Al Meezan
Investment Management Ltd.

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PATH TO STABILITY

JULY 2023

INSIDE HIGHLIGHTS

Top themes for FY24 – IT sector, Financial Inclusion, FDI, and Pakistan's Human Capital | **Commodity prices** – Bearish trend due to global tightening | **Economy** – Path to Stability | **Politics** – Elections to provide much-needed clarity | **Equity** – Market valuation turns cheaper as economic numbers continue to worsen **Fixed income** – Sharpeing the knife on the policy front | **Gold** – 2023 & beyond... | **Meezan Pakistan ETF** – Pakistan's first & only Shariah Compliant ETF | **Meezan Fixed Term Fund** – Another first to market | **Marketing Highlights** | **New Product Launches**

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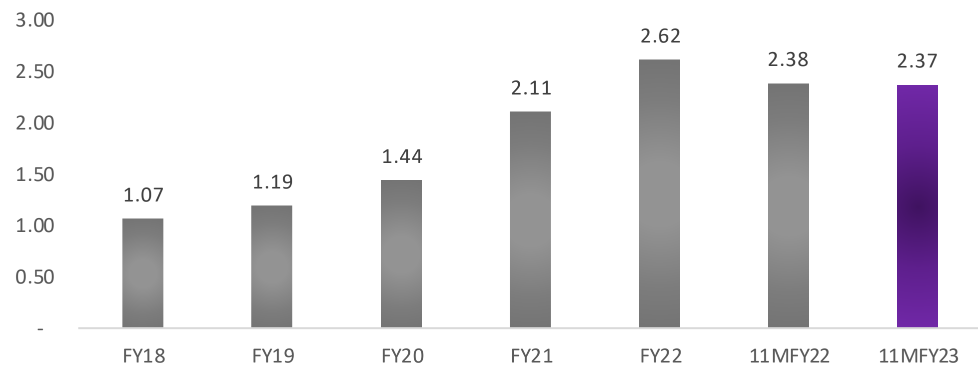
Top Themes for FY24: IT sector, Financial Inclusion, FDI, and Pakistan's Human Capital

IT Sector – High hopes despite a disappointing year

IT sector is often perceived as a ray of hope in the midst of Pakistan's frequently troubled economy and lackluster exports. Although global slowdown in IT spending along with the local gap between the interbank and open-market rates of the dollar played their role in a 1% dip in 11MFY23 IT export revenue, the industry and government still see immense potential. With a CAGR of 23% over the previous five years, a run of strong growth in coming years could deliver great help to Pakistan's current account and forex reserves' woes. Hence, continuation and expansion of special policy incentives for the IT sector can be expected.

Pakistan IT Sector Exports (USD Bn)

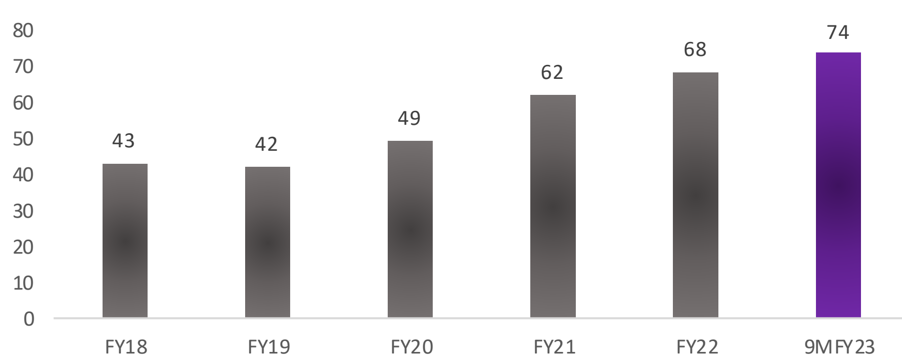


Source: SBP

'Financial Inclusion' stepping up

Extending access to financial services and boosting general financial inclusion has been and still is a key goal for both the SBP and the Government of Pakistan. The upward trajectory in one of the commonly referred to metrics, i.e., access to bank accounts, reflected by 14% CAGR over the last 5 years. One of the major factors behind this rise has been the growth in branchless banking. With increasing penetration of internet services, online banking, etc., financial inclusion is expected to continue its path of growth.

Pakistan - Bank Accounts per 100 people

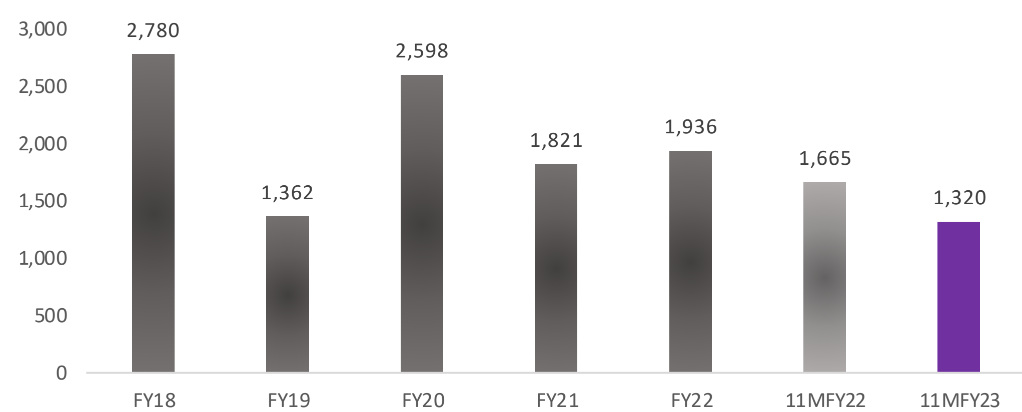


Source: SBP, PBS

Need to Stimulate FDI

Deteriorating economic conditions and political instability kept foreign investors at bay as Net Foreign Direct Investment (FDI) in Pakistan observed a 21% YoY decline in 11MFY23 on top of a -4% CAGR over the trailing 5 years. It is clear that the government needs to put in place effective and well-directed policies and initiatives to stimulate the much-needed rebound in the flow of investments into the country.

Net FDI Inflow (USD Mn)

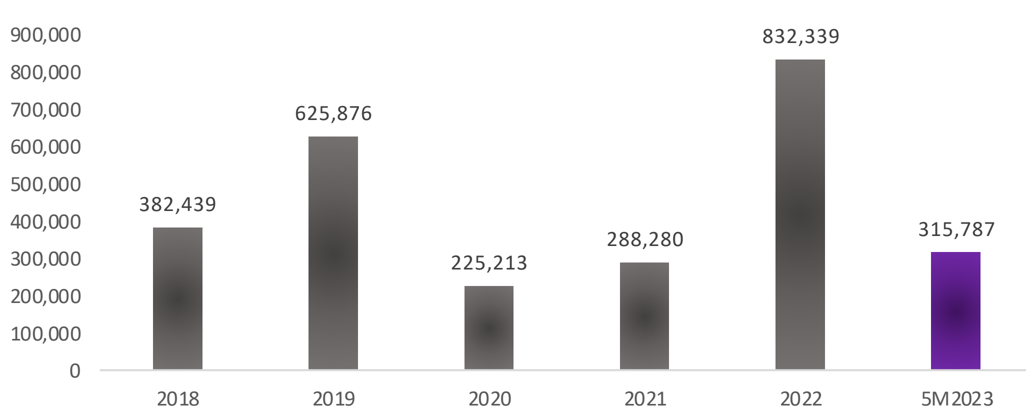


Source: SBP

Pakistan's Human Capital

Pakistan faces an often-neglected challenge in the form of the exodus of its human capital to other countries. Many factors such as lack of job opportunities, low income levels, tough economic circumstances, security situation, etc. compel both skilled and unskilled individuals to move abroad. As per reported data from the Bureau of Emigration & Overseas Employment, work-based emigration in 2022 stood at the highest level since 2016, at 832,339 individuals. To be able to pull the brakes on this brain-drain and preserve local talent, it is important for the government to focus on nurturing ease of doing business which shall in turn enhance employment opportunities, improvement in the general law and order situation, expansion of vocational training and skill development programs, etc.

Emigration (work) from Pakistan



Source: Bureau of Emigration & Overseas Employment

Commodity Prices: Bearish trend due to global tightening

Commodity prices have been on a decreasing trend since the start of FY23 due to falling aggregate demand. Adverse weather events, stronger than expected recovery of China and trade restrictions can put upward pressure on commodity prices while worsening global macroeconomic conditions would lead to further softening. However, gains from the bearish movement in global commodities have been limited due to sharp depreciation of Pakistan Rupee against the US Dollar.

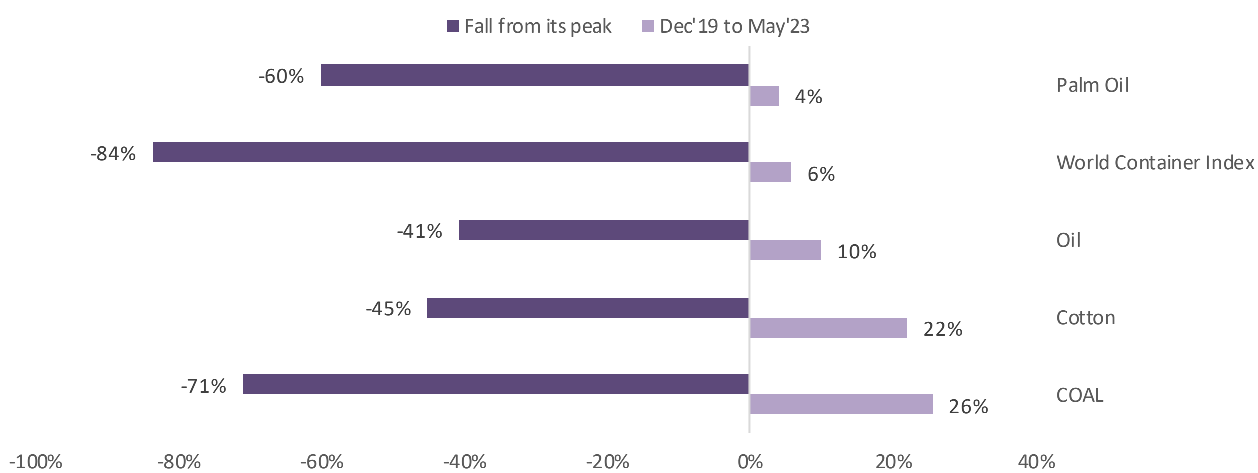
Oil-Used in: Energy, Chemical and Transport industry

Oil prices further continued their downward trajectory and traded in the range USD72-87/bbl in 3QFY23. This was mainly due to a supply glut owing to sluggish demand and strong production numbers. Major demand supply determinants were the reopening of China's economy, contractionary monetary policy stance announced by major countries to contain inflation and heightened stress in global financial markets. The EU and G7 countries imposed a cap on both Russian Crude oil as well as petroleum products in FY23, with crude oil cap effective from December 2022 and petroleum products cap imposed in February 2023. The World Bank predicts oil prices to remain buoyant for the rest of CY23 on the back of improved momentum of China's economy growth and production and capacity quotas imposed by OPEC.

Coal-Used in: Cement, Chemicals and Power Generation

Coal prices witnessed significant contraction in FY23 mainly on the back of reduced demand from Europe due to reduction in Natural Gas prices, production resumption of Australia after La Nina in December 2022 and increased exports from Central Asian countries.

Rise in Commodities and Services since (Dec' 19 - May'23)

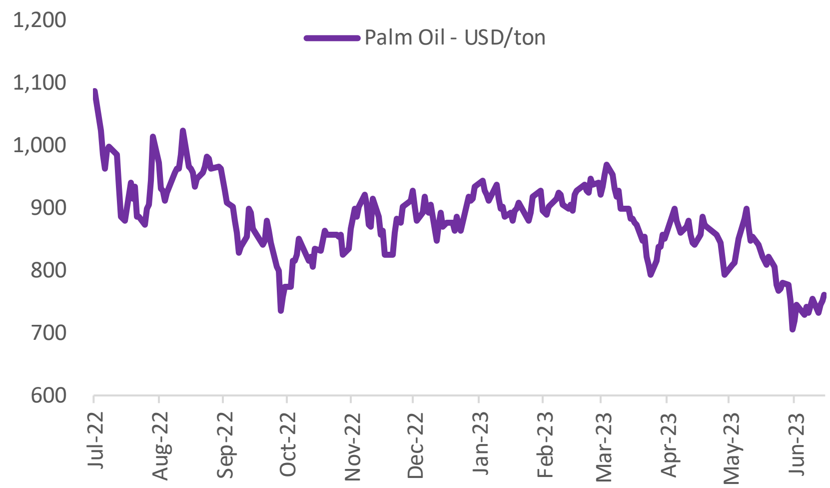


Source: Bloomberg

Palm oil-Used in: Food industry

Palm oil further reduced in FY23 on account of imports from India at a lower tariff rate, abolishment of export quota by Indonesia, improved global supply chain and increase in edible oil supplies. Going forward, World Bank expects further decrease in palm oil prices due to higher global production as compared to 2022.

Palm oil: free trade promotion weighs on prices

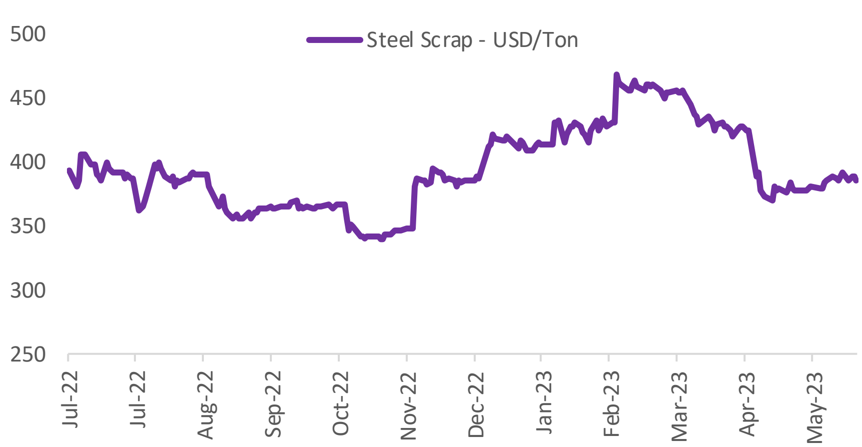


Source: Bloomberg

Steel scrap-Used in: Construction industry

Owing to improved supply on the back of better global supply chain linkages, steel prices remained range bound despite higher demand from China amid reopening of its economy post December 2022.

Construction material: Improved supply chain lowers price

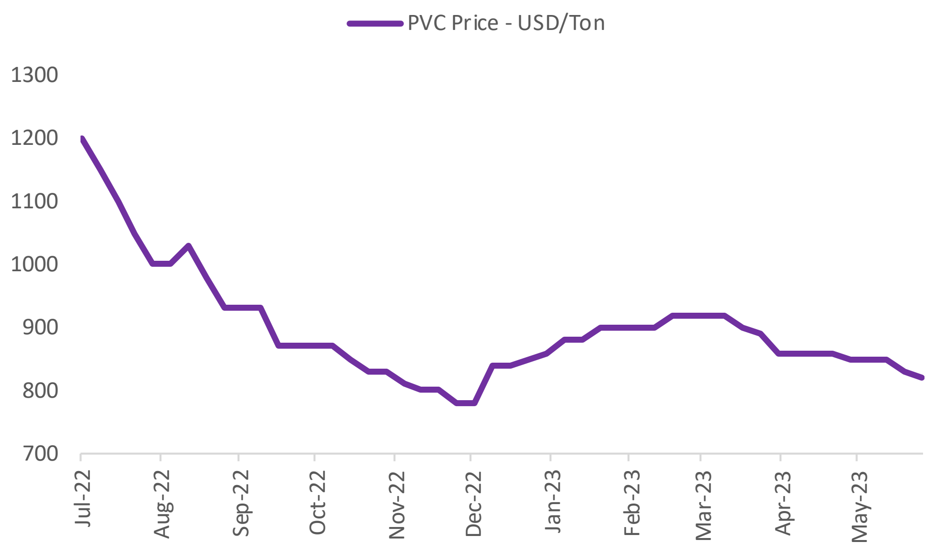


Source: Bloomberg

PVC-Used in: Construction industry

After touching its historic peak of USD 1,850/ton in Nov-21 on back of rebound in global demand and plants shutdown, PVC prices have declined amid weaker demand and surplus material supplies across Asia. Going forward, PVC prices are expected to stay soft for the rest of CY2023 given global macro-economic demand pressures.

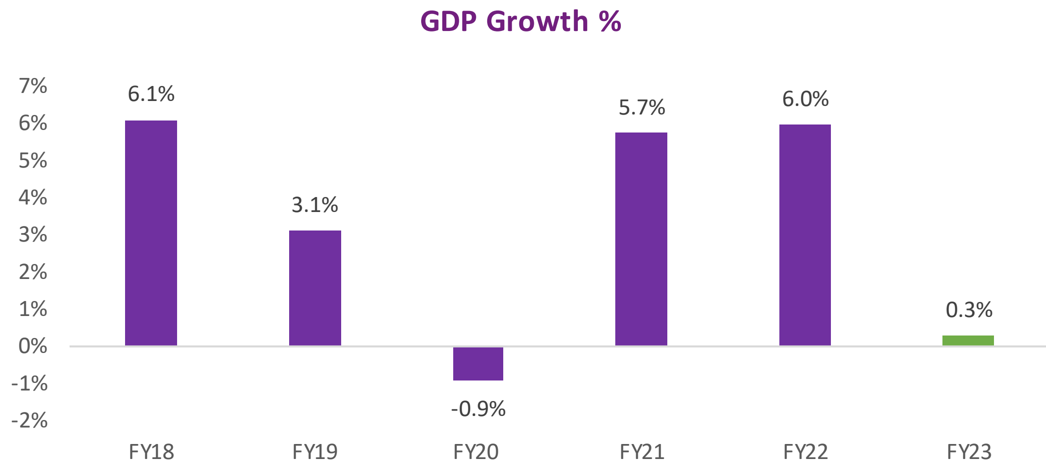
PVC: Supply glut kept prices in check



Source: Bloomberg

Economy: Path to Stability

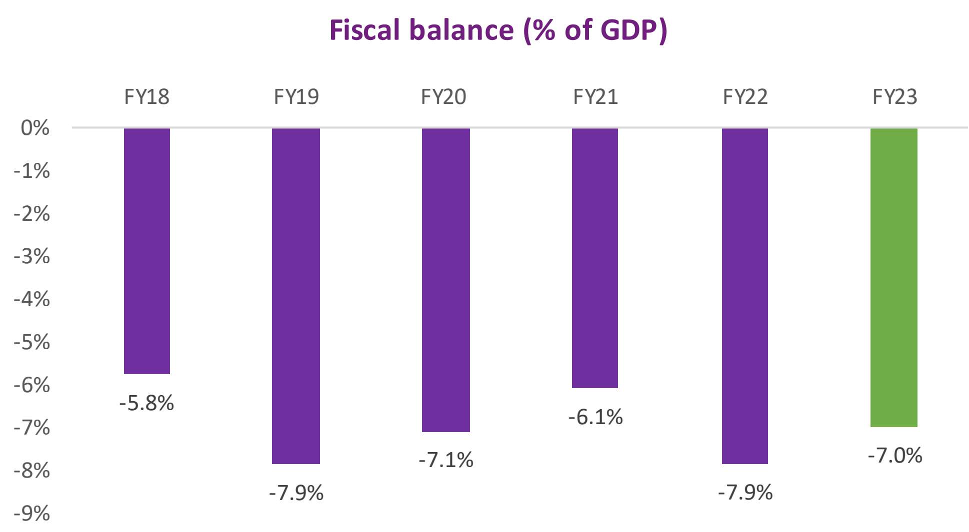
After staging a strong GDP growth of 6% in FY22, Pakistan has been grappling with severe crisis. The country is going through a multi-decade high inflation and is faced with a balance of payment crisis. Furthermore, ongoing political uncertainty and the worst flooding in a decade have delayed important policy responses by the government authorities to contain the crisis. Consequently, National Accounts Committee has recently projected country's growth in FY23 to clock in at 0.3%. However, the recently agreed USD3bn Stand-by agreement with the IMF can be expected to provide much needed stability for the economy.



Source: Economic Survey

Fiscal deficit:

Lower non-tax revenue (lower collection of petroleum development levy and SBP profits) and higher subsidy (as part of a PM package to limit energy cost) contributed towards the 7.9% fiscal deficit witnessed in FY22. Furthermore, elevated debt servicing cost and weak economic activity (and resultantly lower than projected revenue collection) is expected to keep fiscal deficit elevated in FY23.

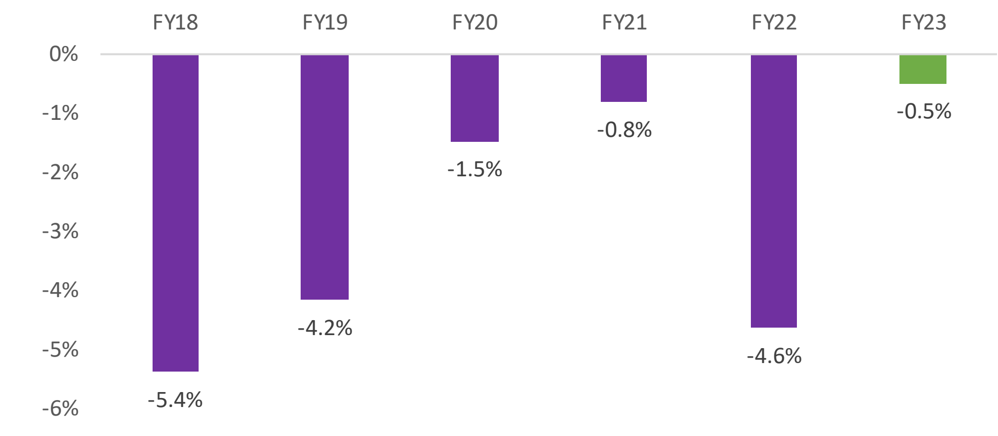


Source: Economic Survey/Budget FY24

Current Account Deficit (CAD):

As against FY22, CAD Current Account Deficit (CAD) moderated to USD 2.9 billion during 11MFY23, down from USD 15.2 billion during the same period last year. While exports declined by 12% YoY to USD 25.8 billion, imports contracted more sharply by 24% YoY to USD 49.0 billion. Key reasons for the reduction in imports were administrative measures, slower economic activity and large rupee devaluation. As a result, trade deficit contract to USD 23.2 billion, down by 34% YoY from USD 35.0 billion during the same period last year.

Current account deficit (% of GDP)

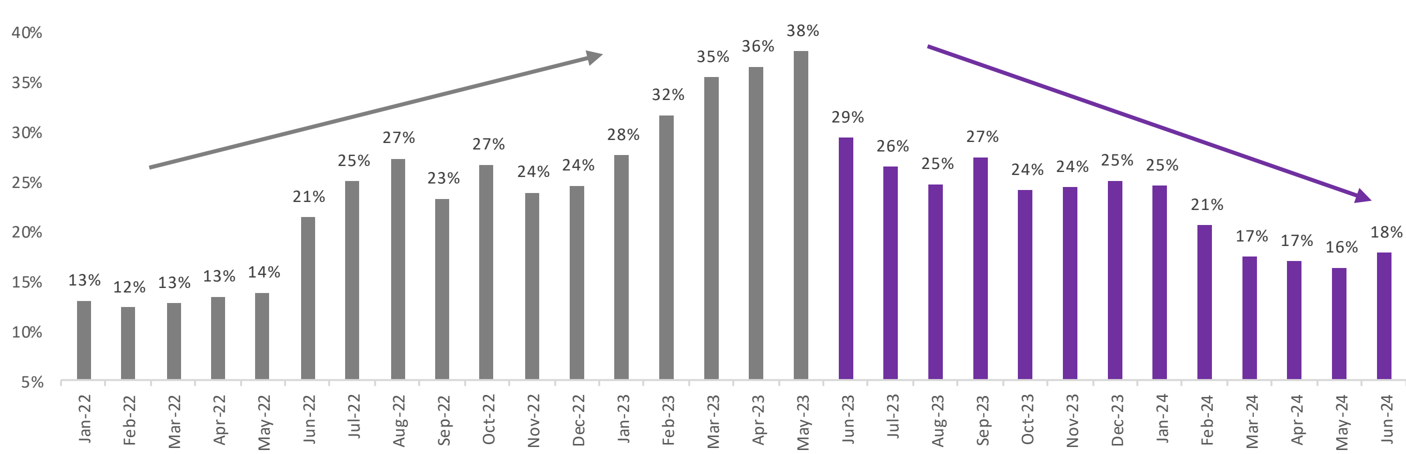


Source: SBP/Internal

Monetary tightening to persist:

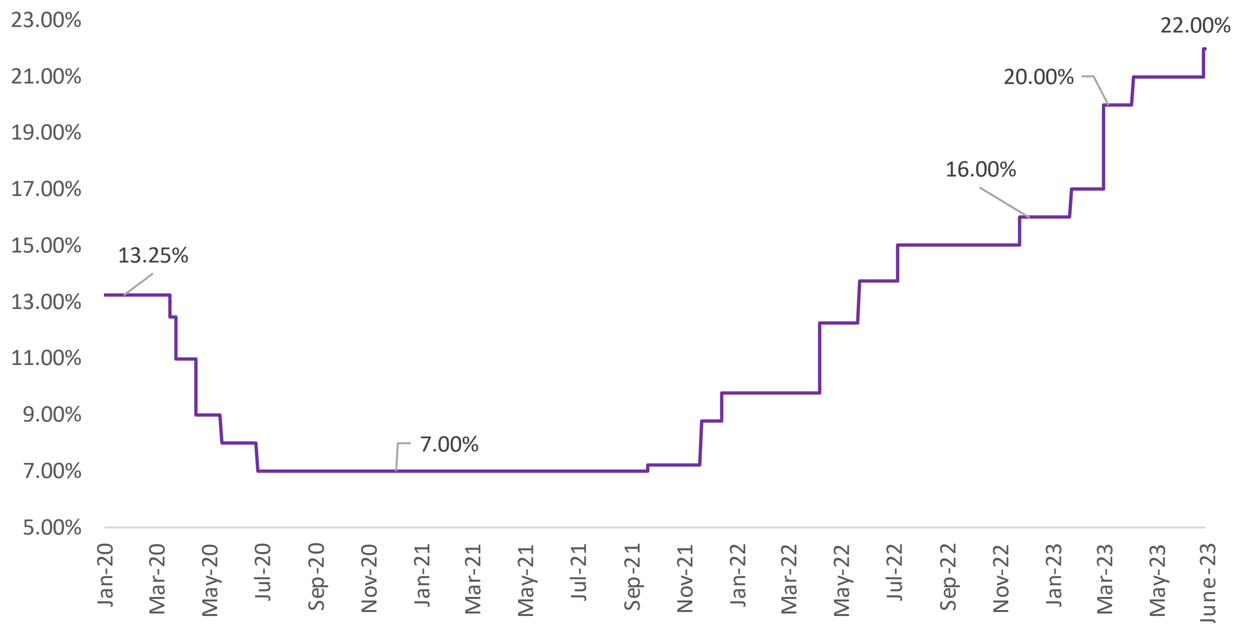
Inflation averaged 29% during the first eleven months of FY23 compared to 11% in the same period last year; which led the SBP to hike the policy rate to 22.0% – the highest level since the 1990s. Cumulatively, the policy rate has been increased by 825 bps during FY23. Key driving factors of higher inflation are rising food prices, administrative changes in power and gas tariff, higher GST and second-round effects of PKR devaluation.

Monthly Inflation to fall in FY24



Source: PBS

Policy Rate



Source: SBP

Politics – Elections to provide much-needed clarity

Pakistan has remained entangled in political turmoil following a parliamentary vote of no-confidence in Apr-22. After its ouster, PTI called for early general elections, and, in a bid to pressure the coalition government to do so, the party even dissolved two of its provincial assemblies (Punjab and KPK). The political situation deteriorated further when the Election Commission of Pakistan (ECP) postponed the Punjab and KPK elections (originally scheduled for Apr-23) till Oct-23. This led the Supreme Court (SC) to take notice, which ruled that the ECP's decision to postpone Punjab Assembly's polls was "unconstitutional". However, political uncertainty continued, with the incumbent government adamant on holding provincial elections in Oct-23 along with the national elections. A positive development was the commencement of talks between the government and the PTI to resolve the issue in Apr-23, however, the talks remained inconclusive.

Political equilibrium changed considerably after the 9th May events giving the incumbent government an opportunity to come down hard against the PTI, whereby several of its party workers (including many of its senior leaders) were arrested. This was followed by a round of resignations from a number of party members, several of whom have either left politics or are in the process of joining other parties. Nonetheless, Imran Khan still enjoys the support of the masses and expects to be re-elected with a larger mandate this time around, which would enable him to introduce the much-needed structural reforms. However, based on the same premise, the coalition government is in no mood to hold provincial and general elections at least before Oct-23, with the hope of garnering more support by then. Rising inflation and economic slowdown have severely dented the popularity of the PDM-led Federal government.

Although it is difficult to see a near-term resolution to this political deadlock, the announcement of the general election is likely to be taken positively by the capital markets as it would pave the way for handing over a fresh mandate to the winning party to carry out economic reforms with a full five-year term in hand and legislative power.

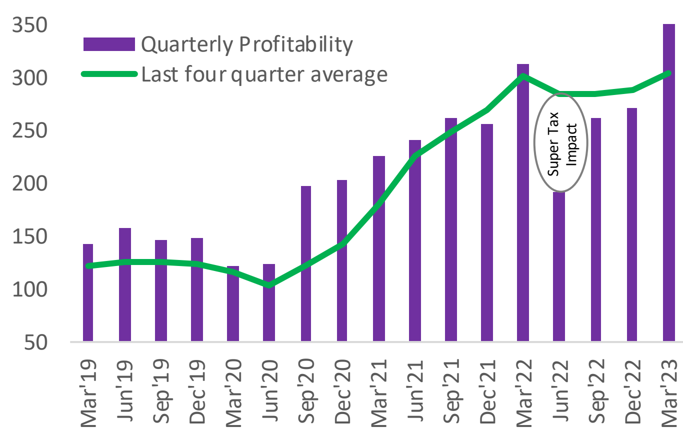
Equity: Market valuation turns cheaper as economic numbers continue to worsen

During FY23, the Pakistan stock market moved sideways amid a prolonged period of political uncertainty and rising concerns on economic stability; while the market de-rated to multi-decade low valuations. Corporate earnings for the year showed meaningful improvement despite challenging economic conditions; as the index heavyweight sectors, such as Oil & Gas Exploration, Fertilizer, Banks and Cement posted double-digit earnings growth. The KSE-100 and KMI-30 index touched their peak level of FY23 by August & February at 43,677 & 73,770 points, respectively, However, the combination – of a sharp rise in interest rate, PKR devaluation, delay in the resumption of the IMF program, and concerning outlook on future corporate profitability – caused a course reversal. A notable positive development during the year was Pakistan's removal from the FATF grey list while foreign selling was also absent during FY23, unlike preceding years where heavy foreign selling was witnessed.

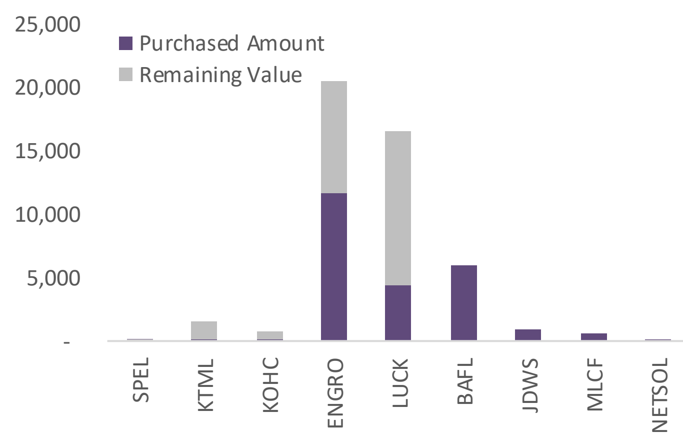
Total volumes traded in the KMI-30 index stocks improved by 5% YoY to 56 million shares, while volumes in the KSE-100 index stocks decreased by 21% YoY to 91 million shares. Unrelenting macroeconomic concerns and political noise were the main driving factors behind the reduced market activity. The policy rate rose by 825 bps during FY23. Moody's rating agency lowered Pakistan's sovereign debt rating to Caa3 from Caa1, reflecting very precarious liquidity and external position. Political noise also remained elevated, with the opposition continuing to demand early elections. This kept up the pressure on the ruling coalition, partly causing the latter to delay passing important but unpopular economic measures.

A new IMF programme is inevitable given the high external financing requirement in the coming years which would require the country to rely on international markets which is only possible after IMF's affirmation. The government was successful in converting the much-delayed ninth quarterly review into a new Standby agreement which will cover most part on new fiscal year as the current program expired in Jun-23. Equity market performance is likely to remain range bound until there is a certainty that the IMF program will resume and till the election roadmap is finalized. In the medium term, however, following tough economic actions and continued moderation in the commodity cycle, interest rates are likely to revert back to the long-term mean, which shall lift equity market returns.

KSE100 Index company's profitability rebounded despite economic challenges (Rs. Bn)



Corporate buyback (Rs. Mn)

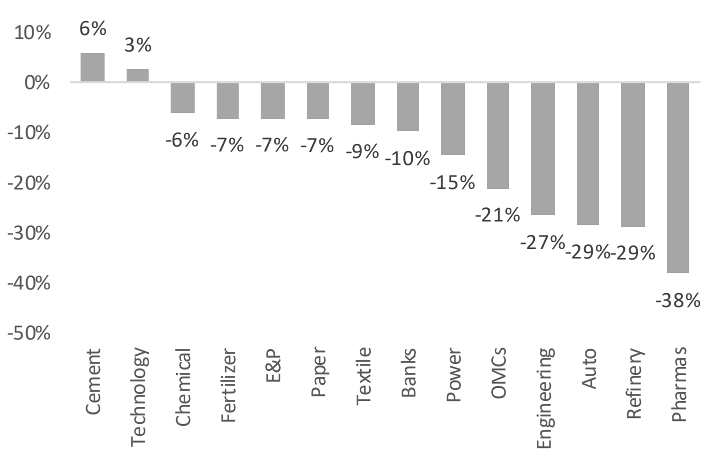


Source: PSX, Bloomberg

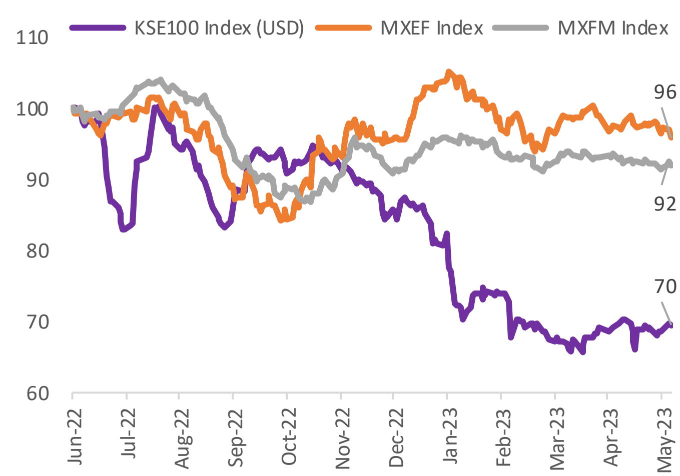
After witnessing a slowdown in corporate profitability during the peak Covid-19 quarters of March and June 2020, corporate profitability has witnessed a healthy surge since then. We have witnessed strong corporate results during FY23, with decent cash payouts as well. Key listed sectors continuing to show YoY earnings growth during 9MFY23 were E&P, Banks, Cement and Chemical sector; while negative growth was witnessed in Autos, OMCs, Fertilizer and Pharmaceutical sector. The corporate result for the June-23 quarter is likely to be again marred by the hefty one-off super tax impact (as witnessed in June-22) which will result in lower corporate profitability on a QoQ basis, although pre-tax earnings are anticipated to remain robust. Buyback by key corporates has also added to liquidity in the market. Overall till now, around PKR 24 billion worth of buying has been done by corporates, while the pending amount is around PKR 23 billion. Going forward corporate earnings growth for FY24 is projected to continue showing double-digit growth as almost all sectors have strong pricing power and provide dollar hedge despite subdued economic activity. However, the key issue for the government will remain the fiscal side with the need to levy further taxes going forward. Given lower revenue collection at the import stage, there is a strong possibility of another mini-budget in mid-FY24.

The KSE-100 index reached its peak level for FY23 early in August, but the weak macroeconomic backdrop and continued rise in interest rates caused a course reversal. FY23 saw cyclical sectors mainly underperform heavily due to volumetric attrition, rise in raw material and interest costs which were compounded by hefty Rupee devaluation. Prominent sectors with negative performance were Pharmaceutical, Refinery, Automobile and steel. On the other hand, Cement remained an exception, rising during the year due to a hefty drop in coal prices and a rise in cement selling prices in spite of the decline in volumetric sales. The technology sector again outperformed due to the tailwind of the Rupee devaluation. During the year, Pakistan experienced flash floods which inflicted heavy losses to the economy. Loss of cotton, rice and perishable food items has been significant, especially in Sindh. Economic growth remained muted amid policy tightening measures and balance of payment crises.

Key sectors market capitalization change during FY23



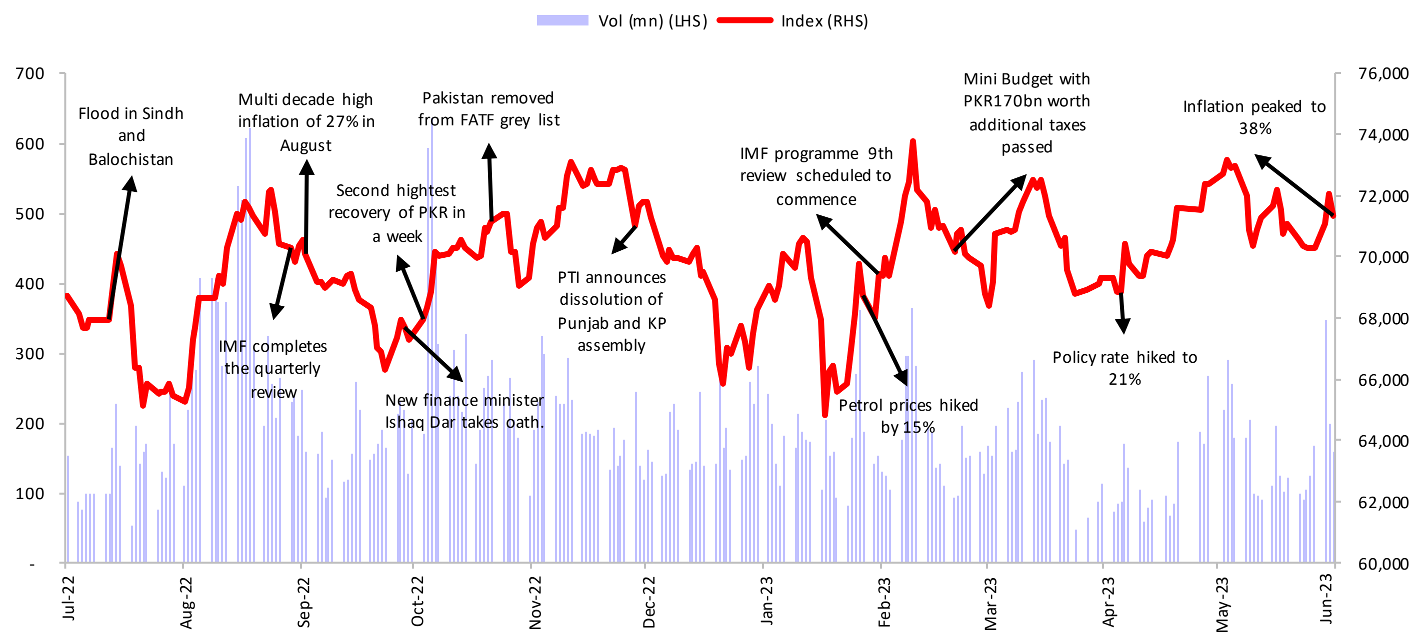
Performance of MSCI Emerging and Frontier market index with KSE-100 USD



Source: PSX, Bloomberg

US Federal Reserve continued its tightening policy initiated since March-22, witnessing a hefty rise during FY23 taking the benchmark rate in a range of 5% to 5.25%, the highest pace of rise since the 1980s. In its last meeting of FY23, the Federal Reserve kept rates steady but leaned far more hawkish than many had expected, forecasting two more hikes ahead as inflation continues to run above target. Despite the outlook, Fed chairman Jerome Powell said the future rate decisions would be made on a meeting-by-meeting basis, adding that no decision had been made yet about the July meeting. Elevated inflation globally has invited a coordinated policy response by central banks across all major economies whereby key policy rates were raised sharply. These moves were echoed by central banks in developing economies as well. After a brief run-up, US Dollar Index (DXY) took a breather, with the index almost flat for the review period. Emerging markets mostly bore the brunt of the aforementioned monetary tightening due to their limited ability to absorb large capital outflows. This is evident from the performance of the MSCI Emerging Markets Index, which saw an aggregate decline of 4% during the first eleven months of FY23. As we look towards FY24 and beyond, our long-term outlook for equities is optimistic amid a backdrop of strong earnings growth, attractive valuation s and gradual structural adjustments. Valuations continue to remain very attractive, by historical averages, with the market trading at a forward P/E ratio of around 3.3x compared to its long-term average P/E of about 8.0x and promising a handsome dividend yield of 9.9%, while selected blue chips are offering dividend yield in excess of 15%. The equity market is still attractive versus fixed-income securities, despite interest rates being at a multidecade high as the market is currently trading at even lower multiples than during the FY09 crisis.

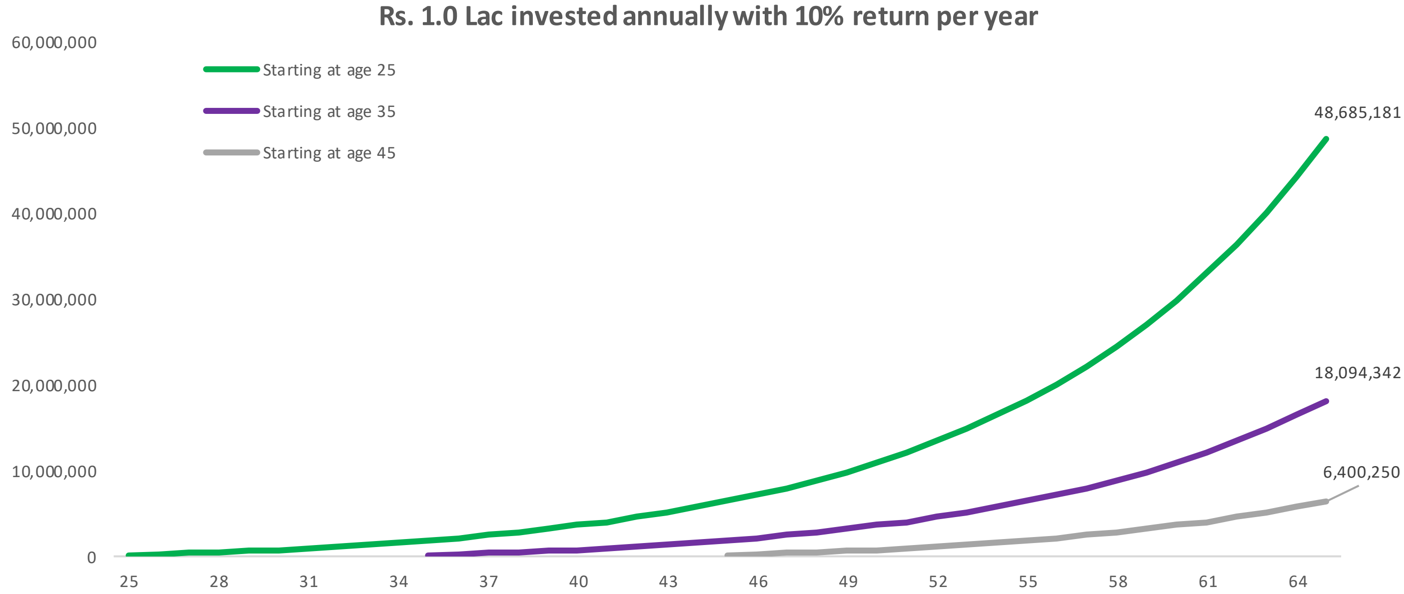
Event chart for KMI-30 Index



Source: PSX, Bloomberg

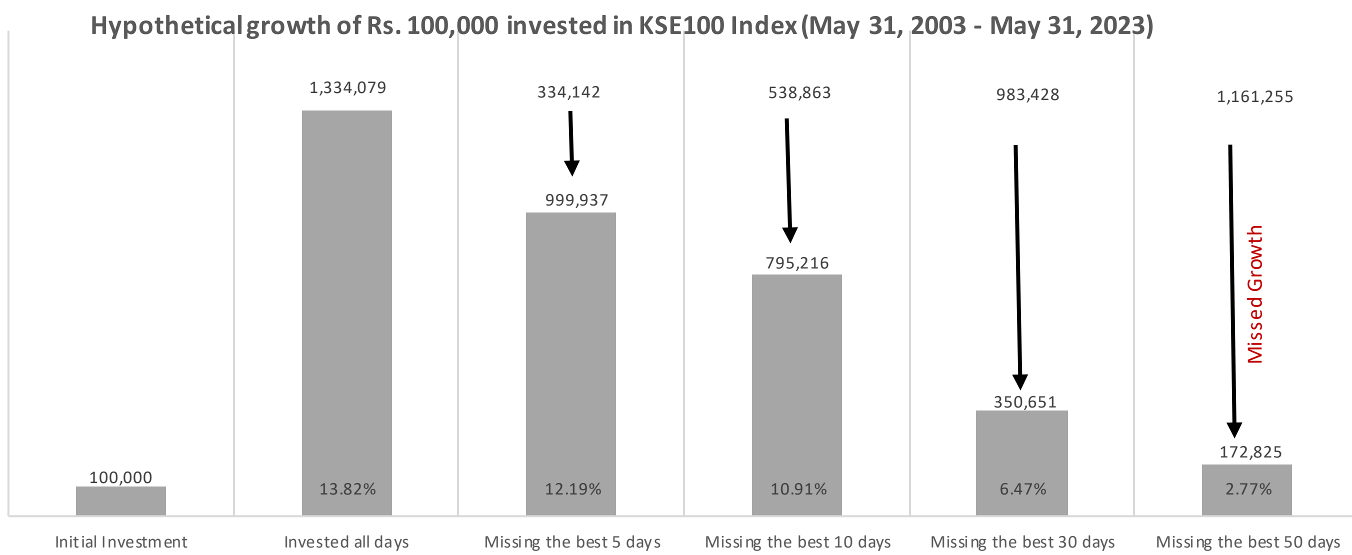
Long-term investment’s compounding benefit

Benefits of saving from an early age for retirement



Source: Al Meezan Research

Cost of missing the best days



Source: Al Meezan Research, PSX

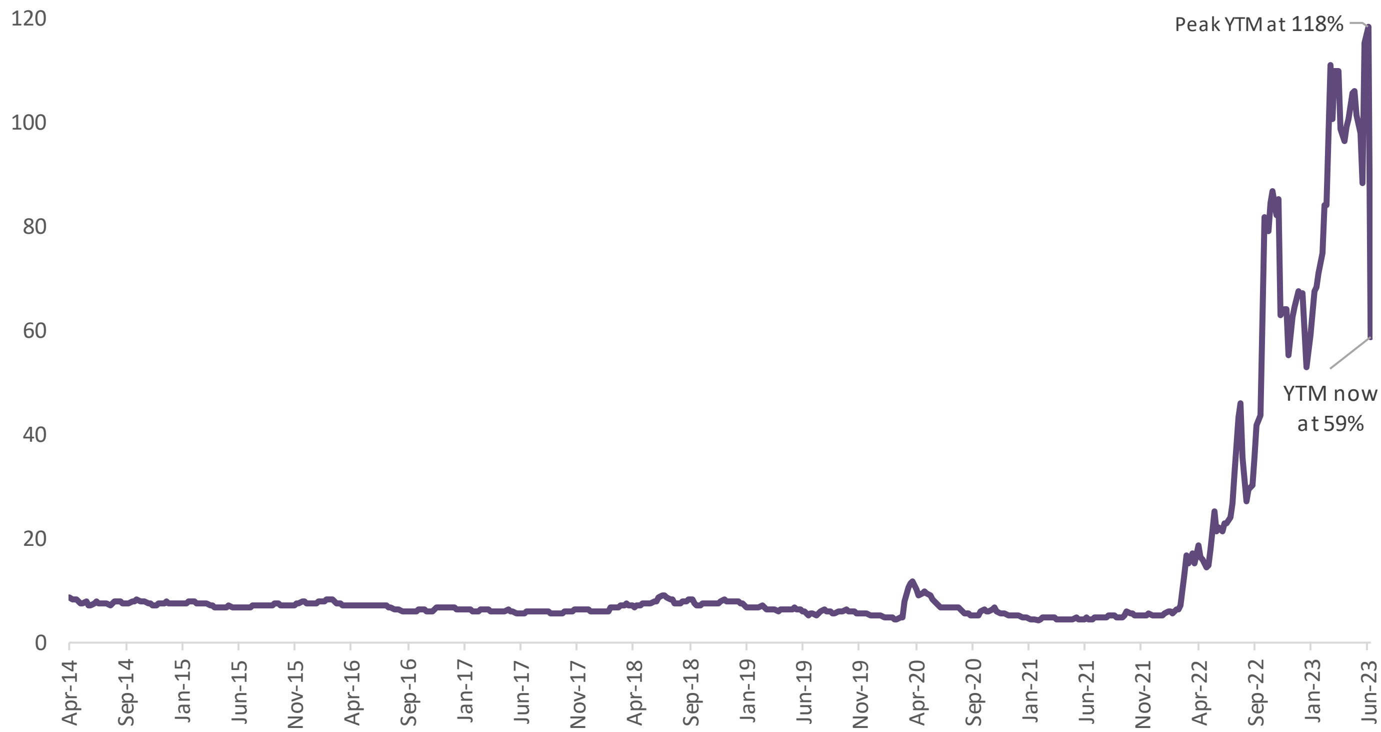
Risk of Sovereign Defaults and Impact on Pakistan's Euro-Bonds

Pakistan's debt troubles have ignited speculations regarding possible default on external sovereign bonds. In this segment, we attempt to assess if the bonds have priced in the worst-case scenario or if there is more pain to come.

Pakistan's International Bonds

Pakistan's 2024 Eurobond has historically been trading at around 8% in the pre-2022 era. Generally, yields had stayed in this range for a number of years. However, recently the yields have taken off owing to the lack of materialization of the IMF program, the ongoing political crisis and the after-effects of the Russia-Ukraine war on the financial position of Pakistan. Resultantly, the yields have taken off from this multi-year resistance of 8% to touch a level of 118% in 2023, but fell sharply in last week of June-23 after IMF related development.

Yield to Maturity of Pakistan's 2024 Eurobond



Source: Bloomberg

Breaking Down 'Sovereign Default': Sovereign default is a failure in the repayment of a county's government debts. Countries are often hesitant to default on their debts since doing so will make borrowing funds in the future difficult and expensive. However, sovereign countries are not subject to normal bankruptcy laws and have the potential to escape responsibility for debts without legal consequences. Sovereign defaults are relatively rare and are often precipitated by an economic crisis affecting the defaulting nation. Investors in sovereign debt closely study the financial status and political temperament of sovereign borrowers in order to determine the risk of sovereign default. In the event of a country's default, a credit rating agency will consider the country's interest, extraneous and procedural defaults and failures to abide by the terms of bonds or other debt instruments. Inflation has sometimes helped countries to escape the true burden of their debt. Other times when faced with extreme debt, some governments have devalued their currency, which they do by printing more money to apply toward their own debts, or by ending or altering the convertibility of their currencies into precious metals or foreign currency at fixed rates.

Instances of Sovereign Default since 1991

We gathered data on instances of default on 218 instruments by various countries. The yield on near-dated instruments has been compared alongside the default instances. It should be evident from the table that yields are directly proportional to the default instances. Generally, yields tend to be higher for countries the more they have defaulted on instruments. With the exception of Ivory Coast, which had a minor hiccup in the year 2000, generally, the relationship holds true.

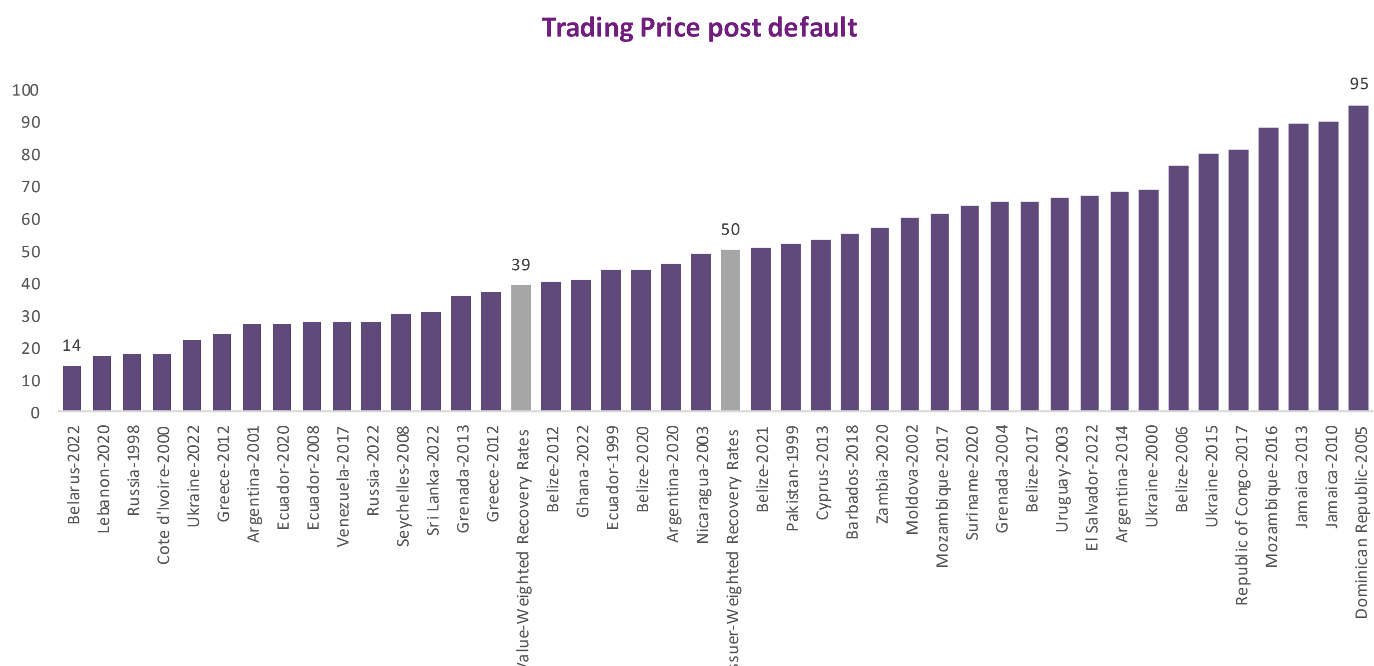
Issuer	Instruments Defaulted on	Yield - Near Maturity Instruments
Argentina	155	147%
Belize Government International Bond	2	13%
Ecuador Government International Bond	4	47%
Grenada Government International Bond	4	68%
Ivory Coast Government International Bond	7	7.60%
Lebanon Government International Bond	30	699%
Venezuela Government International Bond	16	99%
Grand Total	**218**	

Source: Bloomberg

Have the Bonds priced in the worst?

A study presented about prices of sovereign bonds post-default by the Chair of Moody's Macroeconomic Board at Drexel University Sovereign Debt Restructuring Conference on 25 February 2022, revealed that on average sovereign bonds trade at 40% to 50% of the par value post-default.

Pakistan's near-term bonds trade at around 30 to 50% to par depending on different tenors. This implies that the market has generally priced in the worst-case scenario and slight improvement in conditions will exponentially improve values.



Source: Moody's Research

This can further be explained by assessing the impact of default on prices of long-dated vs near-dated bonds. It can be seen from the table below that generally speaking near-dated instruments generally trade at 52% of par while long-dated instruments trade at 36.77% of par post-default event. Pakistan's near-dated bond (2024) traded at 50.19% of par while its longer-dated bond (2031) trading at 36.77% of par in early June. This implies that the worst-case scenario has already been built into the prices.

Country	Issue	Maturity	Date of Default	Coupon	Issue Defaulted on			Long-Dated Issue Relative to the one Defaulted on			Long-Dated Price at Maturity	Maturity of Long-Dated Issue
					Pre-Event Price	Post-Event Price	Change	Pre-Event Price	Post-Event Price	Change		
Russia	14-May-94	14-May-99	20-Apr-99	3%	93.44	39.00	-54.44	53.53	6.31	-47.22	99.84	5/14/2008
Pakistan*	23-Nov-94	22-Dec-99	6-Dec-99	11.50%	42.75	79.63	36.88	57.33	62.33	5.00	68.00	2/26/2002
Argentina	8-Dec-93	20-Dec-03	30-Nov-01	8.38%	87.94	41.66	-46.28	94.17	60.34	-33.83	134.18	4/7/2009
Greece	10-Feb-09	20-Mar-12	8-Mar-12	4%	85.34	80.22	-5.13	64.22	19.75	-44.47	112.27	4/14/2028
Sri Lanka	18-Apr-18	18-Apr-28	18-May-22	6.75%	67.51	38.01	-29.51	66.99	39.31	-27.68	36.68	3/28/2030
Ghana	25-Jul-13	7-Aug-23	19-Dec-22	7.88%	84.51	34.88	-49.63	82.08	32.62	-49.46	40.63	3/26/2032
Average						**52.23**			**36.77**			

Rescheduling is considered a technical default

Source: Moody's Research

What is the implied yield if various restructuring scenarios are considered – International Ijarah Sukuk 2029.

A long-dated bond was selected for this illustration since it is more sensitive to minor changes in the situation. In the following tables, we assess how the payoff works for a potential investor looking to buy this bond, this is for educational purposes only and is done to assess the price behavior of bonds. The particulars for the 2029 Sukuk are as follows:

Particulars	
Coupon	7.95%
Maturity	1/31/2029
Payment Frequency	Bi-annual
Price	44.917
YTM	27.9%

Source: Bloomberg

The following table shows the implied yield to maturity and the potential gain if securities are held till maturity under various scenarios. As evident from the table below, the bonds offer substantial upside under vari ous scenarios of restructuring. Assuming the situation normalizes, these securities offer higher price performance.

Scenario	**Yield to Maturity**	**Gain on Maturity**
Assuming payment is as per the plan	27.9%	228.8%
Assuming Principal Extended by 5 Years	21.1%	317.3%
Assuming a Haircut of 30% on the Principal	23.0%	162.0%
Assuming a Haircut of 50% on a Coupon	21.1%	175.7%

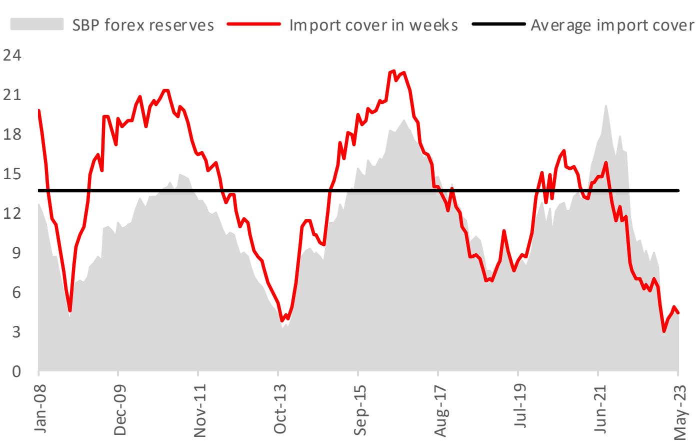
Source: Bloomberg, Al Meezan Research

Conclusion: The bonds and sukuks are presently pricing in a worst-case scenario. This implies record low yields, however, are still far away from bond yields for other defaulters. This implies there is some confidence amongst investors that things might improve as evidenced by various restructuring scenarios. Since this is the first time, and hope fully the last time, it appears bonds have not been priced as adversely as those of Argentina, Lebanon and Ecuador to name a few.

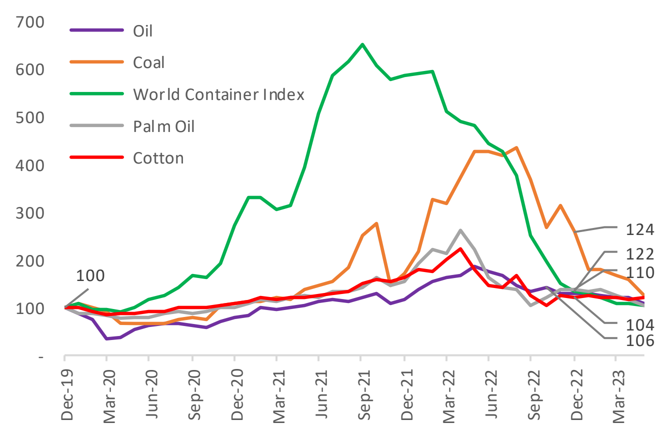
Conclusion & Recommendation

The current account numbers are now subdued; but the foreign exchange reserves and financial account situation is now reaching alarmingly dangerous levels as external loan repayments are increasing, without the injection of an appropriate quantum of fresh loans. While total debt or foreign debt when measured as a percentage of GDP is not that problematic when compared to other peer countries, the key issue for Pakistan is the annual debt repayment figure which ranges around USD 20 billion annually along with a current account deficit of USD 4-10 billion which makes it an uphill task to arrange external financing. There is a dire need to reschedule and lengthen the maturity of annual external debt payments to a more practical number of USD 10 billion. Overall, FY24 is likely to remain a tough year for the country with sentiments likely to improve after the election as the new government will have a five-year mandate to implement much-needed structural reforms. Necessary but unpopular decisions have been taken recently in order to ensure the resumption of the IMF program but more such measures are needed to ensure sustainable growth. Issuance of new international bonds (Eurobonds or Sukuk) is unlikely in the near term, due to the astronomical rise in international bond yields, so the government will have to rely on multilateral agencies and friendly countries for meeting external financing.

Import cover under pressure



Commodities and Services (Jan' 20 - May'23)



Source: PSX, Bloomberg

The key silver lining for Pakistan is that the commodity super cycle witnessed post-Covid has now ended and key commodities prices are now largely at pre-Covid level. For Pakistan however, the low level of forex reserves will continue to pose a challenge in the coming quarters. Weekly import cover is down to less than 4 weeks only, compared to the long-term average weekly import cover of 13 weeks. Pakistan needs to undertake immediate credible steps that signal to the IMF and other lenders that the country will break out of its trajectory of perpetual crisis.

For the equity market, we expect the new IMF program as the key trigger for FY24, which will help Pakistan achieve much-needed fiscal discipline while another key trigger would be election as new government with a fresh mandate will ample time for structural reforms. Once the IMF program commences again, it should open up other external finance avenues for Pakistan to shore up its reserves. The positive outlook for the market remains on the back of robust corporate earnings growth and very attractive valuations with a P/E of around 3.3x compared to its long-term average P/E of 8.0x. Although the short-term equity market performance is likely to remain range bound until forex reserves increase, medium-term performance, is likely to be encouraging following tough economic actions, likely decline in commodity prices, interest rates reverting back to the long-term mean and subsiding political noise. Therefore, we recommend our investors focus on the above-mentioned factors and build equity positions in their portfolio via direct investment or through mutual funds to benefit from the upward trend. Pakistan has a chequered history when it comes to actual structural reforms due to myriad power centres, but that has now become imperative in order to turn the corner for the better. Our fundamental analysis favours an upward trajectory in the local equity market on the back of structural reforms, the entailing macroeconomic recovery, the re-rating of the market and the mean reversion of the index in the near term. Political stability in the country and geopolitical events will remai n catalysts for the stock market's performance. The political situation is likely to remain volatile till the announcement of the road map for the election. A new government with a fresh mandate of five years will have ample room to further implement structural reforms, thus we expect the political landscape to gradually move towards calmness and harmony.

In light of our favourable stance on investment in equities, Al Meezan offers exposure to equities through a range of mutual funds in its product suite depending on one's risk tolerance level. For long-term investors with high-risk tolerance, we recommend our flagship Meezan Islamic Fund (MIF), which hosts an AUM of Rs. 17.4 bn as of May 31` 2023, while Al Meezan Mutual Fund (AMMF) has a track record of more than twenty-eight years. We have also launched Pakistan's first Shariah-compliant ETF called Meezan Pakistan ETF (MP-ETF) which provides exposure to the top liquid Shariah-compliant stocks in the market.

For investors with medium-risk tolerance, Al Meezan offers Meezan Balanced Fund (MBF), investing partially in equity and fixed income, while Meezan Asset Allocation (MAAF) is also a hybrid fund with exposure in both equity and fixed income.

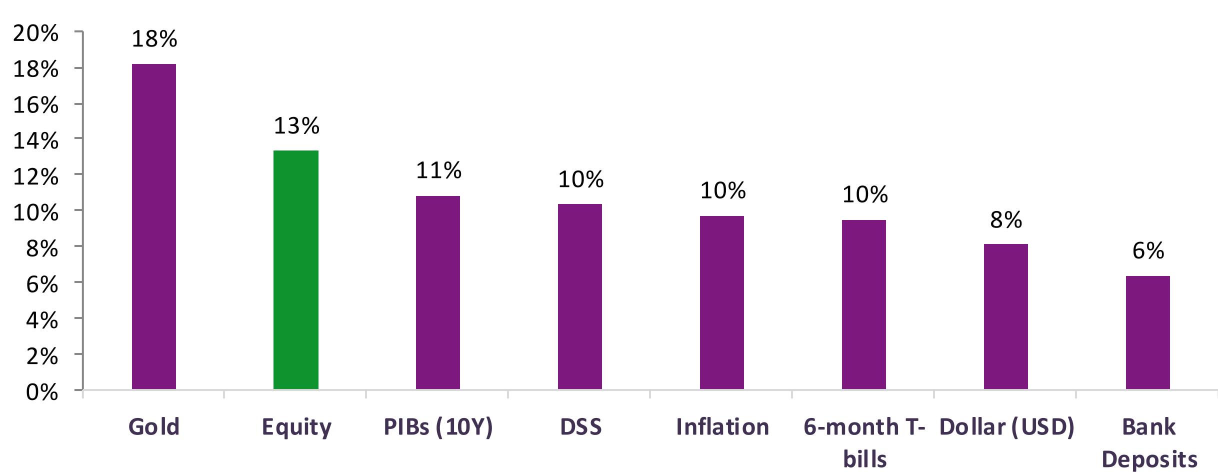
Asset class returns

Equities has historically outperformed other asset classes in the long run

Investment Avenues – 20.00 Years (% Returns)								
Period	**Equity**	**Gold**	**Defense Saving**	**10 Year Govt. Bonds**	**Inflation**	**6-month T-bills**	**Bank Deposits**	**Dollar (USD)**
FY03	92	6	11	7	3	4	3	(4)
FY04	55	15	8	6	5	2	2	0
FY05	41	13	8	8	9	5	2	2
FY06	34	43	9	9	8	9	4	1
FY07	38	6	10	10	8	9	5	0
FY08	(11)	61	10	11	12	10	5	13
FY09	(42)	19	12	14	21	13	7	19
FY10	36	41	12	12	13	12	6	5
FY11	29	22	13	14	14	13	7	0
FY12	10	17	12	13	11	12	6	10
FY13	52	(19)	12	12	7	10	5	5
FY14	41	7	12	12	9	10	5	(0)
FY15	16	(9)	11	11	5	9	5	3
FY16	10	16	8	9	3	6	4	3
FY17	23	(6)	8	8	4	6	6	(0)
FY18	(10)	17	8	8	4	6	7	16
FY19	(19)	51	10	12	8	10	10	34
FY20	2	30	10	11	11	12	10	3
FY21	38	(7)	9	10	9	7	6	(7)
FY22	(12)	33	11	11	12	11	10	30
FY23	(1)	52	13	14	26	18	16	39
CAGR	**13**	**18**	**10**	**11**	**10**	**10**	**6**	**8**

Source: Al Meezan Research

Investment Avenue- 20 Year CAGR



Source: Al Meezan Research

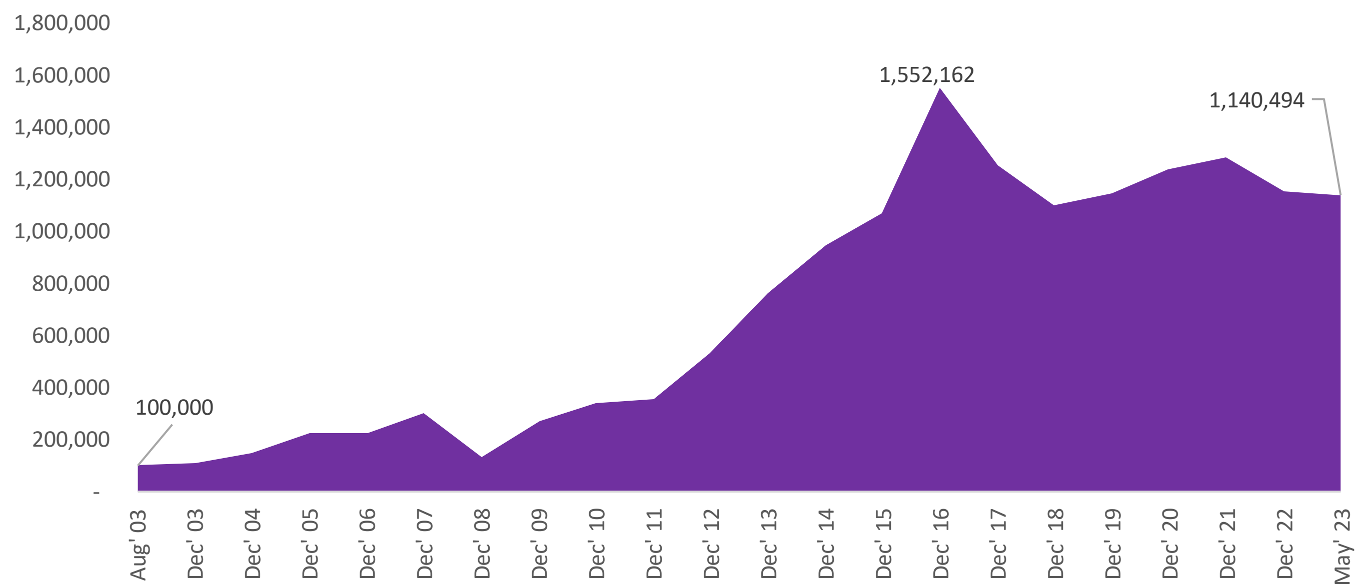
The Right Direction

Al Meezan Investments continuously strives to give the highest possible risk-adjusted returns to its valued investors. Financial specialists at Al Meezan Investments apply their proficient skills and knowledge in selecting the most fundamentally strong assets that considerably increase the value of our funds even in times of political instability.

Meezan Islamic Fund (MIF) – Rock Solid for Long Term

Our star open-end mutual fund Meezan Islamic Fund has amassed a rich past filled with around 20 years of providing Sharia-compliant equity exposure to its investors. Current AUMs are around Rs. 17.4 bn as of May 31, 2023. Assuming an investor made an initial investment of Rs. 100,000 in MIF on its inception date in August 2003 and did not make any withdrawals, his investment would now have grown to Rs. 1,140,494 (till May 31, 2023), earning 13.06% CAGR, while benchmark return stood at 12.06%. Equity has always remained the best-performing asset class for long-term investors willing to withstand short to medium-term volatility.

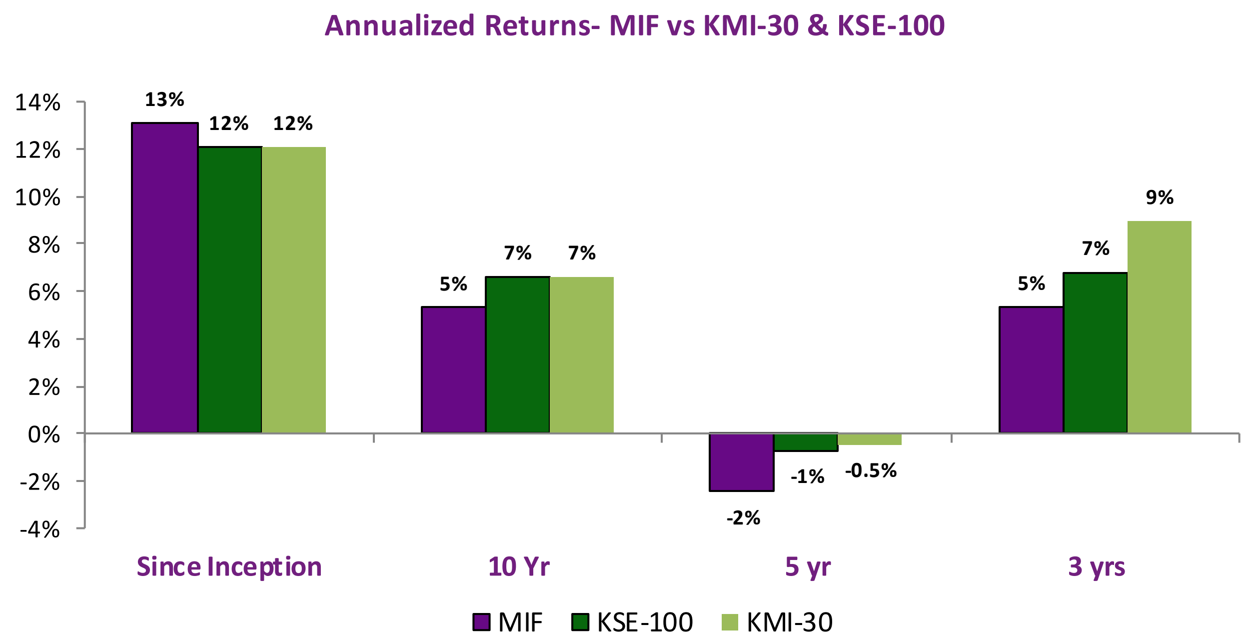
MIF Investment Growth



Source: Al Meezan Research

Disclaimer: This publication is for informational purpose only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds and pension fund are subject to market risk. The NAV based prices of units and any dividends/returns thereon are dependent on force and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Performance data does not include cost incurred by investor in the form of sales-load etc. Please read the offering document to understand the investment policies and risks involved.

The graph below shows the annualized returns (till May 31, 2023) of MIF, KMI-30 and KSE-100 for the past 3, 5, 10 years and since inception.



Source: AL Meezan Research, PSX, MUFAP

* KMI-30 replaced DJIIMPK as the Fund's benchmark from July 01, 2009, while KSE-100 index remained as the benchmark till June 30, 2006.

Fixed Income: Sharpening the knife on the policy front

During the fiscal year 2023, a steep rise in the policy rate was witnessed, whereby the central bank increased the policy rate by a cumulative 825 bps during the period Jul-22 to Jun-23 to control inflationary pressures and manage external imbalances to arrest the sharply depreciating rupee. Due to the hike in the policy rate, T-bill yields rose in the range of 763bps to 772bps. By the end of the period, 3, 6, and 12 months T-bill closed at 22.65%, 22.87% and 22.93% respectively, while PIB yields stood at 19.47% (3 Years), 16.08% (5 Years), and 15.32% (10 Years). Long-term PIB yields showed an upward trend in the range of 240bps to 602bps. KIBOR rates also witnessed an increase in the range of 754bps to 775bps, whereby 3-month, 6-month, and 12-month KIBOR rates were up by 775bps, 762bps & 754bps, clocking in at 22.91%, 22.97%, and 23.27%, respectively.

On the liquidity front, the money market remained stable due to regular short- and medium-term Open Market operations (OMO) from SBP, which ensured that the overnight rates remain close to the policy rate & T-bills rates below the discount rate.

In the FX market, the rupee depreciated heavily during this fiscal year starting at PKR 204.85/USD. The rupee made a low of PKR 204.56 in July-22 in the interbank and finally closed at PKR285.99 in June-23.

Secondary Market Yields Snapshot:

	30-Jun-22	27 Jun-23	Difference from June 2022
SBP Policy Rate	**13.75%**	**22.00%**	**8.25%**
GoP Securities			
6- Months T-Bills	15.15%	22.87%	+7.72%
10-Year Pakistan Investment Bonds (PIBs)	12.92%	15.32%	+2.40%
Ijarah Sukuk	14.05%	20.21%	6.16%
Corporate Instruments			
TFCs (AA rated and above)	12.55%	22.46%	9.91%
Corporate Sukuk	11.61%	22.62%	11.01%

Source: MUFAP

Highest and Lowest Yields for the Period July 2022 to June 2023		
T-bills	**High**	**Low**
T-Bill 3 Months	22.65%	14.90%
T-Bill 6 Months	22.87%	15.15%
T-Bill 12 Months	22.93%	15.18%
PIBs	**High**	**Low**
PIB 3 Year	19.47%	13.18%
PIB 5 Year	16.08%	12.70%
PIB 10 Year	15.62%	12.53%

Source: MUFAP

Shariah Compliant end of the Money Market

The central bank continued to conduct GOP Ijarah Sukuk auctions during the year and new assets were also added to tap excess liquidity from the market. During the period under review, the central bank borrowed a total of Rs. 805 billion from Islamic participants. The central bank also introduced 1-year and 3-year tenors for raising money through fixed rate and floating rate Ijarah. SBP raised Rs 206 billion through the auction of 3-year Ijarah while Rs. 273 billion were raised in the 1-year tenor. Furthermore, to enhance monetary policy transmission and to better manage market liquidity, the SBP introduced Shariah-compliant modaraba-based open market operations (OMO-Injections) and a standing ceiling financing facility (MFF) for Islamic Banking Institutions in December 2021. The corporate sector continued facing challenges in raising money through long-tenor Sukuk; however, an increase in the issuance of shorter-tenor instruments was witnessed during the year. Details of available Ijarah Sukuk are as follows:

Floating Rate Ijarah Sukuk

Ijarah	Type	Coupon	Remaining Life	Next Reset	Issue Size (bn)	Issue Date	Maturity	Reval			Change
								30-Jun	27-Jun	YTM	
XX	Floater - 5 years	20.69%	1.84	30-Oct-23	76.39	30-Apr-20	30-Apr-25	96.96	96.42	23.18%	-0.54
XXI	Floater - 5 years	21.82%	1.92	29-Nov-23	74.62	29-May-20	29-May-25	100.03	99.36	22.32%	-0.67
XXII	Floater - 5 years	21.92%	1.99	24-Jun-23	47.24	24-Jun-20	24-Jun-25	99.68	99.08	22.82%	-0.60
XXIII	Floater - 5 years	17.65%	2.09	29-Jul-23	186.91	29-Jul-20	29-Jul-25	99.50	99.40	21.85%	-0.10
XXIV	Floater - 5 years	21.84%	2.45	9-Dec-23	227.26	9-Dec-20	9-Dec-25	99.78	99.71	22.00%	-0.07
XXV	Floater - 5 years	21.86%	3.28	6-Oct-23	190.53	6-Oct-21	6-Oct-26	99.70	99.44	22.13%	-0.26
XXVI	Floater - 5 years	21.84%	3.34	29-Oct-23	584.86	29-Oct-21	29-Oct-26	99.93	99.26	22.20%	-0.67
XXVII	Floater - 5 years	21.94%	3.84	27-Oct-23	563.32	27-Apr-22	27-Apr-27	99.68	99.39	22.23%	-0.29
XXVIII	Floater - 5 years	21.94%	4.33	26-Oct-23	243.85	26-Oct-22	26-Oct-27	0.00	99.73	22.12%	0.00
XXIX	Floater - 3 years	16.56%	2.53	5-Jul-23	105.96	5-Jan-23	5-Jan-26	0.00	99.00	22.10%	0.00
XXX	Floater - 1 year	17.84%	0.65	20-Aug-23	5.51	20-Feb-23	20-Feb-24	0.00	98.73	23.04%	0.00
XXXI	Floater - 1 year	20.32%	0.70	8-Sep-23	19.74	8-Mar-23	8-Mar-24	0.00	100.11	21.90%	0.00
XXXII	Floater - 1 year	22.68%	0.81	17-Oct-23	97.88	17-Apr-23	17-Apr-24	0.00	100.06	22.77%	0.00
XXXIII	Floater - 1 year	22.67%	0.90	22-Nov-23	79.81	22-May-23	22-May-24	0.00	100.07	23.99%	0.00
PES I	Floater - 10 years	20.86%	5.68	1-Sep-23	200.00	1-Mar-19	1-Mar-29	106.80	106.80	18.89%	0.00
PES II	Floater - 10 years	21.96%	6.90	21-Nov-23	199.97	21-May-20	21-May-30	100.70	100.02	22.03%	-0.68
		21.35%		Total	2903.83						

Source: SBP, MUFAP

Fixed Rate Ijarah Sukuk

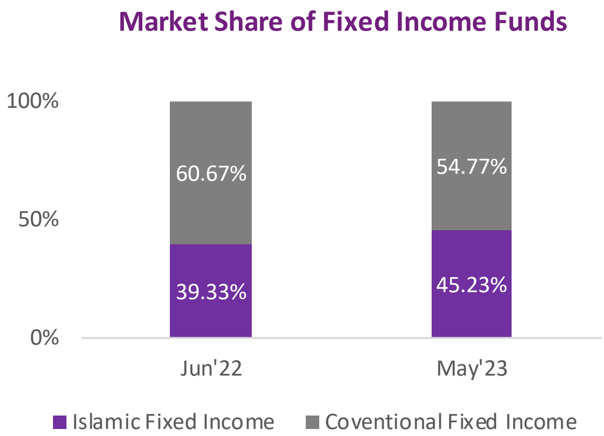
Ijarah	Type	Coupon	Remaining Life	Next Coupon	Issue Size (bn)	Issue Date	Maturity	Reval			Change
								30-Jun	27-Jun	YTM	
XXIII	Fixed - 5 years	8.37%	2.09	29-Jul-23	44.59	29-Jul-20	29-Jul-25	93.48	85.70	16.74%	-7.78
XXIV	Fixed - 5 years	9.45%	2.57	20-Jul-23	8.25	20-Jan-21	20-Jan-26	93.78	88.00	15.26%	-5.78
XXV	Fixed - 5 years	9.70%	3.28	6-Oct-23	12.73	6-Oct-21	6-Oct-26	94.00	89.00	13.98%	-5.00
XXVI	Fixed - 5 years	11.40%	3.47	15-Jun-23	323.83	15-Dec-21	15-Dec-26	96.00	90.08	15.18%	-5.92
XXVII	Fixed - 5 years	12.49%	3.84	27-Oct-23	60.89	27-Apr-22	27-Apr-27	99.31	92.37	15.17%	-6.94
XXVIII	Fixed - 5 years	12.49%	4.39	16-May-23	0.25	16-Nov-22	16-Nov-27	0.00	97.37	13.29%	0.00
XXIX	Fixed - 1 Year	17.50%	0.65	20-Aug-23	0.00	20-Feb-23	20-Feb-24	0.00	98.04	20.71%	0.00
XXX	Fixed - 1 Year	20.70%	0.70	8-Sep-23	1.15	8-Mar-23	8-Mar-24	0.00	100.28	20.06%	0.00
XXXI	Fixed - 1 Year	21.25%	0.81	17-Oct-23	11.29	17-Apr-23	17-Apr-24	0.00	100.11	20.92%	0.00
XXXII	Fixed - 3 Years	18.24%	2.81	17-Oct-23	25.01	17-Apr-23	17-Apr-26	0.00	100.00	18.20%	0.00
XXXIII	Fixed - 1 Year	21.30%	0.90	22-Nov-23	1.25	22-May-23	22-May-24	0.00	100.00	21.19%	0.00
				Total	489.24						

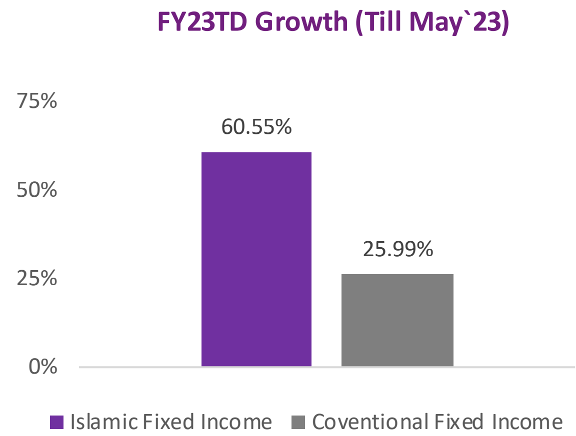
Source: SBP, MUFAP

During the period under review, it is also encouraging to note that some new blue-chip corporates from the textile and power sectors have explored financing through the Shariah-compliant debt market. Corporates mainly targeted the short-term floating rate instruments for the working capital requirements at relatively better spreads compared to conventional alternatives like TFCs and bank loans. On the other hand, a consistent increase in the issuance of new Sukuk (both government and corporate) have aided the Islamic mutual funds in offering higher returns to investors along with managing their liquidity effectively.

Going forward, Sukuk issuances are expected to grow as the Government is adamant to increase the share of Islamic debt in the overall domestic debt.

Comparison of Growth in Fixed Income Funds





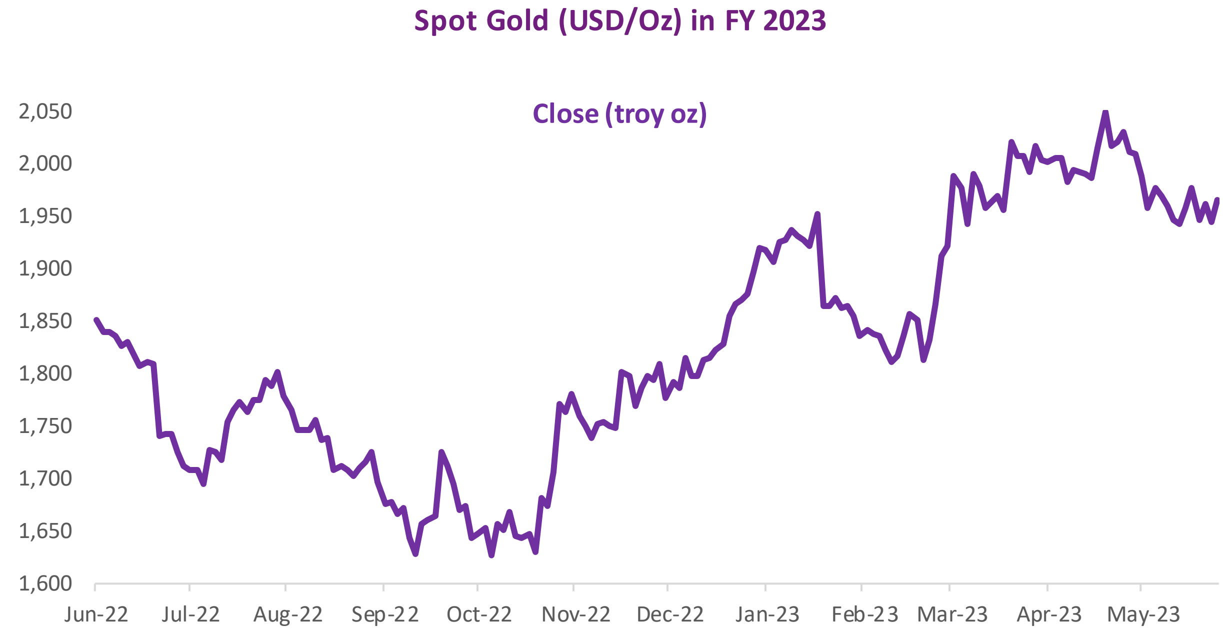
Source: MUFAP

Outlook

Given reduced inflationary pressures, further policy rate hikes are unlikely in the next six months along with a minor depreciation of the rupee. Fixed Income funds are well positioned to absorb any change in the policy rate, however, given high financing costs we may witness a decline in spreads offered by corporates which may lead to a reduction in borrowing rates. Furthermore, due to high financing costs, banks will also face difficulties in maintaining their ADR ratios as very limited quality lending avenues will be available in the corporate sector. This may lead banks to cut down on their high-cost deposits and shift their focus to non-profit-bearing accounts.

For the next six months, we expect our Fixed income and Money market funds will continue to provide an attractive risk-adjusted rate of return to meet their investors' requirements.

Gold – 2023 & beyond…



Source: Bullion Vault

Fiscal year 2023 turned out to be illustrious for the yellow metal. International Gold prices started the year around $ 1,850 per oz and peaked at $ 2,050 per oz in May 2023.

Gold price touched a low of $ 1,630 per oz in October 2022 when the Fed remained committed on the hawkish course of rate hikes to counter rising inflation and achieve long term goal of keeping inflation under 2% target. The global supply chain disruptions resulting from longer than expected Russia/ Ukraine conflict, continued to increase global inflation. US inflation levels peaked to around 9% in June 2022, their highest levels in 40 years.

Towards the end of FY 2023, Gold saw upward trajectory and touched a peak of $ 2,050 per oz in May 2023 momentarily on the back of expectations that US government might default on the its debt obligations as treasury secretary Janet Yellen warned global economies of impending US default. To combat inflationary fears, coupled with signs of recession and earlier US Banking failures, investors rushed for safe haven investments like Gold, which helped push global Gold price to above $2,000 per ounce.

Globally, Central Banks continued to rise interest rates to combat inflation. Inflationary outlook continued to deteriorate further with World bank expecting major economies to grow at a slower pace due to rate hikes and Banking stress. The U.S. is projected to grow 1.1%, while the Euro zone and Japan are projected to see GDP growth of less than 1% in 2023. Higher rates and overhangs from this year's banking crisis have drastically slowed economic growth for the biggest global economies.

Going forward, we expect that Gold presents a valuable opportunity for investors who seek to take a long position in yellow metal when it is weak and short the position when its price peaks. Investors should continue to monitor the situation surrounding the Federal Reserve in particular to chart a future course of trajectory for Gold prices. Such events should present valuable buying opportunity where attractive price levels can be targeted, especially by those seeking long term investment in the precious commodity, keeping portfolio risks in mind.

Meezan Pakistan ETF: Pakistan's first & only Shariah Compliant ETF

Meezan Pakistan Exchange Traded Fund (MP-ETF):

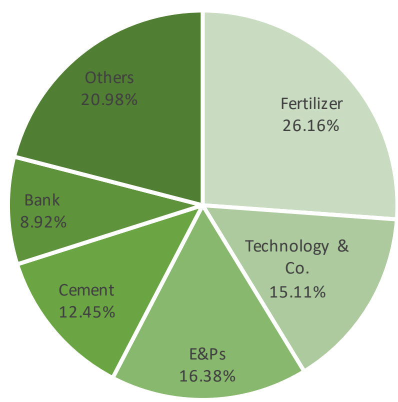
Al Meezan Investment Management Limited is the first Asset Management Company (AMC) in Pakistan to launch several new Shariah Compliant products in the market.

Keeping up this tradition to be the "first-to-market", Al Meezan became the first AMC to launch a Shariah Compliant Equity ETF on October 06, 2020, called Meezan Pakistan ETF (MP-ETF).

MP-ETF provides investors with a diversified exposure to key sectors of the Pakistan Stock Exchange (PSX) such as Cement, Oil & Gas Exploration (E&Ps), Fertilizer, Oil & Gas Marketing (OMCs) and Pharmaceuticals etc. The MP- ETF has an underlying basket of 12 stocks, derived from the sectors mentioned above.

MP-ETF offers exposure to high quality, liquid shariah-compliant stocks in the market. Investors can garner exposure in MP-ETF, while maintaining a sense of security that the fund's operations are fully approved by its Shariah Advisor (Dr. Muhammad Imran Ashraf Usmani Sb).

Exposure to various sectors (MP-ETF)



As of May 2023

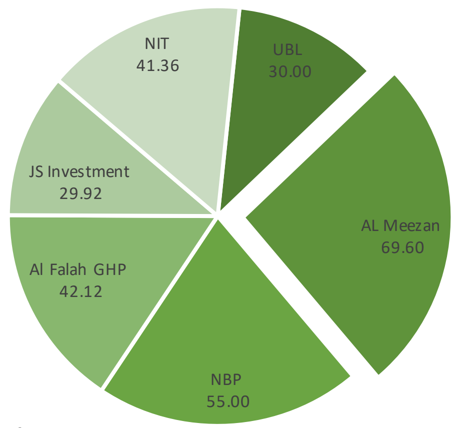
Source: Al Meezan Research

Investors in the stock market with a broker account can simply request their broker to purchase shares of MP-ETF from the stock market. These can be monitored by the investor by viewing the price display on the PSX website, on their respective brokerage trading panel.

MP-ETF is the only Shariah Compliant ETF available in Pakistan for the exclusive benefit of investors who are Shariah conscious in nature and seek halal investments.

Disclaimer: All investments in mutual fund are subject to market risks. Past performance is not necessarily indicative of the future results. Please read the Offering Document to understand the investment policies and the risks involved.

Market share



As of May 2023

Source: Al Meezan Research

Benefits of an ETF:

An ETF is similar to a Mutual Fund. However, it enjoys certain characteristics that make it stand out when compared directly to a regular Mutual Fund including but not limited to:

- It enjoys the diversification advantage typically available in Mutual Funds, as it consists of a basket of securities. It is also unique in the sense that its units trade just like a share of stock. The investor can easily approach a broker to buy or sell an ETF unit any time during trading hours when the stock market is open for business.
- Unlike an Open-End Mutual Fund, an ETF provides continuous trading price throughout the trading day. This feature is also similar to that of a stock, where price of any stock is available throughout the day. In contrast, in an Open-End Mutual Fund, NAVs are generally available only at end of the business day.
- Well diversified ETFs generally permit the investor to purchase a basket of stocks in one-go, without having to buy individual stocks and perhaps incur higher transaction costs. Hence exposure through ETFs may in fact lead to reduction in cost for an investor.
- Passive Equity ETFs typically have a passive strategy and may have low management fees, perhaps without any sales-load as well. This may make passive ETFs cost-effective means to take exposure to stocks in a particular index strategy that the ETF aims to mimic.
- Normally the portfolio of the ETFs and its constituents are available to investors each day, thereby enhancing transparency. When one compares this feature with Open-End Funds, one realizes that such funds generally disclose a certain percentage of their holdings in their Fund Manager Reports which are normally available at end of the month. Thus, investors have the added advantage of tracking an ETF portfolio whenever they like.

Meezan Fixed Term Fund: Another first to market

(A new Collective Investment introduced by SECP for investors)

Traditionally, mutual fund investors in Pakistan had limited to no option for investing in products with short to medium term investment horizons while also enjoying a range of fixed returns.

In-order to cater to this segment of investors, SECP had worked tirelessly in an effort to launch a new category of Collective Investment Scheme known as Fixed Rate/ return scheme, introduced via SECP Circular No.3 of 2022 dated February 10, 2022.

SECP had been very cooperative in this initiative with the overall Asset Management Industry, leading this initiative from the front while also taking suggestions from industry stakeholders.

Meezan Fixed Term Fund (MFTF):

Keeping up our tradition to be the "first-to-the-market", Al Meezan became the first AMC to launch a Shariah Compliant Fund as per this circular No. 3 of 2022, dated February 10, 2022, to be called "Meezan Fixed Term Fund". The fund was launched on May 30, 2022.

MFTF is a Shariah compliant scheme with provision to launch ten additional allocation plans under it. Under MFTF, investors are given the opportunity to invest & lock investment proceeds for a predetermined period of time at a certain expected rate of return.

MFTF primarily offers exposure to high quality TDRs and money market placements/ Instruments available in the market. Being Shariah compliant in nature, all operations of the fund are approved by the fund's Shariah Advisor

MFTF Fund strives to offer higher rate of return as compared to TDR of corresponding maturities offered by Islamic Banks and Islamic Banking Windows. Under the Fund, the investor is given the option to redeem and invest on periodic basis. However, redemption before maturity is subject to applicable Contingent Load. The allocation plans under the fund will either be rolled over or matured.

The target audience of MFTF are investors with short to medium term investment horizon (minimum 6 months, maximum 1 year or any other period), who anticipate that they will require liquidity after such time period has elapsed (i.e. not require liquidity prior to expiry of 6 months or 1 year, as the case maybe). To date Al Meezan has launched six allocation plans under MFTF namely, Meezan Paaidaar Munafa Plan-I (MPMP-I), Meezan Paaidaar Munafa Plan-II (MPMP-II), Meezan Paaidaar Munafa Plan-III (MPMP-III), Meezan Paaidaar Munafa Plan-IV (MPMP-IV), Meezan Paaidaar Munafa Plan VI (MPMP-VI), and Meezan Paaidaar Munafa Plan-VIII (MPMP-VIII).

Key Benefits of the Fund Include:

- Competitive Halal Returns (Investment in Shariah Compliant Islamic Instruments).
- No Front-End Load.
- Very Low Risk Product; suitable for investors looking for short to medium term investment horizon.
- Easy Access through Mobile Application and Meezan Funds Online.
- Easy Online Investment and Redemption Facility available.
- Over 27 years track record of managing your investments.
- Periodic income payment feature in allocation plans.

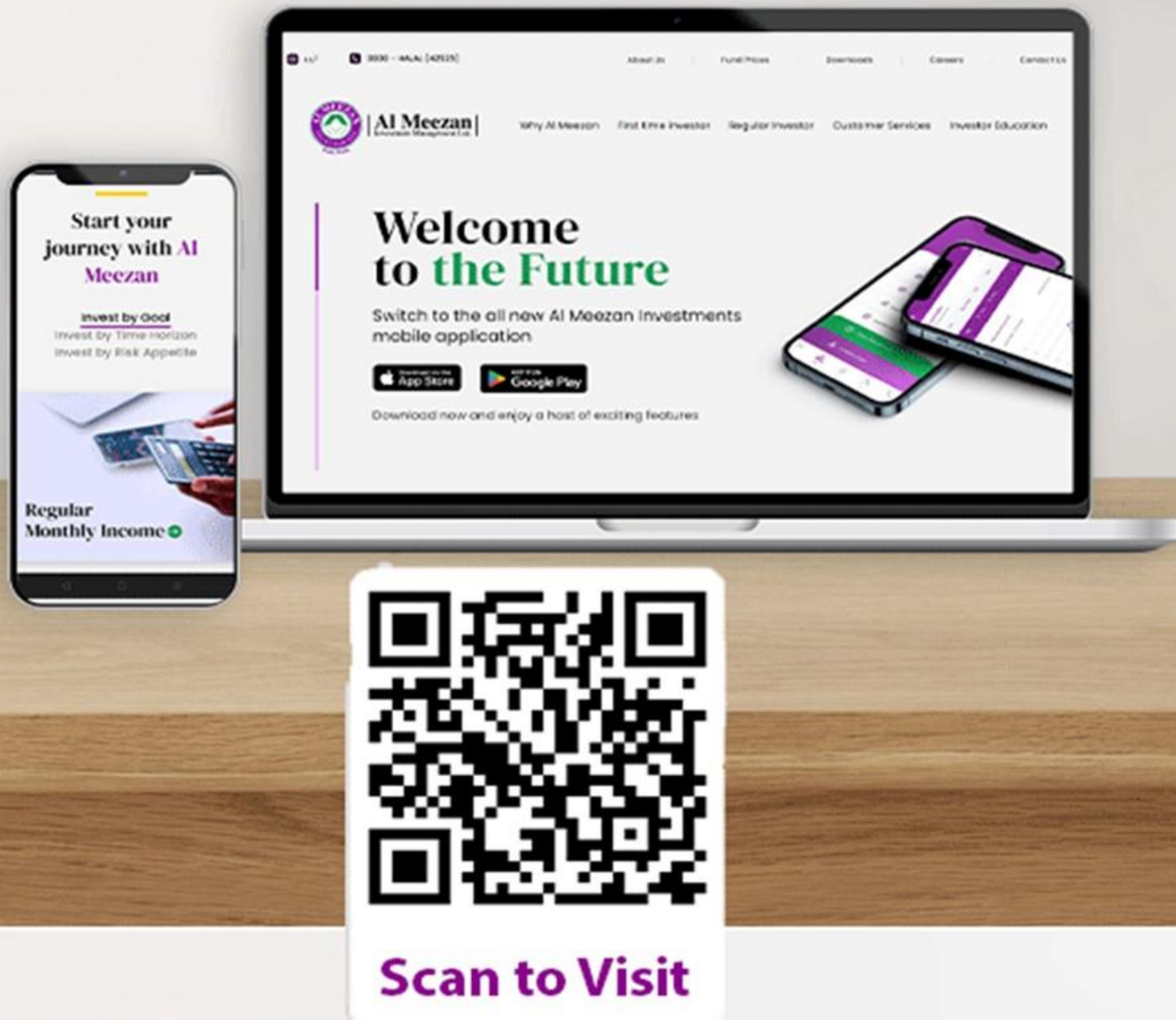
MARKETING HIGHLIGHTS FY23

Contributors: Yousuf Kamran | Saman Banatwala | Safi Uddin

OUR NEW WEBSITE IS LIVE

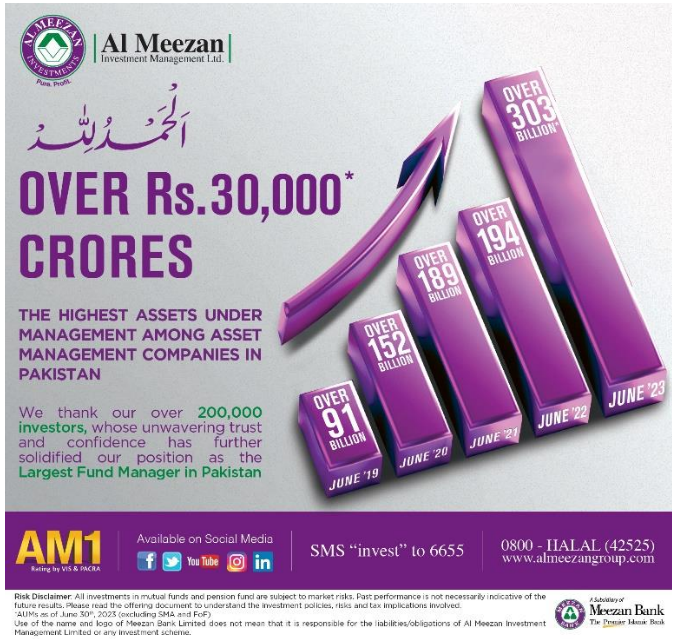
Same Vision. New Look.

A **seamless & immersive** online experience designed with **you** in mind



Al Meezan | Investment Management Ltd.

AWARDS AND ACHIEVEMENTS



During the Year, Al Meezan was awarded:

INVESTOR AWARENESS INITIATIVES

Al Meezan Investments held a series of webinars and participated in conferences for product and category awareness.

NEW PRODUCT LAUNCHES

During the period, Al Meezan Investments launched Meezan Paaidaar Munafa Plan series (MPMP-I, MPMP-II, MPMP-III, MPMP-IV, MPMP-V, MPMP-VI, MPMP-VII & MPMP-VIII) allowing investors to earn competitive rate of return, for fixed tenure by investing primarily in Shariah Compliant TDRs and money market placements/instruments for a specific duration.

MARKETING CAMPAIGNS

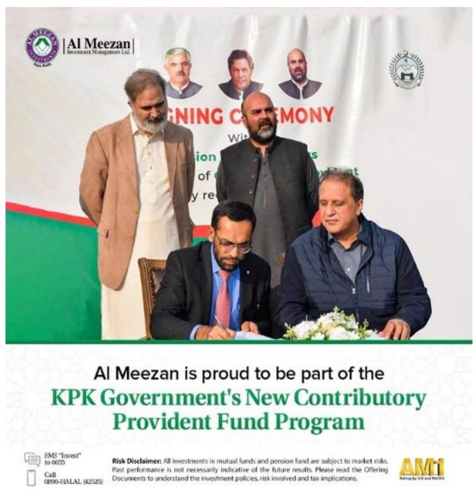
Full-Fledged Digital Account Opening

Roshan Digital Account

Tax Savings

Disclaimer: This publication is for informational purpose only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds and pension fund are subject to market risk. The NAV based prices of units and any dividends/returns thereon are dependent on force and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Performance data does not include cost incurred by investor in the form of sales-load etc. Please read the offering document to understand the investment policies and risks involved.

COLLABORATIONS



MEET AND GREETS: CLIENT ENGAGEMENT ACTIVITIES

SALES CONFERENCE 2022-23

THE POWER OF MEEZAN INSPIRE, ENGAGE, INNOVATE

This year, Al Meezan decided to break the mold and held its Sales Conference 2022-23 outside the busy city of Karachi. The decision to venture beyond the familiar grounds of Karachi not only injected a refreshing change but also provided an opportunity for employees to experience a different environment.

It was an interactive and informative conference which was led by different departmental heads who shared their respective strategy for the fiscal year 2023-24. The conference concluded on a certificate distribution ceremony for the sales team in recognition of their performance and hard work through the year.

EID LUNCH

At Al Meezan Investments, all of the team members are like a family. Here's how we celebrated Eid over lunch at Lal Qila Karachi with our valued staff members.

RISK PROFILE OF COLLECTIVE INVESTMENT SCHEME/PLANS

Fund Name	Symbol	Funds Category	Risk Profile	Risk of Principal Erosion
Meezan Islamic Fund	MIF	Islamic Equity	High	High
Al Meezan Mutual Fund	AMMF	Islamic Equity	High	High
KSE Meezan Index Fund	KMIF	Islamic Index Tracker	High	High
Meezan Energy Fund	MEF	Islamic Equity	High	High
Meezan Dedicated Equity Fund	MDEF	Islamic Equity	High	High
Meezan Pakistan Exchange Traded Fund	MP-ETF	Exchange Traded Fund	High	High
Meezan Gold Fund	MGF	Islamic Commodity	High	High
Meezan Asset Allocation Fund	MAAF	Islamic Asset Allocation	High	High
Meezan Balanced Fund	MBF	Islamic Balanced	Medium	Medium
Meezan Islamic Income Fund	MIIF	Islamic Income	Medium	Medium
Meezan Sovereign Fund	MSF	Islamic Income	Low	Low
Meezan Daily Income Fund	MDIF	Islamic Income	Plan Specific (Low to Moderate)	Plan Specific (Low to Moderate)
Meezan Fixed Term Fund	MFTF	Open End Islamic CIS as per SECP's Circular No.3 of 2022	Very Low	Very Low
Meezan Cash Fund	MCF	Islamic Money Market	Low	Low
Meezan Rozana Amdani Fund	MRAF	Islamic Money Market	Low	Low
Meezan Financial Planning Fund of Fund	MFPF	Islamic Fund of Funds	Plan Specific (Medium to High)	Plan Specific (Medium to High)
Meezan Strategic Allocation Fund	MSAF	Islamic Fund of Funds	Plan Specific (Medium to High)	Plan Specific (Medium to High)
Meezan Strategic Allocation Fund - II	MSAF-II	Islamic Fund of Funds	Medium	Medium
Meezan Strategic Allocation Fund – III	MSAF-III	Islamic Fund of Funds	Medium	Medium

Disclaimer: All investments in mutual fund are subject to market risks. Past performance is not necessarily indicative of the future results. Please read the Offering Document to understand the investment policies and the risks involved.

Al Meezan
Investment Management Ltd.

AM1
Rating by VIS & PACRA

Al Meezan mein Itminan hai.

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