets (Rs. '000) (ex-distribution)	91,146,922.00	30,648,644.00	5,543,205.00	4,117.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	50.0000	50.0000	50.0000	50.1314
Offer price per unit as at June 30, (Rs.) (ex-distribution)	50.5650	50.5650	50.0000	50.1314
Highest offer price per unit (Rs.)	50.5650	50.5650	50.0000	50.4401
Lowest offer price per unit (Rs.)	50.5650	50.5650	50.0000	50.0000
Highest redemption price per unit (Rs.)	50.0000	50.0000	50.0000	50.4401
Lowest redemption price per unit (Rs.)	50.0000	50.0000	50.0000	50.0000
Distribution (%)				
Interim	15.58	8.07	9.7594	-
Final				
Date of distribution				
Interim				
Final				
Income distribution (Rupees in '000)	10,674,949	1,482,226	446,334	-
Growth distribution (Rupees in '000)	-	-	-	-
Total return (%)	16.86	10.58	15.28	8.72

	<b>One Year</b>	<b>Two Years</b>	<b>One Year</b>	<b>One Year</b>
Average annual return as at June 30, 2023 (%)	16.86%	13.68%	15.28%	8.72%

*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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Email: [miu786@gmail.com](mailto:miu786@gmail.com)

## Report of the Shariah Advisor – Meezan Daily Income Fund (MDIF)

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

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

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

We have reviewed and approved the modes of investments of the Fund in light of Shariah requirements. On the basis of information provided by the Management Company, all operations of the Fund for the year ended June 30, 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 (where applicable).

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

And Allah knows the best.



**Dr. Muhammad Imran Ashraf Usmani**  
Shariah Advisor

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN DAILY INCOME FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Daily Income Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Daily Income Fund

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Meezan Daily Income Fund** (the Fund), which comprise the statement of assets and liabilities as at **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
<b>1. Existence and valuation of bank balances and investments</b>	
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 debt instruments) held by the Fund represent 97% 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"> <li>- 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.</li> <li>- We tested controls over acquisition, disposals and periodic valuation of investments portfolio.</li> </ul>

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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"> <li>- 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.</li> <li>- 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).</li> <li>- 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.</li> <li>- 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.</li> </ul>

### 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.

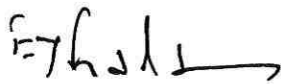
#### **Report on Other Legal and Regulatory Requirements**

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:** AR2023100762bjTGztgw



**MEEZAN DAILY INCOME FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2023**

	Note	2023			2022	
		MDIP-I	MMMP	SEHL	MDIP-I	
(Rupees in '000)						
<b>Assets</b>						
Balances with banks	5	65,828,982	5,518,840	4,132	71,351,954	22,995,517
Investments	6	23,450,000	-	-	23,450,000	7,294,000
Receivable against conversion of units		1,077,419	252	-	1,077,671	47,229
Deposits, prepayments and profit receivable	7	1,570,316	75,556	6	1,645,878	484,814
Preliminary expenses and floatation costs	8	495	-	-	495	648
<b>Total assets</b>		<b>91,927,212</b>	<b>5,594,648</b>	<b>4,138</b>	<b>97,525,998</b>	<b>30,822,208</b>
<b>Liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	9	111,718	4,960	1	116,679	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee	10	7,128	400	-	7,528	2,072
Payable to the Securities and Exchange Commission of Pakistan	11	13,301	587	-	13,888	2,638
Payable to Meezan Bank Limited		79,963	-	-	79,963	15,378
Payable against conversion and redemption of units		205,715	24,688	-	230,403	107,446
Dividend payable		138,224	7,979	-	146,203	-
Accrued expenses and other liabilities	12	224,241	12,829	20	237,090	37,943
<b>Total liabilities</b>		<b>780,290</b>	<b>51,443</b>	<b>21</b>	<b>831,754</b>	<b>173,564</b>
<b>Net assets</b>		<b>91,146,922</b>	<b>5,543,205</b>	<b>4,117</b>	<b>96,694,244</b>	<b>30,648,644</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>91,146,922</b>	<b>5,543,205</b>	<b>4,117</b>	<b>96,694,244</b>	<b>30,648,644</b>
<b>Contingencies and commitments</b>						
-----Number of units-----						
<b>Number of units in issue</b>		<b>1,822,938,406</b>	<b>110,864,138</b>	<b>82,118</b>		<b>612,972,871</b>
-----Rupees-----						
<b>Net asset value per unit</b>		<b>50.0000</b>	<b>50.0000</b>	<b>50.1314</b>		<b>50.0000</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN DAILY INCOME FUND**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	For the year ended June 30, 2023	For the period from October 29, 2022 to June 30, 2023	For the period from June 19, 2023 to June 30, 2023	Total	For the period from September 14, 2021 to June 30, 2022	
	MDIP-I	MMMP	SEHL		MDIP-I	
<b>Note</b> ----- (Rupees in '000) -----						
<b>Income</b>						
Profit on sukuks	1,257,765	-	-	1,257,765	166,703	
Income on commercial papers	-	-	-	-	31,281	
Profit on term deposit receipts and certificate of musharaka	2,945,152	1,774	-	2,946,926	173,491	
Profit on savings accounts with banks	6,457,313	501,767	6	6,959,086	1,170,881	
Profit on Bai muajjal	579,317	-	-	579,317	-	
Net realised gain / (loss) on sale of investment	26,463	-	-	26,463	(235)	
<b>Total income</b>	<b>11,266,010</b>	<b>503,541</b>	<b>6</b>	<b>11,769,557</b>	<b>1,542,121</b>	
<b>Expenses</b>						
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	298,762	43,158	1	341,921	26,983
Sindh Sales Tax on remuneration of the Management Company	9.2	38,839	5,611	-	44,450	3,508
Selling and marketing expenses	9.3	175,700	4,704	-	180,404	13,093
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	49,881	2,202	-	52,083	9,892
Sindh Sales Tax on remuneration of the Trustee	10.2	6,484	286	-	6,770	1,286
Annual fee to the Securities and Exchange Commission of Pakis	11	13,301	587	-	13,888	2,638
Auditors' remuneration		382	21	-	403	212
Brokerage expenses		3,086	1	-	3,087	38
Bank and settlement charges		3,161	50	-	3,211	568
Allocated expense	9.4	-	587	-	587	-
Amortisation of preliminary expenses and floatation costs	8	153	-	-	153	121
Printing Charges		18	-	-	18	-
Fees and subscription		1,294	-	-	1,294	1,556
<b>Total expenses</b>		<b>591,061</b>	<b>57,207</b>	<b>1</b>	<b>648,269</b>	<b>59,895</b>
<b>Net income for the period before taxation</b>		<b>10,674,949</b>	<b>446,334</b>	<b>5</b>	<b>11,121,288</b>	<b>1,482,226</b>
Taxation	16	-	-	-	-	-
<b>Net income for the period after taxation</b>		<b>10,674,949</b>	<b>446,334</b>	<b>5</b>	<b>11,121,288</b>	<b>1,482,226</b>
<b>Allocation of net income for the period</b>						
Net income for the period after taxation		10,674,949	446,334	5	11,121,288	1,482,226
Income already paid on units redeemed		-	-	-	-	-
		<b>10,674,949</b>	<b>446,334</b>	<b>5</b>	<b>11,121,288</b>	<b>1,482,226</b>
<b>Accounting income available for distribution</b>						
- Relating to capital gains		26,463	-	-	26,463	-
- Excluding capital gains		10,648,486	446,334	5	11,094,825	1,482,226
		<b>10,674,949</b>	<b>446,334</b>	<b>5</b>	<b>11,121,288</b>	<b>1,482,226</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director



**MEEZAN DAILY INCOME FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

For the year ended June 30, 2023	For the period from October 29, 2022 to June 30, 2023	For the period from June 19, 2023 to June 30, 2023	Total	For the period from September 14, 2021 to June 30, 2022	
MDIP-I	MMMP	SEHL		MDIP-I	
(Rupees in '000)					
Net income for the period after taxation	10,674,949	446,334	5	11,121,288	1,482,226
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>10,674,949</b>	<b>446,334</b>	<b>5</b>	<b>11,121,288</b>	<b>1,482,226</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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

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

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

\_\_\_\_\_  
Director

**MEEZAN DAILY INCOME FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Nine months period ended June 30, 2023			For the period from October 29, 2022 to June 30, 2023			For the period from June 19, 2023 to June 30, 2023			For the period from September 14, 2021 to June 30, 2022		
	MDIP-I			MMMP			SEHL			MDIP-I		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)											
<b>Net assets at the beginning of the period</b>	30,648,644	-	30,648,644	-	-	-	-	-	-	-	-	-
Issuance of units: MDIP-I 3,477,360,758 units, MMMP 362,581,065 units, SEHL 95,757 units (2022: MDIP-I 1,393,049,810 units, MMMP Nil, SEHL Nil)												
- Capital value (at par value per unit)	173,868,039	-	173,868,039	18,129,051	-	18,129,051	4,788	-	4,788	69,652,491	-	69,652,491
- Element of income	-	-	-	-	-	-	7	-	7	-	-	-
Total proceeds on issuance of units	173,868,039	-	173,868,039	18,129,051	-	18,129,051	4,795	-	4,795	69,652,491	-	69,652,491
Redemption of units: MDIP-I 2,267,395,223 units, MMMP 251,716,927 units, SEHL 13,639 units (2022: MDIP-I 780,076,939 units, MMMP Nil, SEHL Nil)												
- Capital value (at par value per unit)	113,369,761	-	113,369,761	12,585,846	-	12,585,846	682	-	682	39,003,847	-	39,003,847
- Element of loss	-	-	-	-	-	-	1	-	1	-	-	-
Total payments on redemption of units	113,369,761	-	113,369,761	12,585,846	-	12,585,846	683	-	683	39,003,847	-	39,003,847
Total comprehensive income for the period	-	10,674,949	10,674,949	-	446,334	446,334	-	5	5	-	1,482,226	1,482,226
Distributions during the period*	-	(10,674,949)	(10,674,949)	-	(446,334)	(446,334)	-	-	-	-	(1,482,226)	(1,482,226)
Net income for the period less distribution	-	-	-	-	-	-	-	5	5	-	-	-
<b>Net assets at the end of the period</b>	<b>91,146,922</b>	<b>-</b>	<b>91,146,922</b>	<b>5,543,205</b>	<b>-</b>	<b>5,543,205</b>	<b>4,112</b>	<b>5</b>	<b>4,117</b>	<b>30,648,644</b>	<b>-</b>	<b>30,648,644</b>
Accounting income available for distribution												
- Relating to capital gains		26,463			-			-			-	
- Excluding capital gains		10,648,486			446,334			5			1,482,226	
		10,674,949			446,334			5			1,482,226	
Distributions during the period*		(10,674,949)			(446,334)			-			(1,482,226)	
Undistributed income carried forward		-			-			5			-	
<b>Undistributed income carried forward</b>												
- Realised income		-			-			-			-	
- Unrealised income		-			-			5			-	
		-			-			5			-	
		(Rupees)			(Rupees)			(Rupees)			(Rupees)	
Net assets value per unit at the end of the period		<b>50.0000</b>			<b>50.0000</b>			<b>50.1314</b>			<b>50.0000</b>	

\* Meezan Daily Income Plan - I and Meezan Mahana Munafa Plan are required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the period ended June 30, 2023 are Rs 7.7880 per unit and Rs 4.8797 per unit respectively

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

For Al Meezan Investment Management Limited  
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN DAILY INCOME FUND**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	For the year ended June 30, 2023	For the period from October 29, 2022 to June 30, 2023	For the period from June 19, 2023 to June 30, 2023	Total	For the period from September 14, 2021 to June 30, 2022
	MDIP-I	MMMP	SEHL		MDIP-I
Note ----- (Rupees in '000) -----					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income for the period before taxation	10,674,949	446,334	5	11,121,288	1,482,226
<b>Adjustment for non-cash items:</b>					
Amortisation of preliminary expenses and floatation costs	153	-	-	153	121
	<u>10,675,102</u>	<u>446,334</u>	<u>5</u>	<u>11,121,441</u>	<u>1,482,347</u>
<b>Increase in assets</b>					
Investments - net	200,000	-	-	200,000	(4,350,000)
Deposits, prepayments and profit receivable	(1,085,502)	(75,556)	(6)	(1,161,064)	(484,814)
Preliminary expenses and floatation costs paid	-	-	-	-	(769)
	<u>(885,502)</u>	<u>(75,556)</u>	<u>(6)</u>	<u>(961,064)</u>	<u>(4,835,583)</u>
<b>Increase in liabilities</b>					
Payable to AI Meezan Investment Management Limited - Management Company	103,631	4,960	1	108,592	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee	5,056	400	-	5,456	2,072
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10,663	587	-	11,250	2,638
Payable to Meezan Bank Limited	64,585	-	-	64,585	15,378
Accrued expenses and other liabilities	186,298	12,829	20	199,147	37,943
	<u>370,233</u>	<u>18,776</u>	<u>21</u>	<u>389,030</u>	<u>66,118</u>
<b>Net cash generated from / (used in) operating activities</b>	<u>10,159,833</u>	<u>389,554</u>	<u>20</u>	<u>10,549,407</u>	<u>(3,287,118)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Receipts against issuance and conversion of units	172,837,849	18,128,799	4,795	190,971,443	69,605,262
Payments against redemption and conversion of units	(113,271,492)	(12,561,158)	(683)	(125,833,333)	(38,896,401)
Dividend paid	(10,536,725)	(438,355)	-	(10,975,080)	(1,482,226)
<b>Net cash generated from financing activities</b>	<u>49,029,632</u>	<u>5,129,286</u>	<u>4,112</u>	<u>54,163,030</u>	<u>29,226,635</u>
<b>Net increase in cash and cash equivalents</b>	<u>59,189,465</u>	<u>5,518,840</u>	<u>4,132</u>	<u>64,712,437</u>	<u>25,939,517</u>
Cash and cash equivalents at the beginning of the period	25,939,517	-	-	25,939,517	-
<b>Cash and cash equivalents at the end of the period</b>	<u>18</u> <u>85,128,982</u>	<u>5,518,840</u>	<u>4,132</u>	<u>90,651,954</u>	<u>25,939,517</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN DAILY INCOME FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Meezan Daily Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on August 13, 2021 under Sindh Trusts Act, 2020 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

**1.2** The Fund is an open ended Shariah compliant Income Scheme with allocation plans. The investment objective of the Fund is to earn return by investing in Shariah compliant fixed income instruments and has the following specific features:

- (a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day); and
- (b) Daily dividend received by the unit holders shall be reinvested.

By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.

**1.3** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on Pakistan Stock Exchange Limited.

**1.4** The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 30, 2022 (2022: 'AM1' dated December 27, 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. The Fund has been given a stability rating of A+(f) by VIS Credit Rating Company Limited dated January 19, 2023.

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

**1.6** During the current period Meezan Mahana Munafa Plan has been launched as at October 29, 2022 and Meezan SEHL Account Plan has been launched at June 19, 2023.

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

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

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

### 3.2 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

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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.



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

### 3.5 Accounting convention

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

### 3.6 Functional and presentation currency

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below.

### 4.2 Cash and cash equivalents

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

### 4.3 Financial assets

#### 4.3.1 Initial recognition and measurement

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

#### 4.3.2 Classification and subsequent measurement

##### a) Debt instruments

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

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

based on the business model of the entity.

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

##### b) Impairment

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

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

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

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

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

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

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

#### **4.3.4 Derecognition**

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

#### **4.4 Financial liabilities**

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

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

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

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

#### **4.6 Provisions**

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

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

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

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

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

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

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

Distributions to the unit holders are recognised upon declaration by the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the period also includes portion of income already paid on units redeemed during the period. As more fully explained in note 1.2 to the financial statements, the Fund is required to make distribution on each business day.

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

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

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

#### 4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on balances with banks, certificate of musharaka and term deposit receipts is recognised on accrual basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates and commercial papers is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.

#### 4.12 Expenses

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

#### 4.13 Taxation

##### Current

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

##### Deferred

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

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

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

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

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

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

#### 4.15 Foreign currency translation

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

		June 30, 2023				June 30, 2022
		MDIP-I	MMMP	SEHL	Total	MDIP-I
5	<b>BALANCE WITH BANKS</b>	(Rupees in '000)				
	Current accounts	10	-	-	10	-
	Savings accounts	65,828,972	5,518,840	4,132	71,351,944	22,995,517
		<u>65,828,982</u>	<u>5,518,840</u>	<u>4,132</u>	<u>71,351,954</u>	<u>22,995,517</u>

5.1 This includes a balance maintained with Meezan Bank Limited (a related party) that has last declared profit rate of 10.00% (June 30, 2022: 6.01%) per annum. Other savings accounts of the Fund have expected rates of profit ranging from 6.74% to 20.50% (June 30, 2022: 3.70% to 16.40%) per annum.

		June 30, 2023				June 30, 2022 (Audited)	
		MDIP-I	MMMP	SEHL	Total	MDIP-I	
<b>6</b>	<b>INVESTMENTS</b>	(Rupees in '000)					
	<b>Note</b>						
	<b>At fair value through profit or loss</b>						
	Sukuk Certificates	6.1	4,150,000	-	-	4,150,000	4,350,000
	Term Deposit receipts	6.2	8,800,000	-	-	8,800,000	-
	Certificates of musharaka	6.3	10,500,000	-	-	10,500,000	2,944,000
	Bai Muajjal receivable	6.4	-	-	-	-	-
			<u>23,450,000</u>	<u>-</u>	<u>-</u>	<u>23,450,000</u>	<u>7,294,000</u>
<b>6.1</b>	<b>Sukuk certificates</b>						
	Government securities	6.1.1	-	-	-	-	-
	Corporate sukuk certificates	6.1.2	4,150,000	-	-	4,150,000	4,350,000
			<u>4,150,000</u>	<u>-</u>	<u>-</u>	<u>4,150,000</u>	<u>4,350,000</u>

**6.1.1 Government securities**

Name of the Security	Profit payments / principal redemptions	Issue date	Maturity date	Profit rate	Purchased during the year	Sold during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to	
											Net assets of the Fund	Total market value of investments
					--- Number of certificates ---			--- (Rupees in '000) ---		%		
GoP Ijarah Sukuk Certificates - XVIII - VRR	Semi-annually / At maturity	April 30, 2020	April 30, 2025	Weighted Average 6 months T-Bills	62,950	62,950	-	-	-	-	0.00%	0.00%
GoP Ijarah Sukuk Certificates - XIX - VRR	Semi-annually / At maturity	May 29, 2020	May 29, 2025	Weighted Average 6 months T-Bills	6,000	6,000	-	-	-	-	0.00%	0.00%
GoP Ijarah Sukuk Certificates - XXIV - VRR	Semi-annually / At maturity	October 29, 2021	October 29, 2026	Weighted Average 6 months T-Bills	2,500	2,500	-	-	-	-	0.00%	0.00%
GoP Ijarah Sukuk Certificates - XXV - VRR	Semi-annually / At maturity	April 27, 2022	April 27, 2027	Weighted Average 6 months T-Bills	15,000	15,000	-	-	-	-	0.00%	0.00%
GoP Ijarah Sukuk Certificates - XVIII - VRR	Semi-annually / At maturity	April 30, 2020	April 30, 2025	Weighted Average 6 months T-Bills	62,950	62,950	-	-	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>												
<b>Total as at June 30, 2022</b>												

6.1.1.1 The nominal value of the GOP ijarah sukuk certificates is Rs.100,000 each

**6.1.2 Corporate sukuk certificates**

Name of the security	Maturity date	Profit rate	As at July 1, 2022	Purchased during the year	Sold / redeemed during the year	As at June 30, 2023	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation / (diminution) as at June 30, 2023	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)		Net assets of the Fund	Total market value of investments	%	
K-Electric Limited PPSTS - 1 (AA, PACRA) (note 6.1.2.2)	August 04, 2022	6 months KIBOR plus base rate of 0.85%	625	-	625	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 2 (AA, PACRA) (note 6.1.2.2)	August 15, 2022	6 months KIBOR plus base rate of 0.85%	675	-	675	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 3 (AA, PACRA) (note 6.1.2.2)	September 01, 2022	6 months KIBOR plus base rate of 0.85%	675	-	675	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 4 (AA, PACRA) (note 6.1.2.2)	September 23, 2022	6 months KIBOR plus base rate of 0.85%	300	-	300	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 5 (AA, PACRA) (note 6.1.2.2)	October 12, 2022	6 months KIBOR plus base rate of 0.95%	400	-	400	-	-	-	-	0.00%	0.00%
Hub Power Company Limited XI (AA+, PACRA) (note 6.1.2.1)	October 27, 2022	6 months KIBOR plus base rate of 1.00%	6,750	-	6,750	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited PPSTS - 2 (AA, PACRA) (note 6.1.2.2)	December 15, 2022	6 months KIBOR plus base rate of 1.20%	1,000	-	1,000	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited PPSTS - 4 (AA, PACRA) (note 6.1.2.2)	January 09, 2023	6 months KIBOR plus base rate of 1.20%	-	750	750	-	-	-	-	0.00%	0.00%
China Power Hub Generation Company (PVT) Limited - I (A-1+, PACRA) (note 6.1.2.2)	January 30, 2023	6 months KIBOR plus base rate of 1.35%	-	1,200	1,200	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 7 (AA, PACRA) (note 6.1.2.2)	February 10, 2023	6 months KIBOR plus base rate of 1.35%	-	750	750	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 8 (AA, PACRA) (note 6.1.2.2)	February 28, 2023	6 months KIBOR plus base rate of 1.35%	-	600	600	-	-	-	-	0.00%	0.00%
K-Electric Limited PPSTS - 9 (AA, PACRA) (note 6.1.2.2)	March 21, 2023	6 months KIBOR plus base rate of 1.40%	-	300	300	-	-	-	-	0.00%	0.00%
Lucky Electric Power Company Limited PPSTS - 5 (AA, PACRA) (note 6.1.2.2)	March 28, 2023	6 months KIBOR plus base rate of 1.50%	-	750	750	-	-	-	-	0.00%	0.00%
K-Electric Limited - X (A-1+, PACRA) (note 6.1.2.2)	April 05, 2023	6 months KIBOR plus base rate of 1.45%	-	400	400	-	-	-	-	0.00%	0.00%
Lucky Electric Limited - V (A-1+, PACRA) (note 6.1.2.2)	April 13, 2023	6 months KIBOR plus base rate of 1.5%	-	1,050	1,050	-	-	-	-	0.00%	0.00%
K-Electric Limited - XI (A-1+, PACRA) (note 6.1.2.2)	April 26, 2023	6 months KIBOR plus base rate of 1.45%	-	750	750	-	-	-	-	0.00%	0.00%
Nishat Mills Limited (A-1+, PACRA) (note 6.1.2.2)	February 23, 2023	6 months KIBOR plus base rate of 0.9%	-	320	320	-	-	-	-	-	-
China Power Hub Generation Company - I (A-1+, PACRA) (note 6.1.2.2)	June 07, 2023	6 months KIBOR plus base rate of 1.45%	-	675	675	-	-	-	-	0.00%	0.00%
K-Electric Limited - XII (A-1+, PACRA) (note 6.1.2.2)	June 13, 2023	6 months KIBOR plus base rate of 1.4%	-	750	750	-	-	-	-	0.00%	0.00%
Lucky Electric Limited - VI (A-1+, PACRA) (note 6.1.2.2)	June 13, 2023	6 months KIBOR plus base rate of 1.35%	-	600	600	-	-	-	-	0.00%	0.00%
Lucky Electric Limited - VIII (A-1+, PACRA) (note 6.1.2.2)	September 27, 2023	6 months KIBOR plus base rate of 0.55%	-	750	-	750	750,000	750,000	-	0.82%	3.20%
China Power Hub Generation Company - I (A-1+, PACRA) (note 6.1.2.2)	September 29, 2023	6 months KIBOR plus base rate of 0.70%	-	1,050	-	1,050	1,050,000	1,050,000	-	1.15%	4.48%
Lucky Electric Limited - VII (A-1+, PACRA) (note 6.1.2.2)	August 15, 2023	6 months KIBOR plus base rate of 0.65%	-	700	-	700	700,000	700,000	-	0.77%	2.99%
Lucky Electric Limited - IX (A-1+, PACRA) (note 6.1.2.2)	October 13, 2023	6 months KIBOR plus base rate of 0.30%	-	1,050	-	1,050	1,050,000	1,050,000	-	1.15%	4.48%
Lucky Electric Limited - XI (A-1+, PACRA) (note 6.1.2.2)	December 13, 2023	6 months KIBOR plus base rate of 0.50%	-	600	-	600	600,000	600,000	-	0.66%	2.56%
<b>Total as at June 30, 2023</b>							<b>4,150,000</b>	<b>4,150,000</b>	<b>-</b>	<b>4.55%</b>	<b>17.70%</b>
<b>Total as at June 30, 2022</b>							<b>4,350,000</b>	<b>4,350,000</b>			

6.1.2.1 The nominal value of the sukuk certificates is Rs.100,000 and the profit and principal of corporate sukuks is receivable at maturity.

6.1.2.2 The nominal value of the sukuk certificates is Rs.1,000,000 and the profit and principal of corporate sukuks is receivable at maturity.

## 6.2 Term Deposit receipts

### MDIP-I

Name of the bank	Maturity date	Profit rate	As at July 1, 2022	Placed during the year	Matured during the year	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation/ (diminution) as at June 30, 2023	Percentage in relation to	
									Net assets of the Fund	Total market value of investments
									-----%-----	
(Rupees in '000)										
Meezan Bank Limited (AAA, PACRA)	August 29, 2022	14.15%	-	2,500,000	2,500,000	-	-	-	0.00%	0.00%
The Bank Of Punjab (AA+, PACRA)	February 16, 2023	15.80%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
Bank Alfalah Limited (AA+, PACRA)	March 2, 2023	16.00%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
The Bank Of Punjab (AA+, PACRA)	January 20, 2023	15.50%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
The Bank Of Punjab (AA+, PACRA)	January 30, 2023	15.50%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
Askari Bank Limited (AA+, PACRA)	March 17, 2023	15.50%	-	500,000	500,000	-	-	-	0.00%	0.00%
Bank Alfalah Limited (AA+, PACRA)	March 10, 2023	16.55%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
The Bank Of Punjab (AA+, PACRA)	March 16, 2023	16.25%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Bank Alfalah Limited (AA+, PACRA)	June 9, 2023	17.72%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
Bank Alfalah Limited (AA+, PACRA)	May 2, 2023	18.75%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
Askari Bank Limited (AA+, PACRA)	June 1, 2023	19.50%	-	2,500,000	2,500,000	-	-	-	0.00%	0.00%
Bank Alfalah Limited (AA+, PACRA)	July 10, 2023	18.57%	-	2,000,000	-	2,000,000	2,000,000	-	2.19%	8.53%
Bank Alfalah Limited (AA+, PACRA)	July 5, 2023	19.25%	-	1,000,000	-	1,000,000	1,000,000	-	1.10%	4.26%
Bank Alfalah Limited (AA+, PACRA)	July 5, 2023	20.50%	-	2,800,000	-	2,800,000	2,800,000	-	3.07%	11.94%
Bank Alfalah Limited (AA+, PACRA)	July 5, 2023	20.50%	-	3,000,000	-	3,000,000	3,000,000	-	3.29%	12.79%
<b>Total as at June 30, 2023</b>						<b>8,800,000</b>	<b>8,800,000</b>		<b>9.65%</b>	<b>37.52%</b>
<b>Total as at June 30, 2022</b>						-	-		-	-

### MMMP

Name of the bank	Maturity date	Profit rate	As at July 1, 2022	Placed during the period	Matured during the period	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation/ (diminution) as at June 30, 2023	Percentage in relation to	
									Net assets of the Fund	Total market value of investments
									-----%-----	
(Rupees in '000)										
Habib Bank Limited (AAA, PACRA)	March 29, 2023	19.00%	-	500,000	500,000	-	-	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>						<b>-</b>	<b>-</b>		<b>0.00%</b>	<b>0.00%</b>
<b>Total as at June 30, 2022</b>						<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>

**6.3 Certificate of Musharaka**

**MDIP**

Name of the bank	Maturity date	Profit rate	As at July 1, 2022	Placed during the year	Matured during the year	Carrying value as at June 30, 2023	Market value as at June 30, 2023	Unrealised appreciation/ (diminution) as at June 30, 2023	Percentage in relation to	
									Net assets of the Fund	Total market value of investments
									-----%-----	
------(Rupees in '000)-----										
First Habib Modaraba (AA+, PACRA)	July 28, 2022	15.50%	718,000	-	718,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	July 28, 2022	15.50%	718,000	-	718,000	-	-	-	0.00%	0.00%
Orix Modaraba (AA, PACRA)	July 29, 2022	15.86%	700,000	-	700,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	August 9, 2022	15.50%	308,000	-	308,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	August 19, 2022	15.50%	500,000	-	500,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	October 28, 2022	15.80%	-	718,000	718,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	October 28, 2022	15.80%	-	718,000	718,000	-	-	-	0.00%	0.00%
Orix Modaraba (AA, PACRA)	October 28, 2022	16.12%	-	300,000	300,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	November 10, 2022	15.80%	-	308,000	308,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	November 18, 2022	15.80%	-	500,000	500,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	January 13, 2023	16.88%	-	300,000	300,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	January 27, 2023	16.88%	-	718,000	718,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	January 27, 2023	16.88%	-	718,000	718,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	February 10, 2023	16.88%	-	300,000	300,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	February 17, 2023	16.88%	-	500,000	500,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	December 13, 2022	14.80%	-	6,000,000	6,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	December 16, 2022	14.80%	-	400,000	400,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 16, 2022	15.50%	-	1,500,000	1,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 16, 2022	15.50%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	6,000,000	6,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	300,000	300,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	400,000	400,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 23, 2022	15.50%	-	6,500,000	6,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	December 30, 2022	15.50%	-	4,500,000	4,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	January 13, 2023	15.50%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	January 13, 2023	15.50%	-	750,000	750,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	January 13, 2023	15.70%	-	550,000	550,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	January 13, 2023	15.50%	-	4,500,000	4,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	January 27, 2023	15.50%	-	7,200,000	7,200,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	January 27, 2023	15.25%	-	7,400,000	7,400,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	April 13, 2023	17.80%	-	300,000	300,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	January 25, 2023	14.80%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	February 3, 2023	15.25%	-	2,500,000	2,500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	March 17, 2023	16.50%	-	7,800,000	7,800,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	April 27, 2023	17.80%	-	750,000	750,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	April 27, 2023	17.80%	-	750,000	750,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	March 3, 2023	16.50%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	February 3, 2023	16.50%	-	5,000,000	5,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	March 3, 2023	16.35%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	February 17, 2023	15.60%	-	4,500,000	4,500,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	March 6, 2023	16.35%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	February 24, 2023	16.00%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Dubai Islamic Bank (AA, PACRA)	February 17, 2023	16.35%	-	2,000,000	2,000,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	March 3, 2023	15.75%	-	4,500,000	4,500,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	May 17, 2023	18.00%	-	500,000	500,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	March 3, 2023	16.50%	-	500,000	500,000	-	-	-	0.00%	0.00%
Dubai Islamic Bank (AA, PACRA)	March 3, 2023	16.50%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	April 7, 2023	18.25%	-	8,400,000	8,400,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	April 7, 2023	19.50%	-	600,000	600,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	March 28, 2023	17.45%	-	5,000,000	5,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	March 28, 2023	17.45%	-	3,400,000	3,400,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	April 7, 2023	19.50%	-	4,800,000	4,800,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	April 7, 2023	19.50%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Habib Bank Limited (AAA, PACRA)	March 29, 2023	19.00%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	June 29, 2023	21.00%	-	500,000	500,000	-	-	-	0.00%	0.00%
Dubai Islamic Bank (AA, PACRA)	April 27, 2023	19.35%	-	2,500,000	2,500,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	May 8, 2023	19.25%	-	8,200,000	8,200,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	June 14, 2023	20.00%	-	8,200,000	8,200,000	-	-	-	0.00%	0.00%
Faysal Bank Limited (AA, PACRA)	June 16, 2023	19.75%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
First Habib Modaraba (AA+, PACRA)	July 13, 2023	21.10%	-	300,000	-	300,000	300,000	-	0.33%	1.28%
First Habib Modaraba (AA+, PACRA)	July 27, 2023	21.10%	-	1,200,000	-	1,200,000	1,200,000	-	1.32%	5.12%
First Habib Modaraba (AA+, PACRA)	August 17, 2023	21.10%	-	500,000	-	500,000	500,000	-	0.55%	2.13%
First Habib Modaraba (AA+, PACRA)	September 22, 2023	21.25%	-	500,000	-	500,000	500,000	-	0.55%	2.13%
Meezan Bank Limited (AAA, PACRA)	June 16, 2023	20.15%	-	1,800,000	1,800,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	June 16, 2023	20.15%	-	4,000,000	4,000,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	May 5, 2023	20.15%	-	2,200,000	2,200,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	May 5, 2023	20.15%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	May 5, 2023	20.15%	-	3,000,000	3,000,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	June 16, 2023	20.15%	-	2,400,000	2,400,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	June 23, 2023	19.90%	-	3,100,000	3,100,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	June 23, 2023	19.90%	-	1,800,000	1,800,000	-	-	-	0.00%	0.00%
Meezan Bank Limited (AAA, PACRA)	June 23, 2023	19.90%	-	3,300,000	3,300,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	April 28, 2023	19.00%	-	8,200,000	8,200,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	May 15, 2023	20.00%	-	1,000,000	1,000,000	-	-	-	0.00%	0.00%
UBL Ameen (AAA, PACRA)	July 7, 2023	20.25%	-	5,000,000	-	5,000,000	5,000,000	-	5.49%	21.32%
UBL Ameen (AAA, PACRA)	August 21, 2023	20.25%	-	3,000,000	-	3,000,000	3,000,000	-	3.29%	12.79%
<b>Total as at June 30, 2023</b>						<b>10,500,000</b>	<b>10,500,000</b>		<b>11.53%</b>	<b>44.77%</b>
<b>Total as at June 30, 2022</b>						<b>2,944,000</b>	<b>2,944,000</b>			

6.3.1 The profit and principal of certificate of musharaka is receivable at maturity.

6.4 **Bai Muajjal receivable**

Name of the counterparty	Maturity date	Profit rate	Total transaction Price	Total deferred income	Profit for the year	Carrying value as at June 30, 2023	Percentage in relation to	
							Net assets of the Fund	Total market value of investment
(Rupees in '000)							%	
Samba Bank Limited (AA, VIS)	December 13, 2022	14.90%	772,672	19,241	19,241	-	0.00%	0.00%
Samba Bank Limited (AA, VIS)	December 14, 2022	14.90%	773,026	19,249	19,249	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 20, 2022	14.90%	518,185	11,634	11,634	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 20, 2022	14.90%	518,421	11,428	11,428	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 20, 2022	14.90%	259,210	5,714	5,714	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 21, 2022	14.90%	518,657	11,433	11,433	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 21, 2022	14.90%	259,328	5,717	5,717	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	December 22, 2022	14.90%	2,423,177	51,438	51,438	-	0.00%	0.00%
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	784,008	60,584	60,584	-	0.00%	0.00%
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	784,362	60,288	60,288	-	0.00%	0.00%
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	784,716	59,982	59,982	-	0.00%	0.00%
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	785,070	59,676	59,676	-	0.00%	0.00%
Pak Brunei Investment Company Limited (AA+, VIS)	May 15, 2023	15.50%	366,532	27,706	27,706	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	799,949	31,362	31,362	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	635,248	24,905	24,905	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	811,382	31,811	31,811	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	800,303	31,028	31,028	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	635,549	24,640	24,640	-	0.00%	0.00%
Pak Kuwait Investment Company Limited (AAA, PACRA)	March 29, 2023	15.90%	811,733	31,471	31,471	-	0.00%	0.00%
<b>Total as at June 30, 2023</b>					<b>579,317</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total as at June 30, 2022</b>								

6.4 **Unrealised appreciation on re-measurement of investments classified as financial assets 'at fair value through profit or loss'**

		2023	2022
		MDIP-I	
		(Rupees in '000)	
Market value of investments	6.1, 6.2 & 6.3	23,450,000	7,294,000
Carrying value of investments	6.1, 6.2 & 6.3	23,450,000	7,294,000
		-	-

7 **DEPOSITS, PREPAYMENTS AND PROFIT RECEIVABLE**

	2023			2022
	MDIP-I	MMMP	SEHL	MDIP-I
(Rupees in '000)				
Security deposit with Central Depository Company of Pakistan Limited	100	-	-	100
Profit receivable on balances with banks	953,924	75,556	6	1,029,486
Profit receivable on sukuk certificates	221,857	-	-	135,697
Profit receivable on certificates of musharaka	392,335	-	-	71,188
Prepayments	100	-	-	78
Advance against IBFT redemptions	1,000	-	-	-
ATM deposit with Meezan Bank Limited	1,000	-	-	1,000
	<b>1,570,316</b>	<b>75,556</b>	<b>6</b>	<b>1,645,878</b>
				<b>484,814</b>

8 **PRELIMINARY EXPENSES AND FLOTATION COSTS**

At the beginning of the period		648	-	-	648	769
Less: Amortisation during the period	8.1	(153)	-	-	(153)	(121)
At the end of the year		<b>495</b>	<b>-</b>	<b>-</b>	<b>495</b>	<b>648</b>

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



9 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

	Note	2023				2022
		MDIP-I	MMMP	SEHL	Total	MDIP-I
(Rupees in '000)						
Management fee payable	9.1	7,969	1,844	1	9,814	1,027
Sindh Sales Tax on remuneration of the Management Company	9.2	1,036	240	-	1,276	134
Selling and marketing expenses payable	9.3	92,872	2,782	-	95,654	2,135
Allocated expense payable	9.4	-	94	-	94	-
Sales load payable		8,709	-	-	8,709	4,240
Sindh Sales Tax on sales load payable		1,132	-	-	1,132	551
		<u>111,718</u>	<u>4,960</u>	<u>1</u>	<u>116,679</u>	<u>8,087</u>

- 9.1 As per Regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit.

Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the following rates during the period ended June 30, 2023:

**MDIP-I**

<b>Rate applicable from July 1, 2022 to November 30, 2022</b>	<b>Rate applicable from December 1, 2022 to March 31, 2023</b>
0.45% of the average annual net assets	0.49% of the average annual net assets

<b>Rate applicable from April 01, 2023 to June 30, 2023</b>
0.40% of the average annual net assets

**MMMP**

<b>Rate applicable from October 29, 2022 to June 30, 2023</b>
1.47% of the average annual net assets

**SEHL**

<b>Rate applicable from June 19, 2023 to June 30, 2023</b>
1.00% of the average annual net assets

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

- 9.2 During the period, an amount of Rs. 44.45 million (2022: Rs 3.508 million) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 43.308 million (2022: 3.374 million) has been paid to the Management Company which acts as a collecting agent.

- 9.3 In accordance with Circular 11 dated July 5, 2019, the Management Company is entitled for charging selling and marketing expenses to Collective Investment Schemes (CISs) managed by them upto a maximum limit approved by the Board of Directors as part of annual plan. The Management Company, based on its own discretion, has charged selling and marketing expenses while keeping in view the overall return and the total expense ratio limit at the following rates subject to the total expense charged not being higher than the actual expense incurred during the period:

**MDIP-I**

<b>Rate applicable from July 1, 2022 to October 24, 2022</b>	<b>Rate applicable from October 25, 2022 to November 30, 2022</b>
0.12% of the average annual net assets	0.13% of the average annual net assets

<b>Rate applicable from December 1, 2022 to March 31, 2023</b>	<b>Rate applicable from April 01, 2023 to April 03, 2023</b>
0.23% of the average annual net assets	0.42% of the average annual net assets

<b>Rate applicable from April 04, 2023 to June 30, 2023</b>
0.44% of the average annual net assets

**MMMP**

<b>Rate applicable from October 29, 2022 to June 30, 2023</b>
0.12% of the average annual net assets

- 9.4 The Management Company, based on its own discretion, has charged such expenses at the rate of 0.02% of the average annual net assets of the Fund during the period ended June 30, 2023, subject to total expense charged being lower than actual expense incurred in MMMP.

**10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE**

Note	June 30, 2023				June 30, 2022
	MDIP-I	MMMP	SEHL	Total	MDIP-I
	----- (Rupees in '000) -----				
Remuneration payable	5,618	354	-	5,972	1,834
Sindh Sales Tax on remuneration	730	46	-	776	238
CDS Charges Payable	780	-	-	780	-
	<u>7,128</u>	<u>400</u>	<u>-</u>	<u>7,528</u>	<u>2,072</u>

- 10.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed, at the rate of 0.075% per annum of net assets of the Fund.

- 10.2 During the period, an amount of Rs 6.770 million (2022: Rs. 1.286 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 6.232 million (2022: Rs. 1.048 million) was paid to the Trustee which acts as a collecting agent.

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

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP) at the rate of 0.02% per annum of average annual net assets during the period.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	2023				2022
	MDIP-I	MMMP	SEHL	Total	MDIP-I
	----- (Rupees in '000) -----				
Brokerage payable	1,904	1	-	1,905	16
Auditors' remuneration payable	280	21	-	301	131
Zakat Payable	2,614	247	-	2,861	612
Withholding tax payable	218,893	12,560	-	231,453	36,645
Other Payable	-	-	20	20	-
Shariah advisory fee payable	550	-	-	550	539
	<u>224,241</u>	<u>12,829</u>	<u>20</u>	<u>237,090</u>	<u>37,943</u>

**13 CONTINGENCIES AND COMMITMENTS**

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

**14 AUDITORS' REMUNERATION**

	2023				2022
	MDIP-I	MMMP	SEHL	Total	MDIP-I
	----- (Rupees in '000) -----				
Statutory audit fee	290	-	-	290	133
Half yearly review fee	79	21	-	100	79
Out of pocket	13	-	-	13	-
	<u>382</u>	<u>21</u>	<u>-</u>	<u>403</u>	<u>212</u>

**15 TOTAL EXPENSE RATIO**

The total expense ratio (TER) of the Fund as at June 30, 2023 based on current period results is as follows:

	As at June 30, 2023		
	MDIP-I	MMMP	SEHL
Total Expense Ratio (TER)	0.89%	1.93%	1.24%
Government levies (included in TER)	0.09%	0.22%	0.16%

	As at June 30, 2022		
	MDIP-I	MMMP	SEHL
Total Expense Ratio (TER)	0.36%	-	-
Government levies (included in TER)	0.05%	-	-

The above ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a 'Income Scheme'.

**16 TAXATION**

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute at least 90 percent of the net accounting income other than capital gains to the unitholders. Since the management has distributed the required minimum percentage of income earned by the Fund for the period 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 period.

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

**17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS**

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

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

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

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

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

	2023	2022
	MDIP-I	
	(Rupees in '000)	
<b>Balances</b>		
<b>Al Meezan Investment Management Limited - Management Company</b>		
Management fee payable	7,969	1,027
Sindh Sales Tax on management fee payable	1,036	134
Selling and marketing expenses payable	92,872	2,135
Sales load payable	8,709	4,240
Sindh Sales Tax on sales load payable	1,132	551
Investment of 18,205,639 units (June 30, 2022: Nil)	910,282	-
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable to the Trustee	5,618	1,834
Sindh Sales Tax on remuneration of the Trustee	730	238
CDS charges payable	780	-
Security deposit	100	100
<b>Meezan Bank Limited</b>		
Balance with bank	348,876	458,682
Profit receivable on saving account	3,840	1,202
Sales load payable	70,764	13,609
Sindh Sales Tax on sales load payable	9,199	1,769
Shariah advisor fee payable	550	539
ATM deposit	1,000	-
Advance against IBFT redemptions	1,000	-



	2023	2022
<b>MDIP-I</b>		
<b>(Rupees in '000)</b>		
<b>Balances</b>		
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 474,061 units (June 30, 2022: Nil)	<u>23,703</u>	<u>-</u>
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Investment of 1,691,418 units (June 30, 2022: 1,667,038 units)	<u>84,571</u>	<u>83,352</u>
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Investment of 1,467,292 units (June 30, 2022: 1,452,507 units)	<u>73,365</u>	<u>72,625</u>
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Investment of 1,195,828 units (June 30, 2022: 923,647 units)	<u>59,791</u>	<u>46,182</u>
<b>Meezan Strategic Allocation Fund - MSAP - IV</b>		
Investment of 662,866 units (June 30, 2022: 409,858 units)	<u>33,143</u>	<u>20,493</u>
<b>Meezan Strategic Allocation Fund - MSAP - V</b>		
Investment of 305,716 units (June 30, 2022: 220,543 units)	<u>15,286</u>	<u>11,027</u>
<b>Meezan Financial Planning Fund Of Funds - MAAP - I</b>		
Investment of 679,598 units (June 30, 2022: 340,490 units)	<u>33,980</u>	<u>17,025</u>
<b>Directors and Executives of the Management Company</b>		
Investment of 10,248,541 units (June 30, 2022: 7,558,695 units)	<u>512,427</u>	<u>377,935</u>
	<b>For the year ended June 30, 2023</b>	<b>For the period from September 14, 2021 to June 30, 2022</b>
<b>Transactions during the period</b>	<b>MDIP-I</b>	
	<b>(Rupees in '000)</b>	
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	<u>298,762</u>	<u>26,983</u>
Sindh Sales Tax on management fee for the period	<u>38,839</u>	<u>3,508</u>
Selling and marketing expense	<u>175,700</u>	<u>13,093</u>
Units issued: 59,136,270 units (June 30, 2022: 64,476,273 units)	<u>2,963,981</u>	<u>3,223,814</u>
Units redeemed: 40,930,631 units (June 30, 2022: 64,476,273 units)	<u>2,046,532</u>	<u>3,223,814</u>
Dividend paid	<u>47,786</u>	<u>57,161</u>
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration of the Trustee	<u>49,881</u>	<u>9,892</u>
Sindh Sales Tax on remuneration of the Trustee	<u>6,484</u>	<u>1,286</u>
CDS charges	<u>1,667</u>	<u>7</u>
<b>Meezan Bank Limited</b>		
Profit on savings account	<u>30,298</u>	<u>5,389</u>
Shariah advisory fee	<u>1,090</u>	<u>862</u>
Profit on term deposit receipts and certificate of musharaka	<u>734,534</u>	<u>9,067</u>
Term deposit receipt and certificate of musharaka placed	<u>71,750,000</u>	<u>1,200,000</u>
Term deposit receipt and certificate of musharaka matured	<u>71,750,000</u>	<u>1,200,000</u>
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Units issued: 714,061 units (June 30, 2022: Nil)	<u>35,703</u>	<u>-</u>
Units redeemed: 240,000 units (June 30, 2022: Nil)	<u>12,000</u>	<u>-</u>
Dividend paid	<u>2,203</u>	<u>-</u>
<b>Meezan Strategic Allocation Fund - MSAP - I</b>		
Units issued: 1,629,881 units (June 30, 2022: 7,957,107 units)	<u>81,494</u>	<u>397,855</u>
Units redeemed: 1,605,500 units (June 30, 2022: 6,290,069 units)	<u>80,275</u>	<u>314,503</u>
Dividend paid	<u>8,484</u>	<u>7,769</u>
<b>Meezan Strategic Allocation Fund - MSAP - II</b>		
Units issued: 1,101,295 units (June 30, 2022: 5,342,797 units)	<u>55,065</u>	<u>267,140</u>
Units redeemed: 1,086,511 units (June 30, 2022: 3,890,290 units)	<u>54,326</u>	<u>194,515</u>
Dividend paid	<u>7,065</u>	<u>5,564</u>
<b>Meezan Strategic Allocation Fund - MSAP - III</b>		
Units issued: 962,181 units (June 30, 2022: 5,095,204 units)	<u>48,109</u>	<u>254,760</u>
Units redeemed: 690,000 units (June 30, 2022: 4,171,557 units)	<u>34,500</u>	<u>208,578</u>
Dividend paid	<u>6,609</u>	<u>4,814</u>



**Meezan Strategic Allocation Fund - MSAP - IV**

Units issued: 602,628 units (June 30, 2022: 2,160,094 units)  
Units redeemed: 349,620 units (June 30, 2022: 1,750,236 units)  
Dividend paid

<u>30,131</u>	<u>108,005</u>
<u>17,481</u>	<u>87,512</u>
<u>2,716</u>	<u>1,934</u>

**Meezan Strategic Allocation Fund - MSAP - V**

Units issued: 253,773 units (June 30, 2022: 706,934 units)  
Units redeemed: 168,600 units (June 30, 2022: 486,391 units)  
Dividend paid

<u>12,689</u>	<u>35,347</u>
<u>8,430</u>	<u>24,320</u>
<u>1,189</u>	<u>791</u>

**Meezan Financial Planning Fund Of Funds - MAAP - I**

Units issued: 438,107 units (June 30, 2022: 1,986,772 units)  
Units redeemed: 99,000 units (June 30, 2022: 1,646,282 units)  
Dividend paid

<u>21,905</u>	<u>99,339</u>
<u>4,950</u>	<u>82,314</u>
<u>2,905</u>	<u>1,731</u>

**Directors and Executives of the Management Company**

Units issued: 32,559,214 units (June 30, 2022: 17,030,250 units)  
Units redeemed: 29,811,455 units (June 30, 2022: 9,471,555 units)  
Dividend Paid

<u>1,643,790</u>	<u>851,513</u>
<u>1,490,573</u>	<u>473,578</u>
<u>105,448</u>	<u>11,334</u>

**Balances**

**MMMP**  
**2023**  
**(Rupees in '000)**

**AI Meezan Investment Management Limited - Management Company**

Management fee payable  
Sindh Sales Tax on management fee payable  
Selling and marketing expenses payable  
Allocated expense payable

<u>1,844</u>
<u>240</u>
<u>2,782</u>
<u>94</u>

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable to the Trustee  
Sindh Sales Tax on remuneration of the Trustee

<u>354</u>
<u>46</u>

**Meezan Bank Limited**

Balance with bank  
Profit receivable on saving account

<u>33,731</u>
<u>886</u>

**For the period from October**  
**29, 2022 to June 30 2023**

**MMMP**  
**(Rupees in '000)**

**Transactions during the period**

**AI Meezan Investment Management Limited - Management Company**

Remuneration for the period  
Sindh Sales Tax on management fee for the period  
Selling and marketing expense  
Allocated expense

<u>43,158</u>
<u>5,611</u>
<u>4,704</u>
<u>587</u>

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee  
Sindh Sales Tax on remuneration of the Trustee

<u>2,202</u>
<u>286</u>

**Meezan Bank Limited**

Profit on savings account

<u>12,367</u>
---------------

**Balances**

**SEHL**  
**2023**  
**(Rupees in '000)**

**AI Meezan Investment Management Limited - Management Company**

Management fee payable  
Sindh Sales Tax on management fee payable

<u>1</u>
<u>-</u>

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration payable to the Trustee  
Sindh Sales Tax on remuneration of the Trustee

<u>-</u>
<u>-</u>

**Meezan Bank Limited**

Balance with bank  
Profit receivable on saving account

<u>5</u>
<u>-</u>

For the period from June 19,  
2023 to June 30, 2023

SEHL

(Rupees in '000)

**Transactions during the period**

**Al Meezan Investment Management Limited - Management Company**

Remuneration for the period	1
Sindh Sales Tax on management fee for the period	-

**Central Depository Company of Pakistan Limited - Trustee**

Remuneration of the Trustee	-
Sindh Sales Tax on remuneration of the Trustee	-

**Meezan Bank Limited**

Profit on savings account	-
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	2023				2022	
	MDIP-I	MMMP	SEHL	Total	MDIP-I	
<b>18 CASH AND CASH EQUIVALEN' Note</b>	(Rupees in '000)					
Balances with banks	5	65,828,982	5,518,840	4,132	71,351,954	22,995,517
Term deposit receipts - having original maturity of 3 months or less	6.2	16,300,000	-	-	16,300,000	2,944,000
Certificates of musharakah	6.2	3,000,000	-	-	3,000,000	-
		<u>85,128,982</u>	<u>5,518,840</u>	<u>4,132</u>	<u>90,651,954</u>	<u>25,939,517</u>

**FINANCIAL INSTRUMENTS BY CATEGORY**

	MDIP-I		
	2023		
	At amortised cost	At fair value through profit or loss	Total
<b>19 Financial assets</b>	(Rupees in '000)		
Balances with banks	65,828,982	-	65,828,982
Investments	-	23,450,000	23,450,000
Receivable against conversion of units	1,077,419	-	1,077,419
Deposits and profit receivable	1,570,216	-	1,570,216
	<u>68,476,617</u>	<u>23,450,000</u>	<u>91,926,617</u>

	2023		
	At amortised cost	At fair value through profit or loss	Total
	(Rupees in '000)		
<b>Financial liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	111,718	-	111,718
Payable to Central Depository Company of Pakistan Limited - Trustee	7,128	-	7,128
Payable to Meezan Bank Limited	79,963	-	79,963
Payable against conversion and redemption of units	205,715	-	205,715
Dividend payable	138,224	-	138,224
Accrued expenses and other liabilities	2,734	-	2,734
	<u>545,482</u>	<u>-</u>	<u>545,482</u>

	MMMP		
	2023		
	At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
<b>Financial assets</b>			
Balances with banks	5,518,840	-	5,518,840
Investments	-	-	-
Receivable against conversion of units	252	-	252
Deposits and profit receivable	75,556	-	75,556
	<u>5,594,648</u>	<u>-</u>	<u>5,594,648</u>

2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	4,960	-	4,960
Payable to Central Depository Company of Pakistan Limited - Trustee	400	-	400
Payable to Meezan Bank Limited	-	-	-
Payable against conversion and redemption of units	24,688	-	24,688
Dividend payable	7,979	-	7,979
Accrued expenses and other liabilities	22	-	22
	<b>38,049</b>	<b>-</b>	<b>38,049</b>

SEHL		
2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

**Financial assets**

Balances with banks	4,132	-	4,132
Investments	-	-	-
Receivable against conversion of units	-	-	-
Deposits and profit receivable	6	-	6
	<b>4,138</b>	<b>-</b>	<b>4,138</b>

2023		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	1	-	1
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-
Payable to Meezan Bank Limited	-	-	-
Payable against conversion and redemption of units	-	-	-
Dividend payable	-	-	-
Accrued expenses and other liabilities	20	-	20
	<b>21</b>	<b>-</b>	<b>21</b>

MDIP-I		
2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

**Financial assets**

Balances with banks	22,995,517	-	22,995,517
Investments	-	7,294,000	7,294,000
Receivable against conversion of units	47,229	-	47,229
Deposits and profit receivable	484,736	-	484,736
	<b>23,527,482</b>	<b>7,294,000</b>	<b>30,821,482</b>

2022		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		

**Financial liabilities**

Payable to Al Meezan Investment Management Limited - Management Company	8,087	-	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee	2,072	-	2,072
Payable to Meezan Bank Limited	15,378	-	15,378
Payable against conversion and redemption of units	107,446	-	107,446
Accrued expenses and other liabilities	686	-	686
	<u>133,669</u>	<u>-</u>	<u>133,669</u>

**20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**20.1 Market risk**

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

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

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

**(i) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2023, the Fund is exposed to such risk on its balances held with banks, investments in sukuk certificates and certificates of musharaka. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

The Fund's variable rate risk arises from the balances with banks. At June 30, 2023, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 658.290 million. (June 30, 2022: Rs. 229.955 million).

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

As at June 30, 2023, the Fund did not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2023 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:

MDIP-I					
2023					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
(Rupees in '000)					
<b>Financial assets</b>					
Balances with bank	6.74% - 20.50%	65,828,982	-	-	65,828,982
Investments	18.57% - 22.72%	21,800,000	1,650,000	-	23,450,000
Receivable against conversion of units		-	-	1,077,419	1,077,419
Deposits and profit receivable		-	-	1,570,216	1,570,216
		<b>87,628,982</b>	<b>1,650,000</b>	<b>2,647,635</b>	<b>91,926,617</b>
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	111,718	111,718
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	7,128	7,128
Payable to Meezan Bank Limited		-	-	79,963	79,963
Payable against conversion and redemption of units		-	-	205,715	205,715
Dividend payable		-	-	138,224	138,224
Accrued expenses and other liabilities		-	-	2,734	2,734
		-	-	545,482	545,482
<b>On-balance sheet gap (a)</b>		<b>87,628,982</b>	<b>1,650,000</b>	<b>2,102,153</b>	<b>91,381,135</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		<b>87,628,982</b>	<b>1,650,000</b>	-	
<b>Cumulative profit rate sensitivity gap</b>		<b>87,628,982</b>	<b>89,278,982</b>	<b>89,278,982</b>	

MMMP					
2023					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
(Rupees in '000)					
<b>Financial assets</b>					
Balances with bank	10.00% - 20.00%	5,518,840	-	-	5,518,840
Investments		-	-	-	-
Receivable against conversion of units		-	-	252	252
Deposits and profit receivable		-	-	75,556	75,556
		<b>5,518,840</b>	-	<b>75,808</b>	<b>5,594,648</b>
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	4,960	4,960
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	400	400
Payable to Meezan Bank Limited		-	-	-	-
Payable against conversion and redemption of units		-	-	24,688	24,688
Dividend payable		-	-	7,979	7,979
Accrued expenses and other liabilities		-	-	22	22
		-	-	38,049	38,049
<b>On-balance sheet gap (a)</b>		<b>5,518,840</b>	-	<b>37,759</b>	<b>5,556,599</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a+b)</b>		<b>5,518,840</b>	-	-	
<b>Cumulative profit rate sensitivity gap</b>		<b>5,518,840</b>	<b>5,518,840</b>	<b>5,518,840</b>	

SEHL					
2023					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
(Rupees in '000)					
<b>Financial assets</b>					
Balances with bank	4,132	-	-	-	4,132
Investments	-	-	-	-	-
Receivable against conversion of units	-	-	-	-	-
Deposits and profit receivable	-	-	-	6	6
	<b>4,132</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>4,138</b>
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	1	1
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	-
Payable to Meezan Bank Limited	-	-	-	-	-
Payable against conversion and redemption of units	-	-	-	-	-
Accrued expenses and other liabilities	-	-	-	20	20
	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>21</b>
<b>On-balance sheet gap (a)</b>	<b>4,132</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>4,117</b>
<b>Off-balance sheet financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit rate sensitivity gap (a+b)</b>	<b>4,132</b>	<b>-</b>	<b>-</b>		
<b>Cumulative profit rate sensitivity gap</b>	<b>4,132</b>	<b>4,132</b>	<b>4,132</b>		

MDIP-I					
2022					
Effective profit rate (%)	Exposed to profit rate risk			Not exposed to profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
(Rupees in '000)					
<b>Financial assets</b>					
Balances with bank	22,995,517	-	-	-	22,995,517
Investments	5,219,000	2,075,000	-	-	7,294,000
Receivable against conversion of units	-	-	-	47,229	47,229
Deposits and profit receivable	-	-	-	484,736	484,736
	<b>28,214,517</b>	<b>2,075,000</b>	<b>-</b>	<b>531,965</b>	<b>30,821,482</b>
<b>Financial liabilities</b>					
Payable to Al Meezan Investment Management Limited - Management Company	-	-	-	8,087	8,087
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	2,072	2,072
Payable to Meezan Bank Limited	-	-	-	15,378	15,378
Payable against conversion and redemption of units	-	-	-	107,446	107,446
Accrued expenses and other liabilities	-	-	-	686	686
	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,669</b>	<b>133,669</b>
<b>On-balance sheet gap (a)</b>	<b>28,214,517</b>	<b>2,075,000</b>	<b>-</b>	<b>398,296</b>	<b>30,687,813</b>
<b>Off-balance sheet financial instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total profit rate sensitivity gap (a+b)</b>	<b>28,214,517</b>	<b>2,075,000</b>	<b>-</b>		
<b>Cumulative profit rate sensitivity gap</b>	<b>28,214,517</b>	<b>30,289,517</b>	<b>30,289,517</b>		

## (ii) Currency risk

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

## (iii) Price risk

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

The Fund does not hold any instruments that expose it to price risk as of June 30, 2023.

## 20.2 Liquidity risk

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

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

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period ended June 30, 2023.

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:

MDIP-I						
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)						
<b>Financial assets</b>						
Balances with banks	65,828,982	-	-	-	-	65,828,982
Investments	9,500,000	12,300,000	1,650,000	-	-	23,450,000
Receivable against conversion of units	1,077,419	-	-	-	-	1,077,419
Deposits, prepayments and profit receivable	953,924	558,222	55,970	-	2,100	1,570,216
	77,360,325	12,858,222	1,705,970	-	2,100	91,926,617
<b>Financial liabilities</b>						
Payable to Al Meezan Investment Management Limited - Management Company	111,718	-	-	-	-	111,718
Payable to Central Depository Company of Pakistan Limited - Trustee	7,128	-	-	-	-	7,128
Payable to Meezan Bank Limited	79,963	-	-	-	-	79,963
Payable against conversion and redemption of units	205,715	-	-	-	-	205,715
Dividend payable	138,224	-	-	-	-	138,224
Accrued expenses and other liabilities	2,734	-	-	-	-	2,734
	545,482	-	-	-	-	545,482
<b>Net assets / (liabilities)</b>	<b>76,814,843</b>	<b>12,858,222</b>	<b>1,705,970</b>	<b>-</b>	<b>2,100</b>	<b>91,381,135</b>

MMMP						
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)						
<b>Financial assets</b>						
Balances with banks	5,518,840	-	-	-	-	5,518,840
Investments	-	-	-	-	-	-
Receivable against conversion of units	252	-	-	-	-	252
Deposits, prepayments and profit receivable	75,556	-	-	-	-	75,556
	5,594,648	-	-	-	-	5,594,648

**Financial liabilities**

Payable to Al Meezan Investment Management

Limited - Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Payable to Meezan Bank Limited

Payable against conversion and redemption of units

Dividend payable

Accrued expenses and other liabilities

4,960	-	-	-	-	-	4,960
400	-	-	-	-	-	400
-	-	-	-	-	-	-
24,688	-	-	-	-	-	24,688
7,979	-	-	-	-	-	7,979
22	-	-	-	-	-	22
<b>38,049</b>	-	-	-	-	-	<b>38,049</b>

**Net assets / (liabilities)**

<b>5,556,599</b>	-	-	-	-	-	<b>5,556,599</b>
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**SEHL**

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
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(Rupees in '000)

**Financial assets**

Balances with banks

Investments

Receivable against conversion of units

Deposits, prepayments and profit receivable

4,132	-	-	-	-	-	4,132
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6	-	-	-	-	-	6
<b>4,138</b>	-	-	-	-	-	<b>4,138</b>

**Financial liabilities**

Payable to Al Meezan Investment Management

Limited - Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Payable to Meezan Bank Limited

Payable against conversion and redemption of units

Accrued expenses and other liabilities

1	-	-	-	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
20	-	-	-	-	-	20
<b>21</b>	-	-	-	-	-	<b>21</b>

**Net assets / (liabilities)**

<b>4,117</b>	-	-	-	-	-	<b>4,117</b>
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**MDIP-I**

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
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(Rupees in '000)

**Financial assets**

Balances with banks

Investments

Receivable against conversion of units

Deposits, prepayments and profit receivable

22,995,517	-	-	-	-	-	22,995,517
2,136,000	3,083,000	2,075,000	-	-	-	7,294,000
47,229	-	-	-	-	-	47,229
339,103	106,748	37,785	-	-	1,100	484,736
<b>25,517,849</b>	<b>3,189,748</b>	<b>2,112,785</b>	-	-	<b>1,100</b>	<b>30,821,482</b>

**Financial liabilities**

Payable to Al Meezan Investment Management

Limited - Management Company

Payable to Central Depository Company of

Pakistan Limited - Trustee

Payable to Meezan Bank Limited

Payable against conversion and redemption of units

Accrued expenses and other liabilities

8,087	-	-	-	-	-	8,087
2,072	-	-	-	-	-	2,072
15,378	-	-	-	-	-	15,378
107,446	-	-	-	-	-	107,446
686	-	-	-	-	-	686
<b>133,669</b>	-	-	-	-	-	<b>133,669</b>

**Net assets / (liabilities)**

<b>25,384,180</b>	<b>3,189,748</b>	<b>2,112,785</b>	-	-	<b>1,100</b>	<b>30,687,813</b>
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### 20.3 Credit risk

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

The table below analyses the Fund's maximum exposure to credit risk:

<b>MDIP-I</b>	
<b>2023</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	65,828,982
Investments	23,450,000
Receivable against conversion of units	1,077,419
Deposits, prepayments and profit receivable	1,570,316
	<u>91,926,717</u>

Balances with banks  
Investments  
Receivable against conversion of units  
Deposits, prepayments and profit receivable

<b>MDIP-I</b>	
<b>2023</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	65,828,982
Investments	23,450,000
Receivable against conversion of units	1,077,419
Deposits, prepayments and profit receivable	1,570,316
	<u>91,926,717</u>

<b>MMMP</b>	
<b>2023</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	5,518,840
Receivable against conversion of units	252
Deposits, prepayments and profit receivable	75,556
	<u>5,594,648</u>

Balances with banks  
Receivable against conversion of units  
Deposits, prepayments and profit receivable

<b>MMMP</b>	
<b>2023</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	5,518,840
Receivable against conversion of units	252
Deposits, prepayments and profit receivable	75,556
	<u>5,594,648</u>

<b>SEHL</b>	
<b>2023</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	4,132
Deposits, prepayments and profit receivable	6
	<u>4,138</u>

Balances with banks  
Deposits, prepayments and profit receivable

<b>SEHL</b>	
<b>2023</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	4,132
Deposits, prepayments and profit receivable	6
	<u>4,138</u>

<b>MDIP-I</b>	
<b>2022</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	22,995,517
Investments	7,294,000
Receivable against conversion of units	47,229
Deposits, prepayments and profit receivable	484,814
	<u>30,821,560</u>

Balances with banks  
Investments  
Receivable against conversion of units  
Deposits, prepayments and profit receivable

<b>MDIP-I</b>	
<b>2022</b>	
Balance as per statement of assets and liabilities	Maximum exposure to credit risk
Rupees in '000	
Balances with banks	22,995,517
Investments	7,294,000
Receivable against conversion of units	47,229
Deposits, prepayments and profit receivable	484,814
	<u>30,821,560</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2023 is the carrying amount of the financial assets.

### 20.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk		
	2023		
	MDIP-I	MMMP	SEHL
AAA	34.60%	80.58%	100.00%
AA+	0.08%	0.00%	0.00%
AA-	23.45%	0.00%	0.00%
AA	0.76%	19.41%	0.00%
A+	41.11%	0.01%	0.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Rating	% of financial assets exposed to
	2022
AAA	39.12%
AA-	14.75%
A+	46.13%
	<u>100.00%</u>

Ratings of investments have been disclosed in related notes to these financial statements. Since, the assets of the Fund are held with credit worthy counterparties, therefore any significant credit risk is mitigated.

### 20.3.3 Concentration of credit risk

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

All financial assets of the Fund as at June 30, 2023 are unsecured and are not impaired.

## 21 FAIR VALUE MEASUREMENT

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

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

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

### Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at June 30, 2023 and June 30, 2022, the Fund held the following financial instruments measured at fair value:

**MDIP-I**

As at June 30, 2023			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets - at fair value through profit or loss			
Corporate sukuks *	4,150,000	-	4,150,000
Term deposit receipts	8,800,000	-	8,800,000
Certificates of musharakah *	10,500,000	-	10,500,000
Bai Muajjal receivable	-	-	-
	<u>23,450,000</u>	<u>-</u>	<u>23,450,000</u>

**MDIP-I**

As at June 30, 2022			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
Financial assets - at fair value through profit or loss			
Corporate sukuks *	4,350,000	-	4,350,000
Certificates of musharakah *	2,944,000	-	2,944,000
	<u>7,294,000</u>	<u>-</u>	<u>7,294,000</u>

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

The valuation of bai muajjal receivable has been carried out based on amortisation to their fair value / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and are placed with counterparties which have high credit rating.

**22 UNIT HOLDERS' FUND RISK MANAGEMENT**

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

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

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

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

**23 UNIT HOLDING PATTERN OF THE FUND**

**MDIP-I**

Category	2023		
	Number of unit holders	Investment amount	Percentage of total
(Rupees in '000)			
Individuals	20,210	78,690,405	86.33
Associated Companies / Directors	9	1,709,152	1.88
Retirement Funds	55	1,182,524	1.30
Private limited companies	175	8,585,063	9.42
Others	28	979,778	1.07
	<u>20,477</u>	<u>91,146,922</u>	<u>100%</u>

**MMMP**

Category	2023		
	Number of unit holders	Investment amount	Percentage of total
(Rupees in '000)			
Individuals	1,551	5,410,788	97.61
Retirement Funds	1	2,203	0.04
Private limited companies	11	54,486	0.98
Others	1	75,728	1.37
	<u>1,564</u>	<u>5,543,205</u>	<u>100%</u>

**SEHL**

Category	2023		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	<u>1,716</u>	<u>4,117</u>	<u>100%</u>

**MDIP-I**

Category	2022		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	6,593	25,603,197	83.54
Associated Companies / Directors	8	572,492	1.87
Insurance Companies	1	2,250	0.01
Bank / DFIs	1	9,557	0.03
Retirement Funds	29	890,480	2.91
Private limited companies	80	3,141,323	10.25
Others	15	429,345	1.40
	<u>6,727</u>	<u>30,648,644</u>	<u>100%</u>

**24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID**

2023	
Name of broker	Percentage of commission paid
Arif Habib Limited	1.97%
Alfalsh Securities (Pvt.) Ltd	4.50%
JS Global Capital Limited	3.30%
Continental Securities3 Ltd	1.69%
Invest One Markets Limited	76.01%
Paramount Capital (Pvt.) Ltd	12.53%
	<u>100.00%</u>

2022	
Name of broker	Percentage of commission paid
JS Global Capital Limited	91.18%
Summit Capital (Private) Limited	5.88%
Invest One Markets Limited	2.94%
	<u>100.00%</u>

**25 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE**

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	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 Fixed 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 Level II / 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

The Fund Manager of the Fund is Mr. Zohaib Saeed. Other fund being managed by the Fund Manager is Meezan Sovereign Fund.



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

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

Name of Directors	Designation	Meeting held on			
		August 16, 2022	October 13, 2022	February 13, 2023	April 12, 2023
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda *	Director	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool	Director	Yes	Yes	Yes	Yes
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes
Mr. Naeem	Director	Yes	Yes	Yes	Yes
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	Yes	Yes	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.

**27 GENERAL**

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

**28 DATE OF AUTHORISATION**

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

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

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

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

\_\_\_\_\_  
Director