

# EMPOWERING YOUNG INVESTORS

At Al Meezan, we are dedicated to empowering young investors by providing the tools and resources they need to build a solid financial future. Through educational initiatives, tailored investment options, and user-friendly digital platforms, we encourage young individuals to take charge of their financial journeys with confidence and informed decision-making.

## Meezan Asset Allocation Fund



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



# FUND INFORMATION

## MANAGEMENT COMPANY

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

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Irfan Siddiqui	Chairman
Mr. Ahmed Iqbal Rajani	Non-Executive Nominee Director- PKIC
Ms. Danish Zuberi	Independent Director
Mr. Feroz Rizvi	Independent Director
Mr. Furquan Kidwai	Independent Director
Mr. Imtiaz Gadar	Chief Executive Officer
Mr. Saad Ur Rahman Khan	Non-Executive Nominee Director- PKIC
Ms. Shazia Khurram	Non-Executive Nominee Director- MBL
Syed Amir Ali	Non-Executive Nominee Director- MBL
Mr. Tariq Mairaj*	Non-Executive Nominee Director- MBL
Syed Imran Ali Shah**	Non-Executive Nominee Director- MBL

\* Mr. Tariq Mairaj resigned from the Board on September 10, 2024.

\*\* Syed Imran Ali Shah appointed as Director on September 18, 2024.

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Shahid Ojha

## COMPANY SECRETARY

Syed Haseeb Ahmed Shah

## BOARD AUDIT COMMITTEE

Mr. Feroz Rizvi	Chairman
Mr. Ahmed Iqbal Rajani	Member
Syed Imran Ali Shah*	Member

\* Syed Imran Ali Shah appointed as Member on September 18, 2024.

## BOARD RISK MANAGEMENT COMMITTEE

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

## BOARD HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Irfan Siddiqui	Chairman
Mr. Furquan R. Kidwai	Member
Mr. Imtiaz Gadar	Member
Mr. Saad Ur Rahman Khan	Member

## BOARD IT COMMITTEE

Mr. Furquan R. Kidwai	Chairman
Mr. Imtiaz Gadar	Member
Mr. Faiz Ur Rehman	Subject Matter Expert

## TRUSTEE

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

## AUDITORS

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

## SHARIAH ADVISER

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 Bank Pakistan Limited  
Bank Al Habib Limited - Islamic Banking  
Bank Islami Pakistan Limited  
Habib Metropolitan Bank Limited - Islamic Banking  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Limited

## LEGAL ADVISER

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

## TRANSFER AGENT

Al Meezan Investment Management Limited

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank Limited



Pure. Profit.



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

### Objective

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

### Investment Policy and Strategy

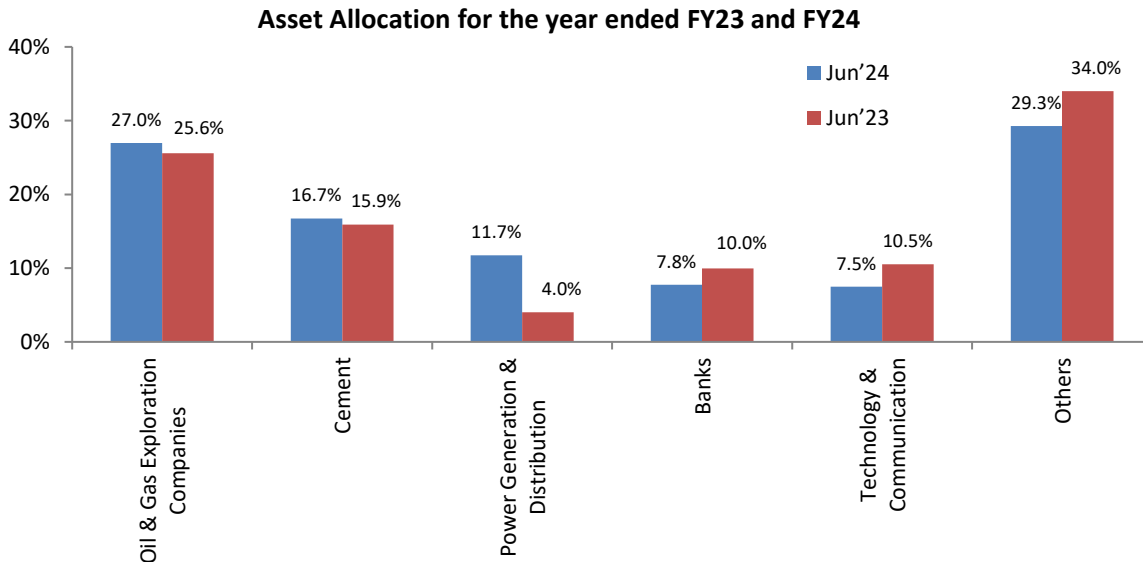
Based on the Fund Manager's outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall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

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

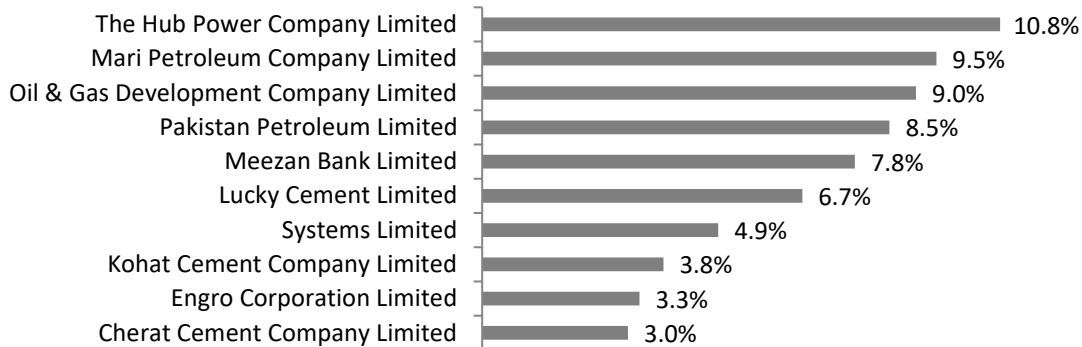
The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

### Asset Allocation

As on June 30, 2024, the fund's equity exposure was 86.04%, while 11.77% of the Net Assets was invested in bank deposits.



## Top Holdings



### Performance Review

During the fiscal year 2024, Meezan Asset Allocation Fund provided a positive return of 60.44% to its investors.

	MAAF	Benchmark
Net Asset Value as on June 30, 2023	39.86	70,748.12
Net Asset Value as on June 30, 2024	60.70	26,424.26
Change (Points)	20.84	55,676.14
Return During the Period - Net	60.44%	64.39%
Under performance	-3.95%	

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

Meezan Asset Allocation Fund posted a total income of Rs. 190 million during FY24 as compared to total income of Rs. 29 million last year. Total income comprised of realized and unrealized income on investments of Rs. 93 million and Rs. 67 million respectively. Dividend income and profit on saving account with banks comprised of Rs. 19 million and 10 million respectively. After accounting for expenses of Rs. 15 million, the fund posted a net income of Rs. 175 million. The net assets of the Fund as at June 30, 2024 were Rs. 312 million as compared to Rs. 454 million at the end of last year depicting a decrease of 31%.

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

### Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/ welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2024 an amount of Rs. 0.68 million was accrued as charity payable.



Pure. Profit.



### Distributions

There is an interim distribution of Rs. 3.25 per unit (6.50%) by the Fund during the year ended June 30, 2024. Total distribution made by the fund was Rs. 15 million.

### SWWF Disclosure

Not Applicable

### Breakdown of unit holdings by size:

(As on June 30, 2024)

Range (Units)	No. of Investors
1 - 9,999	987
10,000 - 49,999	52
50,000 - 99,999	6
100,000 - 499,999	8
500,000 and above	1
<b>Total</b>	<b>1,054</b>

### Summary of Actual Proxy Voted by the Fund

	Resolutions	For	Against	Abstain
<b>Number</b>	8	8	0	0
<b>Percentage</b>	100%	100%	0%	0%

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

# Dr. Muhammad Imran Usmani

**Jamia Darul Uloom Karachi**

Korangi Industrial Area Karachi, Pakistan

Postal Code 75180

Tel: +92 21 35123225

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

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

July 23, 2024/Muharram 16, 1446 AH

**Alhamdulillah**, the period from July 1, 2023 to June 30, 2024 was the **Eighth** year of operations of **Meezan Asset Allocation Fund** (the “MAAF” or the “Fund”) under management of Al Meezan Investment Management Limited (the “Al Meezan” or the “Management Company”). I, Dr. Muhammad Imran Ashraf Usmani, am the Shariah Advisor of the Fund and issuing the Shariah Advisor Report (the “Report”) in accordance with the Trust Deed of the Fund. The scope of the Report is to express an opinion on the Shariah compliance of the Fund’s activity.

In the capacity of Shariah Advisor, Guidelines and policies for Shariah compliant equity investments have been issued to the Fund. Management Company must adhere the guidelines and policies issued by Shariah Advisor. Criteria for Shariah compliance of equity investments includes (i) Nature of business should be *halal*; (ii) Ratio of interest-bearing debt to total assets should be less than 37%; (iii) Ratio of investment in Shariah non-compliant activities to total assets should be less than 33%; (iv) Ratio of Shariah non-compliant income to gross revenue should be less than 5%; (v) Illiquid assets to total assets should be at least 25% and (vi) Market price per share should be at least equal to or greater than net liquid assets per share. In addition to the above criteria, day trading, short sell and trading of right shares (LOR) before subscription are not allowed.

It is also 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 Shariah Advisor’s guidelines.

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, 2024 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.

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.



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



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Meezan Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2024, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Net Asset Value</b> (Refer notes 5 and 6 to the financial statements)	
	<p>Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2024 amounted to Rs. 275.32 million and balances with banks aggregated to Rs. 37.65 million.</p> <p>The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2024 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"><li>Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2024 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;</li><li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li><li>Obtained bank reconciliation statements and tested reconciling items on a sample basis.</li></ul>

135



### **Other Matter**

The financial statements of the Fund for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 26, 2023.

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

185



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

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

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

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

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

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

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

A. F. Ferguson & Co.  
Chartered Accountants  
Dated: September 16, 2024  
Karachi  
UDIN: AR202410081pdJHcgjuY



**MEEZAN ASSET ALLOCATION FUND  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2024**

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
<b>Assets</b>			
Balances with banks	5	37,653	51,466
Investments	6	275,324	400,027
Receivable against conversion of units		46	601
Receivable against sale of investments		2,372	9,966
Dividend receivable		338	716
Advances, deposits and other receivable	7	4,248	5,844
<b>Total assets</b>		<b>319,981</b>	<b>468,620</b>
<b>Liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company	8	635	1,558
Payable to Central Depository Company of Pakistan Limited - Trustee	9	87	86
Payable to the Securities and Exchange Commission of Pakistan (SECP)	10	24	137
Payable to Meezan Bank Limited		35	-
Payable against redemption and conversion of units		-	8,294
Dividend payable		1,591	258
Accrued expenses and other liabilities	11	5,213	4,300
<b>Total liabilities</b>		<b>7,585</b>	<b>14,633</b>
<b>Net assets</b>		<b>312,396</b>	<b>453,987</b>
<b>Unit holders' fund (as per statement attached)</b>		<b>312,396</b>	<b>453,987</b>
<b>Contingencies and commitments</b>	12		
		<b>-----Number of units-----</b>	
<b>Number of units in issue</b>		<b>5,146,238</b>	<b>11,389,560</b>
		<b>-----Rupees-----</b>	
<b>Net asset value per unit</b>		<b>60.7038</b>	<b>39.8599</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 ASSET ALLOCATION FUND  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 ----- (Rupees in '000) -----	2023 ----- (Rupees in '000) -----
<b>Income</b>			
Realised gain / (loss) on sale of investments		92,755	(31,049)
Dividend income		19,494	53,954
Profit on balances with banks		10,248	10,950
		<u>122,497</u>	<u>33,855</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	<u>67,044</u>	<u>(4,818)</u>
<b>Total income</b>		<u>189,541</u>	<u>29,037</u>
<b>Expenses</b>			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	5,664	10,256
Sindh Sales Tax on remuneration of the Management Company	8.2	736	1,333
Allocated expenses	8.3	239	752
Selling and marketing expenses	8.4	3,124	6,838
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	729	1,368
Sindh Sales Tax on remuneration of the Trustee	9.2	95	178
Fee to the Securities and Exchange Commission of Pakistan (SECP)	10.1	334	137
Brokerage expense		1,555	1,736
Charity expense	11.1	680	1,811
Auditors' remuneration	13	682	386
Fee and subscription charges		564	471
Bank and settlement charges		473	462
<b>Total expenses</b>		<u>14,875</u>	<u>25,728</u>
<b>Net income for the year before taxation</b>		<u>174,666</u>	<u>3,309</u>
Taxation	15	-	-
<b>Net income for the year after taxation</b>		<u>174,666</u>	<u>3,309</u>
<b>Allocation of net income for the year</b>			
Net income for the year after taxation		174,666	3,309
Income already paid on units redeemed		(65,805)	-
		<u>108,861</u>	<u>3,309</u>
<b>Accounting income available for distribution</b>			
- Relating to capital gains		108,861	-
- Excluding capital gains		-	3,309
		<u>108,861</u>	<u>3,309</u>

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

For AI Meezan Investment Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
	----- (Rupees in '000) -----	
Net income for the year after taxation	174,666	3,309
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>174,666</u>	<u>3,309</u>

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

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

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

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

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND  
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	2024			2023		
	Capital value	Accumulated losses	Total	Capital value	Accumulated losses	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net assets at the beginning of the year	1,284,074	(830,087)	453,987	1,680,295	(830,110)	850,185
Issuance of 5,071,572 units (2023: 2,325,709 units)						
- Capital value (at net asset value per unit at the beginning of the year)	202,152	-	202,152	93,054	-	93,054
- Element of income	72,901	-	72,901	666	-	666
Total proceeds on issuance of units	275,053	-	275,053	93,720	-	93,720
Redemption of 11,314,894 units (2023: 12,184,995 units)						
- Capital value (at net asset value per unit at the beginning of the year)	(451,010)	-	(451,010)	(487,533)	-	(487,533)
- Element of income	(58,414)	(65,805)	(124,219)	(2,408)	-	(2,408)
Total payments on redemption of units	(509,424)	(65,805)	(575,229)	(489,941)	-	(489,941)
Total comprehensive income for the year	-	174,666	174,666	-	3,309	3,309
Distribution during the year	-	(14,858)	(14,858)	-	(3,286)	(3,286)
Refund of Capital	(1,223)	-	(1,223)	-	-	-
Net income for the year less distribution	(1,223)	159,808	158,585	-	23	23
<b>Net assets at the end of the year</b>	<b>1,048,480</b>	<b>(736,084)</b>	<b>312,396</b>	<b>1,284,074</b>	<b>(830,087)</b>	<b>453,987</b>
Accumulated losses brought forward						
- Realised loss		(825,269)			(665,000)	
- Unrealised income		(4,818)			(165,110)	
		(830,087)			(830,110)	
Accounting income available for distribution						
- Relating to capital gains	108,861			-		
- Excluding capital gains	-			3,309		
	108,861			3,309		
Distribution during the year @ Rs. 3.25 per unit (2023: Nil) declared on June 28, 2024		(14,858)			(3,286)	
Accumulated losses carried forward		(736,084)			(830,087)	
Accumulated losses carried forward						
- Realised loss		(803,128)			(825,269)	
- Unrealised income / (loss)		67,044			(4,818)	
		(736,084)			(830,087)	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year	39.8599			40.0109		
Net assets value per unit at the end of the year	60.7038			39.8599		

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

For Al Meezan Investment Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 (Rupees in '000)	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year before taxation		174,666	3,309
<b>Adjustments for:</b>			
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(67,044)	4,818
		107,622	8,127
<b>Increase in assets</b>			
Investments - net		191,747	354,252
Receivable against sale of investment		7,594	(5,985)
Dividend receivable		378	(476)
Advances, deposits and other receivable		1,596	148
		201,315	347,939
<b>Increase / (decrease) in liabilities</b>			
Payable to Al Meezan Investment Management Limited - Management Company		(923)	496
Payable to Central Depository Company of Pakistan Limited - Trustee		1	(73)
Payable to the Securities and Exchange Commission of Pakistan (SECP)		(113)	(131)
Payable to Meezan Bank Limited		35	(66)
Dividend payable		1,333	258
Payable against purchase of investments - net		-	(5,179)
Accrued expenses and other liabilities		913	1,440
		1,246	(3,255)
<b>Net cash generated from operating activities</b>		310,183	352,811
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipts against issuance and conversion of units - net of refund of capital		274,385	95,992
Payment against redemption and conversion of units		(583,523)	(488,934)
Dividend Paid		(14,858)	(3,286)
<b>Net cash used in from financing activities</b>		(323,996)	(396,228)
<b>Net Decrease in cash and cash equivalents during the year</b>		(13,813)	(43,417)
Cash and cash equivalents at the beginning of the year		51,466	94,883
<b>Cash and cash equivalents at the end of the year</b>	5	37,653	51,466

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

For Al Meezan Investment Management Limited  
(Management Company)

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

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

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

1.1 Meezan Asset Allocation Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed under the Trust Act, 1882 on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 16, 2015 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

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

- 1.2 The objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instruments as permitted by the SECP and the Shariah Advisor. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah Compliant Asset Allocation Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Management Company has been assigned a quality rating of 'AM1' by VIS Credit Rating Company Limited dated December 29, 2023 (2022: 'AM1' dated December 30, 2022) and by PACRA dated June 21, 2024 (2023: 'AM1' dated June 23, 2023). The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

**2 BASIS OF PRESENTATION**

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

**3 BASIS OF PREPARATION**

**3.1 Statement of compliance**

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

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

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

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Fund which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

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

There are certain new standards and amendments to the published accounting and reporting standards that will be applicable to the Fund for its annual periods beginning on or after July 1, 2024. However, these are not considered to be relevant or did not have any material effect on the Fund's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the financial statements.
- Amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

### 3.4 Critical accounting estimates and judgments

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

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

### 3.5 Accounting convention

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

### 3.6 Functional and presentation currency

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

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

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

### 4.2 Cash and cash equivalents

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

## 4.3 Financial assets

### 4.3.1 Initial recognition and measurement

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

### 4.3.2 Classification and subsequent measurement

#### a) Equity instruments

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

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

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

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

### 4.3.3 Impairment (other than debt securities)

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

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

The Fund considers that a financial asset is in default when the counterparty fails to make contractual payments within 90 days of when they fall due. Further, financial assets are written off by the Fund, in whole or part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery.

### 4.3.4 Regular way contracts

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

### 4.3.5 Derecognition

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

## 4.4 Financial liabilities

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

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

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

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

#### 4.6 Provisions

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

#### 4.7 Net asset value per unit

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

#### 4.8 Issue and redemption of units

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

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

#### 4.9 Distributions to unit holders

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

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

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

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

#### 4.11 Revenue recognition

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

#### 4.12 Expenses

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

#### 4.13 Taxation

##### Current

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

##### Deferred

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

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

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

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

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

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

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

#### 4.15 Foreign currency translation

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

5	BALANCES WITH BANKS	Note	2024	2023
			----- Rupees in '000-----	
	Balances with banks in:			
	Savings accounts	5.1	36,671	49,757
	Current accounts	5.2	982	1,709
			<u>37,653</u>	<u>51,466</u>
5.1	This includes balance maintained with Meezan Bank Limited (a related party) that has an expected profit rate of 11.01% (2023: 10%) per annum. Other balances in savings accounts have an expected profit ranging from 8.00% to 19.51% (2023: 7.14% to 20.25%) per annum.			
5.2	This includes a balance maintained with Meezan Bank Limited (a related party).			
6	INVESTMENTS	Note	2024	2023
			----- Rupees in '000-----	
	Investment at 'fair value through profit or loss'			
	Listed equity securities	6.1	<u>275,324</u>	<u>400,027</u>

**6.1 Investments in equity securities - listed**

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation / (diminution) as at June 30, 2024	Percentage in relation to				
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments		
					(Number of shares)			(Rupees in '000)			%		
<b>Automobile Assembler</b>													
Pak Suzuki Motor Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-	-	
Sazgar Engineering Works Limited*	-	4,500	-	2,000	2,500	1,815	2,081	266	0.67	-	0.76	0.76	
									0.67	-	0.76		
<b>Automobile Parts and Accessories</b>													
Thal Limited (note 6.1.1)	-	20,000	-	20,000	-	-	-	-	-	-	-	-	
									-	-	-		
<b>Cement</b>													
Attock Cement Pakistan Limited*	3,100	50,000	-	53,000	100	11	10	(1)	-	-	-	-	
Cherat Cement Company Limited	94,600	40,000	-	75,005	59,595	8,514	9,722	1,208	3.11	0.03	3.53	3.53	
Fauji Cement Company Limited	115,625	410,000	-	405,625	120,000	2,390	2,749	359	0.88	-	1.00	1.00	
D.G. Khan Cement Company Limited	-	125,000	-	60,000	65,000	5,290	5,868	578	1.88	0.01	2.13	2.13	
Gharibwal Cement Limited	256,500	-	-	256,500	-	-	-	-	-	-	-	-	
Kohat Cement Company Limited	149,268	-	-	101,000	48,268	8,373	12,088	3,715	3.87	0.02	4.39	4.39	
Lucky Cement Limited	41,031	18,500	-	36,000	23,531	13,508	21,336	7,828	6.83	0.01	7.75	7.75	
Pioneer Cement Limited	50,000	-	-	50,000	-	-	-	-	-	-	-	-	
Maple Leaf Cement Factory Limited	211,674	200,000	-	364,000	47,674	1,743	1,812	69	0.58	-	0.66	0.66	
									17.15	0.07	19.46		
<b>Chemicals</b>													
Lucky Core Industries Limited*	9,400	-	-	6,500	2,900	1,752	2,696	944	0.86	-	0.98	0.98	
									0.86	-	0.98		
<b>Commercial Banks</b>													
BankIslami Pakistan Limited	992,000	482,000	-	1,474,000	-	-	-	-	-	-	-	-	
Meezan Bank Limited (a related party of the Fund)	336,683	23,722	-	256,607	103,798	11,728	24,848	13,121	7.95	0.01	9.03	9.03	
									7.95	0.01	9.03		
<b>Engineering</b>													
International Steels Limited	-	100,000	-	100,000	-	-	-	-	-	-	-	-	
									-	-	-		
<b>Fertilizer</b>													
Engro Corporation Limited (note 6.1.2)	134,515	5,000	-	108,000	31,515	8,415	10,485	2,070	3.36	0.01	3.81	3.81	
Fauji Fertilizer Bin Qasim Limited	-	50,000	-	50,000	-	-	-	-	-	-	-	-	
Engro Fertilizers Limited	54,348	168,000	-	222,348	-	-	-	-	-	-	-	-	
									3.36	0.01	3.81		
<b>Food And Personal Care Products</b>													
Al-Shaheer Corporation Limited (note 6.1.3)	188	-	-	-	188	1	2	0.16	-	-	-	-	
National Foods Limited (note 6.1.1)	12,000	32,000	-	44,000	-	-	-	-	-	-	-	-	
The Organic Meat Company Limited*	199,750	-	125	199,763	112	2	4	2	-	-	-	-	
At-Tahur Limited	4,620	-	-	4,620	-	-	-	-	-	-	-	-	
									-	-	-		
<b>Glass and Ceramics</b>													
Tariq Glass Industries Limited	-	20,000	-	10,000	10,000	1,200	1,166	(35)	0.37	0.01	0.42	0.42	
									0.37	0.01	0.42		
<b>Oil And Gas Exploration Companies</b>													
Mani Petroleum Company Limited	28,329	5,200	-	22,366	11,163	20,313	30,278	9,965	9.69	0.01	11.00	11.00	
Oil and Gas Development Company Limited (note 6.1.2)*	522,650	352,000	-	661,000	213,650	24,104	28,922	4,818	9.26	-	10.50	10.50	
Pakistan Oilfields Limited	4,418	-	-	4,418	-	-	-	-	-	-	-	-	
Pakistan Petroleum Limited	581,841	345,000	-	695,000	231,841	21,064	27,151	6,087	8.69	0.01	9.86	9.86	
									27.64	0.02	31.36		
<b>Oil And Gas Marketing Companies</b>													
Attock Petroleum Limited*	9,235	-	-	6,500	2,735	821	1,056	235	0.34	-	0.38	0.38	
Pakistan State Oil Company Limited (note 6.1.3)	57,561	112,000	-	113,000	56,561	8,878	9,401	523	3.01	0.01	3.42	3.42	
Sui Northern Gas Pipelines Limited	193,336	185,000	-	279,000	99,336	5,255	6,305	1,050	2.02	0.02	2.29	2.29	
									5.37	0.03	6.09		

Name of the investee company	As at July 1, 2023	Purchased during the year	Bonus / right shares	Sold during the year	As at June 30, 2024	Carrying value as at June 30, 2024	Market value as at June 30, 2024	Unrealised appreciation/ (diminution) as at June 30, 2024	Percentage in relation to					
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments			
						(Number of shares)			(Rupees in '000)			%		
<b>Paper and Board</b>														
Century Paper and Board Mills Limited	215,478	50,000	-	215,478	50,000	1,527	1,498	(30)	0.48	0.01	0.54			
Packages Limited*	15,250	5,000	-	16,232	4,018	1,833	2,151	318	0.69	-	0.78			
									1.17	0.01	1.33			
<b>Pharmaceuticals</b>														
The Searle Company Limited (note 6.1.3)	4,602	50,000	-	25,000	29,602	1,637	1,691	53	0.54	0.01	0.61			
									0.54	0.01	0.61			
<b>Power Generation And Distribution</b>														
The Hub Power Company Limited	270,797	190,000	-	249,000	211,797	20,412	34,540	14,128	11.06	0.02	12.55			
Nishat Chunian Power Limited	-	175,000	-	175,000	-	-	-	-	-	-	-			
Lalpir Power Limited	-	60,000	-	60,000	-	-	-	-	-	-	-			
K-Electric Limited (note 6.1.1)	-	1,650,000	-	1,000,000	650,000	3,144	3,010	(134)	0.96	0.01	1.09			
									12.02	0.03	13.64			
<b>PROPERTY</b>														
TPL Properties Limited	210,000	-	-	210,000	-	-	-	-	-	-	-			
									-	-	-			
<b>REAL ESTATE</b>														
TPL REIT Fund I*	-	57,000	-	3,000	54,000	950	810	(140)	0.26	-	0.29			
									0.26	-	0.29			
<b>Refinery</b>														
Attock Refinery Limited*	-	25,500	-	22,500	3,000	997	1,055	58	0.34	-	0.38			
Pakistan Refinery Limited*	-	100,000	-	75,000	25,000	681	580	(101)	0.19	-	0.21			
Cnergyco PK Limited*	-	600,000	-	478,600	121,400	610	467	(143)	0.15	-	0.17			
National Refinery Limited	-	11,000	-	11,000	-	-	-	-	-	-	-			
									0.68	-	0.76			
<b>Technology and Communication</b>														
Air Link Communication Limited	-	30,000	-	-	30,000	1,980	2,665	685	0.85	0.01	0.97			
Supernet Limited	560,000	559,500	56,000	621,000	554,500	8,302	5,551	(2,752)	1.78	0.41	2.02			
Pakistan Aluminum Beverage Cans Limited*	-	65,000	-	50,000	15,000	818	1,108	290	0.35	-	0.40			
Systems Limited	101,260	10,000	-	73,651	37,609	15,273	15,732	458	5.04	0.01	5.71			
									8.02	0.43	9.10			
<b>Textile Composite</b>														
Feroze1888 Mills Limited	2,000	-	-	2,000	-	-	-	-	-	-	-			
Interloop Limited	87,625	50,000	-	46,000	91,625	4,937	6,490	1,552	2.08	0.01	2.36			
Kohinoor Textile Mills Limited	106,500	-	-	106,500	-	-	-	-	-	-	-			
									2.08	0.01	2.36			
<b>Total as at June 30, 2024</b>						<b>208,279</b>	<b>275,324</b>	<b>67,044</b>	<b>88.14</b>		<b>100.00</b>			
<b>Total as at June 30, 2023</b>						<b>404,845</b>	<b>400,027</b>	<b>(4,818)</b>	<b>88.14</b>		<b>100.00</b>			

\* Nil figures due to rounding off

- 6.1.1 All shares have a nominal value of Rs. 10 each except for the shares of Thal Limited and National Foods Limited which have a nominal value of Rs. 5 each and K-Electric Limited which have a nominal value of Rs .3.5 each.
- 6.1.2 Investments include 9,540 shares of Engro Corporation Limited and 140,000 shares of Oil and Gas Development Company Limited, having market value of Rs.3.174 million and Rs.18.952 million respectively as at June 30, 2024 (June 30, 2023: 34,000 shares of Engro Corporation Limited, 140,000 shares of Oil and Gas Development Company Limited, having market value of Rs.8.836 million and Rs.10.920 million respectively) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.1.3 The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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

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

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

As at June 30, 2024, the market value of bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 1.196 million (June 30, 2023: Rs 0.800 million).

	Note	2024	2023
		----- Rupees in '000-----	
<b>6.2 Unrealised appreciation on re-measurement of investments classified as Financial assets at fair value through profit or loss</b>			
Market value of investments	6.1	275,324	400,027
Carrying value of investments	6.1	(208,280)	(404,845)
		<u>67,044</u>	<u>(4,818)</u>
<b>7 ADVANCES, DEPOSITS AND OTHER RECEIVABLE</b>			
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		1,012	2,512
Profit receivable on saving accounts with banks		666	762
Advance tax	7.1	2,470	2,470
		<u>4,248</u>	<u>5,844</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, during the year ended June 30, 2024, withholding tax on dividend paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends amounts to Rs. 2.470 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. A petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgment of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on dividends and profit on bank deposits has been shown as other receivables as at June 30, 2024 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2024	2023
			-----Rupees in '000-----	
	Remuneration payable	8.1	83	148
	Sindh Sales Tax on remuneration payable to the Management Company	8.2	11	19
	Allocated expenses payable	8.3	-	42
	Front end Sales load payable		66	15
	Sindh Sales Tax payable on sales load		9	2
	Selling and marketing expenses payable	8.4	466	1,332
			<u>635</u>	<u>1,558</u>

8.1 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% from July 01, 2023 till Mar 31, 2024 of the average net assets of the Fund and 2.0% of average annual net assets of the Fund from April 01, 2024 till June 30, 2024 (2023:1.5% per annum of the average net assets of the Fund). The remuneration is payable to the Management Company monthly in arrears.

8.2 Sindh Sales Tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011 has been charged at the rate of 13% (June 30, 2023: 13%).

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

The Management Company, based on its own discretion, has charged such expenses at the following rates during the year ended June 30, 2024 subject to the total expense charged being lower than actual expense incurred.

Rate applicable from July 01, 2023 to January 31, 2024	Rate applicable from February 01, 2024 to June 30, 2024	Rate applicable from July 01, 2022 to June 30, 2023
0.11% of the average annual net assets of the Fund	0% of the average annual net assets of the Fund	0.11% of the average annual net assets of the Fund

8.4 In accordance with Circular 11 dated July 5, 2019 issued by SECP with respect to charging selling and marketing expenses, the Management Company, based on its own discretion, has charged selling and marketing expenses at the rate of 1% from July 01, 2023 till Mar 31, 2024 of the average net assets of the Fund and 0.5% of average annual net assets of the Fund from April 01, 2024 till June 30, 2024 (2023: 1%), subject to total expense charged being lower than actual expense incurred.

8.5 During the year, SECP carried out routine offsite review and onsite inspection of the Management Company and inspected, among other matters, the mechanism of chargeability of selling and marketing expenses to the funds under its management. As a result of this inspection, SECP recommended changes in the mechanism of chargeability of selling and marketing expenses to the fund. As agreed with SECP, the Management Company has refunded an aggregate amount of Rs. 2.89 million to the identified unit holders through the issuance of additional units of the Fund subsequent to the year end. There is no impact of this refund on Net Assets Value of the Fund as at June 30, 2024.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2024	2023
			-----Rupees in '000-----	
	Remuneration of the Trustee	9.1	77	76
	Sindh Sales Tax payable on remuneration of the Trustee	9.2	10	10
			<u>87</u>	<u>86</u>

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

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

9.2 Sindh Sales Tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 has been charged at the rate of 13% (June 30, 2023: 13%).

10	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN	Note	2024	2023
			-----Rupees in '000'-----	
	Fee payable	10.1	24	137



10.1 In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay non-refundable fee to the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Fund has charged SECP fee at the rate of 0.095% (2023: 0.02%) per annum of the daily net assets of the Fund.

Further, the Fund is required to pay SECP fee within fifteen days of the close of every calendar month. Previously, the fund was required to pay SECP fee within three months of the close of accounting year.

	Note	2024	2023
-----Rupees in '000-----			
<b>11 ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		571	255
Brokerage payable		401	568
Shariah advisor fee payable		432	167
Charity payable	11.1	667	2,036
Withholding Tax Payable		2,475	637
Provision for Federal Excise Duty and related Sindh Sales Tax on remuneration to the Management Company	11.2	482	482
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	145	145
Capital gain tax payable		37	10
Zakat payable		3	-
		5,213	4,300

11.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund.

During the year ended June 30, 2024, Non-Shariah Compliant income amounting to Rs 0.680 million (2023: Rs 1.811 million) was charged as an expense in the books of the Fund, and Rs 2.050 million was disbursed to following charitable welfare organisations respectively:

S. No.	Charitable Organisations	Amount Rupees in '000
1	Afzaal Memorial Thalassemia Foundation	2,000
2	SKMCH & Research centre	50
	<b>Total</b>	2,050

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs. 0.627 million is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.03 (June 30, 2023: Re.0.06) per unit.



## 12 CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies and commitments outstanding as at June 30, 2024 and June 30, 2023.

	2024	2023
	-----Rupees in '000-----	
<b>13 AUDITORS' REMUNERATION</b>		
Annual audit fee	244	246
Half yearly review fee	109	102
Fee for other certifications	50	-
Out of pocket expenses and Sindh Sales Tax	279	38
	<u>682</u>	<u>386</u>

## 14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2024 is 4.23% (2023: 3.76%) which includes 0.33% (2023: 0.27%) representing government levies on the Fund such as sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation scheme.

## 15 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. Since the Management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2024 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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

## 16 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1 Connected persons / 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.
- 16.2 Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are also in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 16.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed, respectively.
- 16.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 16.5 Allocated expenses and selling and marketing expenses are charged to the Fund by the Management Company subject to the maximum prescribed Total Expense Ratio.
- 16.6 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:



Balances	2024	2023
	----- (Rupees in '000) -----	
<b>Al Meezan Investment Management Company (Management Company)</b>		
Remuneration payable to the Management Company	83	148
Sindh Sales Tax payable on remuneration of the Management Company	11	19
Sales load payable	66	15
Sindh Sales Tax on sales load	9	2
Allocated expenses	-	42
Selling and marketing expenses payable	466	1,332
<b>Central Depository Company Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	77	76
Sindh Sales Tax on remuneration of the Trustee	10	10
Deposits	100	100
<b>Meezan Bank Limited</b>		
Sales load payable	31	-
Sindh Sales tax on sales load payable	4	-
Bank balance	7,751	3,774
Profit receivable on savings account	118	45
Investment in 103,798 shares (June,30 2023: 336,683 shares)	24,848	29,079
Shariah Advisor fee payable	432	167
<b>National Clearing Company of Pakistan Limited</b>		
Security deposit with National Clearing Company of Pakistan Limited	1,012	2,512
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Investments of nil units (June 30, 2023: 96,221 units)	-	3,835
<b>Unit holders holding 10% or more of units of the Fund</b>		
Investment of 1,569,589 units (June 30, 2023: 3,417 units)	95,280	136,190
<b>Transactions during the year</b>		
	<b>For the year ended June 30,</b>	
	2024	2023
	(Rupees in '000)	
<b>Al Meezan Investment Management Company (Management Company)</b>		
Remuneration to the Management Company	5,664	10,256
Sindh Sales Tax on remuneration of the Management Company	736	1,333
Allocated expenses	239	752
Selling and marketing expenses	3,124	6,838
<b>Central Depository Company Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	729	1,368
Sindh Sales Tax on remuneration of the Trustee	95	178
CDS charges	46	47
<b>Meezan Bank Limited</b>		
Profit on savings account	884	690
Purchase 23,722 shares (2023: nil shares)	5,094	-
Sale 256,607 shares (2023: 252,000 shares)	35,717	25,985
Dividend income	3,247	4,780
Shariah Advisor fee	533	443
<b>National Clearing Company of Pakistan Limited</b>		
NCCPL charges	386	-
<b>Engro Fertilizers Limited*</b>		
Units issued: 168,000 units (2023: Nil units)	16,371	-
Units redeemed: 222,348 units (2023: Nil units)	24,449	-
Dividend Income	1,184	-



Transactions during the year

For the year ended June 30,  
2024      2023  
(Rupees in '000)

**Directors and their close family members and key management personnel of the Management Company**

Issuance of 148 units (2023: 3,498 units)	7	147
Redemption of 144 units (2023: 202,819 units)	8	7,998
Dividend paid	-	1,106

**Unit holders holding 10% or more of units of the Fund**

Issuance of 68,287 units (2023: nil units)	4,879	-
Dividend paid	4,879	755

Prior year figures have been shown as nil as the person was classified as a related party / connected person of the Fund with effect from November 1, 2023.

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

17 FINANCIAL INSTRUMENTS BY CATEGORY

2024		
At amortised cost	At fair value through profit or loss	Total

(Rupees in '000)

**Financial assets**

Balances with banks	37,653	-	37,653
Investments	-	275,324	275,324
Receivable against conversion of units	46	-	46
Receivable against sale of investments	2,372	-	2,372
Dividend receivable	338	-	338
Advances, deposits and other receivable	1,778	-	1,778
	<u>42,187</u>	<u>275,324</u>	<u>317,511</u>

**Financial liabilities**

Payable to Al Meezan Investment Management Company- Management Company	635	-	635
Payable to Central Depository Company Of Pakistan Limited- Trustee	87	-	87
Payable against redemption and conversion of units	-	-	-
Payable to Meezan Bank Limited	35	-	35
Accrued expenses and other liabilities	2,071	-	2,071
	<u>2,828</u>	<u>-</u>	<u>2,828</u>

<u>39,359</u>	<u>275,324</u>	<u>314,683</u>
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2023		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

**Financial assets**

Balances with banks	51,466	-	51,466
Investments	-	400,027	400,027
Receivable against sale of investments	601	-	601
Receivable against conversion of units	9,966	-	9,966
Dividend receivable	716	-	716
Advances, deposits and other receivable	3,374	-	3,374
	<u>66,123</u>	<u>400,027</u>	<u>466,150</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 Company- Management Company	1,558	-	1,558
Payable to Central Depository Company Of Pakistan Limited - Trustee	86	-	86
Payable against redemption and conversion of units	8,294	-	8,294
Payable to Meezan Bank Limited	-	-	-
Accrued expenses and other liabilities	3,026	-	3,026
	<u>12,964</u>	<u>-</u>	<u>12,964</u>
<b>Net financial assets / (liabilities)</b>	<u>53,159</u>	<u>400,027</u>	<u>453,186</u>

## 18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### 18.1 Market risk

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

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

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

#### (i) Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market profit rates. As of June 30, 2024, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

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

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.37 million (2023: Rs. 0.50 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, 2024 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, 2024 can be determined as follows:



2024					
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in '000 -----					
<b>Financial assets</b>					
Balances with banks	8.00% to 19.51%	36,671	-	982	37,653
Investments		-	-	275,324	275,324
Receivable against conversion of units		-	-	46	46
Dividend receivable		-	-	338	338
Receivable against sale of investments		-	-	2,372	2,372
Advances, deposits and other receivable		-	-	1,778	1,778
		36,671	-	280,840	317,511
<b>Financial liabilities</b>					
Payable to Al Meezan Asset Management Company - Management Company		-	-	635	635
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	87	87
Payable against redemption and conversion of units		-	-	-	-
Payable to Meezan bank Limited		-	-	35	35
Accrued expenses and other liabilities		-	-	2,071	2,071
		-	-	2,828	2,828
<b>On-balance sheet gap (a)</b>		36,671	-	278,012	314,683
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a + b)</b>		36,671	-	-	-
<b>Cumulative profit rate sensitivity gap</b>		36,671	36,671	36,671	

2023					
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		
----- Rupees in 000 -----					
<b>Financial assets</b>					
Balances with banks	7.14% to 20.25%	49,757	-	1,709	51,466
Investments		-	-	400,027	400,027
Receivable against conversion of units		-	-	601	601
Dividend receivable		-	-	716	716
Receivable against sale of investments		-	-	9,966	9,966
Advances, deposits and other receivable		-	-	3,374	3,374
		49,757	-	416,393	466,150
<b>Financial liabilities</b>					
Payable to Al Meezan Asset Management Company - Management Company		-	-	1,558	1,558
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	86	86
Payable against redemption and conversion of units		-	-	8,294	8,294
Payable to Meezan bank Limited		-	-	-	-
Accrued expenses and other liabilities		-	-	3,026	3,026
		-	-	12,964	12,964
<b>On-balance sheet gap (a)</b>		49,757	-	403,429	453,186
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap (b)</b>		-	-	-	-
<b>Total profit rate sensitivity gap (a + b)</b>		49,757	-	-	-
<b>Cumulative profit rate sensitivity gap</b>		49,757	49,757	49,757	

**(ii) Currency risk**

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

**(iii) Price risk**

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

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

In case of 1% increase / decrease in KMI All Share index on June 30, 2024, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 2.753 million (2023: Rs. 4.000 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI All Share Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI All Share Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2024 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI All Share Index.

**18.2 Liquidity risk**

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

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

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

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

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

2024						
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	37,653	-	-	-	-	37,653
Investments	-	-	-	-	275,324	275,324
Receivable against conversion of units	46	-	-	-	-	46
Receivable against sale of investments	2,372	-	-	-	-	2,372
Dividend receivable	338	-	-	-	-	338
Advances, deposits and other receivable	666	-	-	-	1,112	1,778
	41,075	-	-	-	276,436	317,511

**Financial liabilities**

Payable to Al Meezan Management Company Limited- Management Company	635	-	-	-	-	635
Payable to Central Depository Company of Pakistan Limited - Trustee	87	-	-	-	-	87
Payable against redemption and conversion of units	-	-	-	-	-	-
Payable to Meezan Bank Limited	35	-	-	-	-	35
Accrued expenses and other liabilities	1,068	571	432	-	-	2,071
	1,825	571	432	-	-	2,828

**Net assets / (liabilities)**

	39,250	(571)	(432)	-	-	276,436	314,683
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2023						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total

Rupees in '000

**Financial assets**

Balances with banks	51,466	-	-	-	-	51,466
Investments	-	-	-	-	400,027	400,027
Receivable against conversion of units	601	-	-	-	-	601
Receivable against sale of investments	9,966	-	-	-	-	9,966
Dividend receivable	716	-	-	-	-	716
Advances, deposits and other receivable	762	-	-	-	2,612	3,374
	63,511	-	-	-	402,639	466,150

**Financial liabilities**

Payable to Al Meezan Investment Management Company - Management Company	1,558	-	-	-	-	1,558
Payable to Central Depository Company of Pakistan Limited - Trustee	86	-	-	-	-	86
Payable against redemption and conversion of units	8,294	-	-	-	-	8,294
Accrued expenses and other liabilities	2,604	255	167	-	-	3,026
Payable to Meezan bank Limited	-	-	-	-	-	-
	12,542	255	167	-	-	12,964

**Net assets / (liabilities)**

	50,969	(255)	(167)	-	-	402,639	453,186
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**18.3 Credit risk**

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



As at June 30, 2024 the Fund held the following financial instruments measured at fair values:

	2024		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
<b>Financial assets 'at fair value through profit or loss'</b>			
Shares of listed companies - 'ordinary shares'	275,324	-	-

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

## 20 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

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

## 21 UNIT HOLDING PATTERN OF THE FUND

Category	2024			2023		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total (%)	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total (%)
Individuals	1,046	256,923	82.24	1,105	308,597	67.97
Private Companies	2	9,144	2.93	2	5,743	1.27
Retirement Funds	5	41,856	13.40	9	104,975	23.12
Others	1	4,474	1.43	3	34,672	7.64
	<u>1,054</u>	<u>312,396</u>	<u>100.00%</u>	<u>1,119</u>	<u>453,987</u>	<u>100.00%</u>

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

2024		2023	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Taurus Securities Limited	10.57%	Standard Capital Sec (Pvt) Ltd	8.89%
BMA Capital Management Limited	9.57%	Ismail Iqbal Securities (Pvt) Ltd	6.13%
JS Global Capital Limited	8.94%	Topline Securities Limited	5.07%
Topline Securities Limited	5.89%	Spectrum Securities (Private) Limit	4.58%
Optimus Capital Management (Private) Lim	4.51%	JS Global Capital Limited	4.47%
Arif Habib Limited	4.38%	Intermarket Securities Limited	4.34%
Standard Capital Securities (Private) Limite	4.35%	Arif Habib Limited	3.85%
Ismail Iqbal Securities (Private) Limited	4.16%	Dalal Securities	3.77%
Darson Securities Limited	3.74%	Aba Ali Habib Securities Pvt Ltd	3.73%
Multiline Securities Limited	3.24%	Optimus Capital Management Pvt Ltd	3.63%

## 23 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualifications	Overall experience
Mr. Muhammad Asad	Acting Chief Executive Officer / Chief Investment Officer	CFA level II / MBA	Twenty eight years
Mr. Ahmed Hassan	Head of Equity	CFA / MBA	Seventeen years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Seventeen years
Mr. Asif Imtiaz	VP Investments	CFA / MBA - Finance	Sixteen years
Mr. Akhtar Munir	Head of Risk Management	CFA / MBA, ACCA, FRM, FCMA	Fifteen years
Mr. Ali Khan	Head of Product Development	CFA / FRM / MBA	Fourteen years
Mr. Ali Asghar	Head of Research	CFA / MBA	Thirteen years
Mr. Zohaib Saeed	AVP Fixed Income	CFA/ACCA	Ten years

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

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

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

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

Name of Directors	Designation	Meeting held on						
		July 4, 2023	August 7, 2023	October 13, 2023	February 2, 2024	February 9, 2024	February 29, 2024	April 15, 2024
Mr. Ariful Islam <sup>1</sup>	Director	Yes	Yes	Yes	No	No	No	No
Mr. Irfan Siddiqui <sup>2</sup>	Director	No	No	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib <sup>3</sup>	Ex-Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes	No
Mr. Muhammad Abdullah Ahmed <sup>1</sup>	Director	Yes	No	No	No	No	No	No
Mr. Moin M. Fudda <sup>4</sup>	Director	No	No	No	Yes	Yes	Yes	No
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mubashar Maqbool <sup>5</sup>	Director	Yes	No	No	No	No	No	No
Mr. Tariq Mairaj	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar <sup>1</sup>	Director	Yes	Yes	Yes	No	No	No	No
Mr. Feroz Rizvi	Director	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Danish Zuberi	Director	No	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Saad Ur Rahman Khan <sup>6</sup>	Director	No	No	Yes	Yes	Yes	Yes	Yes
Ms. Shazia Khurram	Director	No	Yes	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali <sup>7</sup>	Director	No	No	No	No	No	No	Yes
Mr. Ahmed Iqbal Rajani <sup>2</sup>	Director	No	No	No	Yes	Yes	Yes	Yes

<sup>1</sup> Mr. Ariful Islam, Mr. Muhammad Abdullah Ahmed and Mr. Naeem Sattar retired from the Board on December 31, 2023.

<sup>2</sup> Mr. Irfan Siddiqui and Mr. Ahmed Iqbal Rajani were elected on the Board vide an EOGM dated December 26, 2023.

<sup>3</sup> Mr. Mohammad Shoaib resigned from the Board on February 29, 2024.

<sup>4</sup> Mr. Moin M. Fudda was elected on the Board vide an EOGM dated December 26, 2023 and subsequently resigned from the Board on March 14, 2024.

<sup>5</sup> Mr. Mubashar Maqbool resigned from the Board on July 18, 2023.

<sup>6</sup> Mr. Saad Ur Rahman Khan was appointed on the Board with effect from August 7, 2023.

<sup>7</sup> Syed Amir Ali was appointed on the Board with effect from April 9, 2024.

## 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 authorized for issue by the Board of Directors of the Management Company on August 19, 2024 .

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

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

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

\_\_\_\_\_  
Director

**PERFORMANCE TABLE**  
**Meezan Asset Allocation Fund**

	2024	2023	2022
Net assets (Rs. '000) (ex-distribution)	312,396.34	453,987.00	850,185.00
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	60.7038	39.8599	40.0109
Offer price per unit as at June 30, (Rs.) (ex-distribution)	62.7616	41.2111	41.3673
Highest offer price per unit (Rs.)	66.6224	43.7888	53.7822
Lowest offer price per unit (Rs.)	41.2082	38.6005	40.2510
Highest redemption price per unit (Rs.)	64.4380	42.3531	52.0188
Lowest redemption price per unit (Rs.)	39.8571	37.3349	38.9313
Distribution (%)			
Interim	6.50%	0.58%	0%
Final			0
Date of distribution			
Interim	28-Jun-24	27-Jun-23	0
Final			0
Income distribution (Rupees in '000)	14,858	3286	0
Growth distribution (Rupees in '000)			0
Total return (%)	60.44	0.35	(19.10)

	One Year	Two Years	Three Years
Average annual return as at June 30, 2024 (%)	60.44%	26.89%	9.21%

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