

INTELLIGENT PLANNING, INTELLIGENT LIVING



ANNUAL
REPORT
2016





Annual Report 2016

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Vision

To make Shariah compliant investing a first choice for investors



Mission

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

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY OF THE FUNDS

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the audited financial statements of the following open end funds and a voluntary pension scheme for the year ended June 30, 2016.

Equity Funds

- Meezan Islamic Fund
- Al Meezan Mutual Fund
- KSE-Meezan Index Fund

Balanced Fund

- Meezan Balanced Fund

Asset Allocation Fund

- Meezan Asset Allocation Fund

Commodity Fund

- Meezan Gold Fund

Economic Review:

Economic performance of Pakistan showed marked improvement during the Fiscal Year 2015-16 (FY16), in part due to reforms under the guidance of IMF and continued meltdown in the global oil prices that kept inflationary pressures in check and favorably affected the country's import bill. CPI for FY16 decreased to 2.86% from 4.53% last year.

Low inflation figures provided the State Bank enough cushion to maintain its monetary easing stance whereby the policy rate was brought down to 5.75%, a cumulative reduction of 75bps during FY16. This continued monetary easing has finally started to stimulate private sector credit offtake, which has increased to Rs. 331.8 bn during FY16 compared to Rs. 223 bn during last year. The government has also worked well towards achieving exchange rate stability whereby the rupee depreciated by a mere 2.92%, while currencies in the region remained more volatile. Although the government's measures to widen the country's tax net have been met with mixed reactions from the business community, the imposition of 0.6% withholding tax on banking transactions for tax non-filers and the amnesty scheme for the trading community show the seriousness of government's intentions regarding tax collection. During the period under review, the tax revenues totaled Rs.3.1 tn, up around 20% from the previous year, as the government managed to achieve its revenue target.

During the current fiscal year, Pakistan's import bill fell by 2.3% to USD 44.8 bn during FY16 from USD 45.8 bn in the previous fiscal year. The lower than expected fall was mainly due to the increase in the imports of machinery. Increase in remittances (6.4% YoY to USD 19.9 bn), lower trade deficit and continued Coalition Support Fund (CSF) inflows to the tune of USD 713 mn played a major role in reducing current account deficit.

The LNG deal with Qatar was finalized in February 2016, which helped in the revival of energy starved industries; this coupled with comparatively lower oil prices provided much needed respite to the reserves and has assisted in maintaining the exchange rate stability as well. However, the external account has continued to disappoint on the exports front with goods exports falling 9% YoY even in the face of easing energy shortage and improved security conditions. Non-competitiveness in the global arena remains the primary challenge that is continuing to hinder exports.

Successful conclusion of IMF's 11th review under the Extended Fund Facility (EFF) Program led to the disbursement of around USD 1bn during the year, resulting in strengthening of Forex reserves to over USD 23 bn. The government also managed to tap into the international markets raising USD 500 mn through a Eurobond issue.

Overall, the economic fundamentals are improving on the back of reforms undertaken by the government. The incumbent government has made several headways in keeping the economy in check; inflation has been kept below the targeted 6%, 2) fiscal deficit capped at 4.45% of GDP, 3) achieved GDP growth rate of 4.7% and 4) improving security situation. The CPEC take off also added a breath of fresh air in the economy. Pressure on external account has been eased further on the back of low oil prices, as oil accounts for around 35% of Pakistan's total import bill. With political stability, low interest rates and improvement in investor sentiment, private sector and consumer credit offtake is expected to increase in the next year, which will provide further impetus to economic growth.

Money Market Review:

During FY16, the State of Pakistan (SBP) stayed firm on its monetary easing stance whereby it slashed the Discount Rate (DR) by another 25bps in its last bi-monthly Monetary Policy Statement (MPS) of FY16 announced in May 2016 bringing it down to a record low of 6.25% (the target policy rate to 5.75%). The overall DR cut during FY16 was 75bps as compared to 300bps cut during FY15. As per SBP, benign inflation due to low commodity prices and country's satisfactory external account position provided sufficient cushion to continue on the monetary easing stance. Overall, in line with this scenario, the interest rates and government paper yields in the secondary market also underwent downward adjustments whereby the KIBORs have declined by 76-100 bps, T-bill yields fell by 105-107 bps while PIB yields went down significantly by 187-238 bps during the period under review.

On the liquidity front, the Money Market faced a relatively tight liquidity scenario during this period, evidenced by Rs. 66 trillion worth of OMO injections carried out by SBP coupled with Rs. 1.80 trillion worth of discounting availed by various counters in comparison to Rs. 546 billion worth of OMO mop-ups and Rs. 486 billion worth of floor placements. Alongside, 26 T-bill and 12 PIB auctions were conducted; cumulatively Rs. 4.6 trillion was accepted against a participation of Rs. 8.9 trillion in T-bills and Rs. 924 billion was accepted against a participation of Rs. 2.5 trillion in PIBs during FY16.

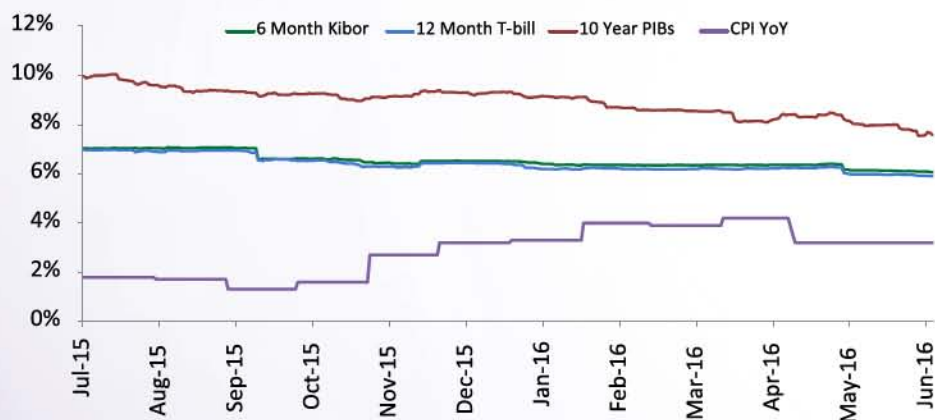
Inflation for FY 16 clocked in at 2.86%. The declining trend in international oil and commodity prices are expected to keep the inflation in check with SBP's forecast for FY17 in the range of 4.5% to 5.5%.

The Shariah compliant end of the money market, which has been facing an excess liquidity issue due to lack of investment avenues, experienced some respite when the Government carried out Islamic OMOs/Bai Muajjals against Ijarah IX to XIII which matured in November 2015; these Bai Muajjals right before the maturity of these five Ijarahs saw a cumulative participation of Rs. 225 billion by Islamic banks against which the SBP accepted bids worth Rs. 209 billion for a tenor of one year and prevented the market from another major liquidity influx. Another Bai Muajjal was conducted in March 2016 against Ijarah XIV for one year just before its maturity, whereby the SBP accepted bids worth Rs. 21.5 bn against a participation of Rs. 32 bn.

Moreover, three fresh GoP Ijarah Sukuks (one floater and two fixed rate) were also issued during FY16, the details of which are as follows:

3 Year GoP Ijarah Sukuks (GIS)		(Rs. in billion)		
Particulars	GIS-16	GIS-17	GIS-18	
Auction Date	15-Dec-15	8-Feb-16	24-Mar-16	
Settlement Date	18-Dec-15	15-Feb-16	29-Mar-16	
Maturity Date	18-Dec-18	15-Feb-19	29-Mar-19	
Type	Floater	Fixed Rate	Fixed Rate	
Target	100.00	100.00	80.00	
Total Participation	273.30	245.37	198.76	
Total Acceptance	117.72	116.26	80.40	
Cutoff Rate	5.89%	6.10%	5.59%	

On the forex front, the rupee lost value during the period as it stayed under pressure mainly due to IMF's review report which stated that rupee is overvalued by 5%-20% and the strengthening of dollar against other currencies. In the interbank market, it closed Rs. 3.04 lower at Rs. 104.84/\$ while in the open market, it closed Rs. 2.15 lower at Rs. 105.10/\$. Graphically, the overall interest rate, T-bill/PIB yields and inflation rate behaviors can be observed as under:



Equity Market Review

During FY16, the KMI30 Index posted a return of 15.5% as it closed at 66,163 pts while the KSE100 Index posted a return of 9.8% as it closed at 37,783 pts during the year. The participation in the market however remained lower during this period with the KMI-30 index's volumes down by 11% and the KSE-100 index's volumes down by 19%.

The performance of the equity market can be attributed to i) MSCI's decision to reclassify Pakistan from frontier markets to emerging markets, which not only is expected to attract foreign inflows of approximately 500mn to Pakistan but will also put our equity market on the radar of the largest emerging market funds across the globe, ii) 75bps cut in the policy rate to 5.75%, during FY16 ii) healthy corporate result announcements, iii) successful issuance of a US\$ 500 mn Eurobond and improvement of Pakistan's international credit rating, iv) successful conclusion of IMF's reviews with subsequent disbursement of loan tranches and v) improvement in law and order situation of the country. These factors more than offset the impact of negative factors that kept the market dull during the first nine months of the fiscal year such as i) weakness witnessed in regional as well as global equity markets with 25bps increase in US Fed rate and slowdown in Chinese economy which led to foreign selling from Pakistan's stock market to the tune of USD 359 mn during the first ten months, ii) multiple rumors regarding heightened vigilance by the regulator against stock exchange brokers, iii) declining commodity, especially oil prices, iv) concerns on Britain's vote to leave the European union and v) heightened political noise following election tribunal's verdict and arrest of influential personalities.

FY16 had commenced on a positive note with performance attributable to expectations of a low monthly CPI number and consequent monetary softening, rising forex reserves and Judicial Commission's dismissal of election rigging allegations against the government. However, slow-down in the growth momentum of Chinese economy triggered a volatility chain over almost all international bourses as the international investors became jittery on fears of a global economic slow-down; the same resulted in outflow of investment from Pakistan's stock market as well as from all emerging markets. Later, an increase in the US interest rate of 25bps in Dec'15 kept the market volatile as it drove the international investors to reallocate their investment portfolios accordingly. Subsequently another round of volatility took its toll on the regional as well as international markets mainly due to concerns regarding slowdown in the growth of Chinese economy clouding the global economic landscape. This coupled with declining commodity prices made the international investors skittish in turn triggering a sell-off across almost all the markets around the globe which led to increased volatility and affected Pakistan's Stock Market as well. Resultantly the KMI-30 posted its lowest level of FY16 in the month of February'16 at 51,626 points (KSE 100 Index 30,564 points).

Subsequent to that the market regained its strength despite the fact that foreigners remained net sellers; a quick recovery was witnessed on the back of decision regarding reclassification of Pakistan from MSCI Frontier to MSCI Emerging market index, measures being taken by SECP for increasing volumes in the stock market and stabilizing oil prices due to declining inventories. Moreover, corporate result announcements were above expectations and provided much needed support to the market. Eventually, during the period under review, the benchmark index KMI-30 posted its highest closing in June'16 at 67,519 points (KSE 100 Index 38,777 points).

Corporate Profitability and major contributors to the Index

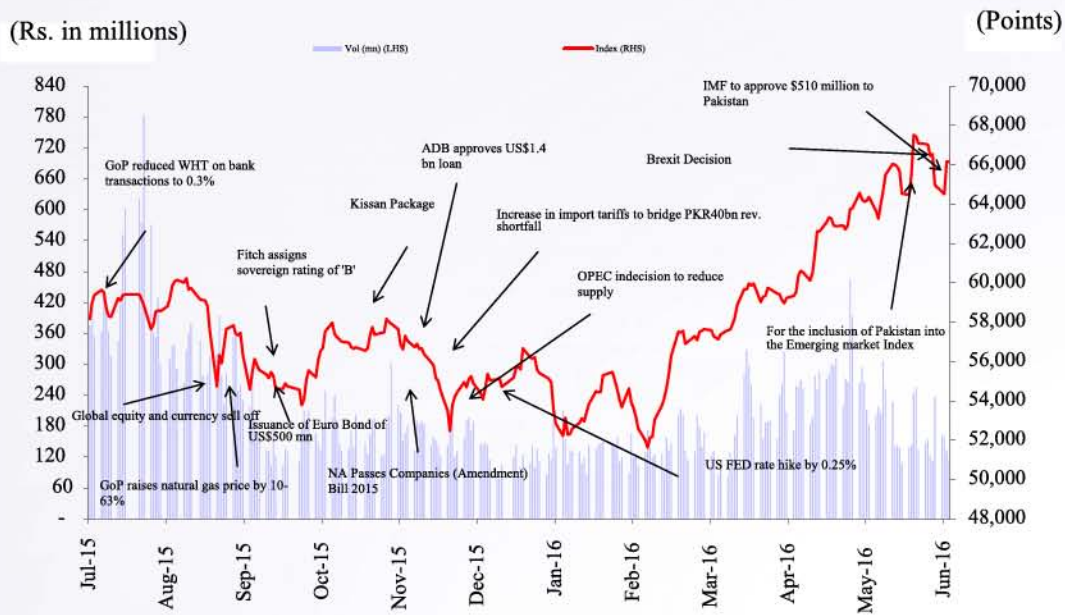
During FY16, Power and Cement remained the best performing sectors. The stocks which remained the largest contributors to the index during the period were:

Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
HUB Power Company Ltd.	1643	45.2
Lucky Cement Ltd.	1272	26.8
The Searle Company Ltd.	899	129.5
Dawood Hercules Corporation Ltd.	816	48.5
Engro Corporation Ltd.	746	19.9

On the flip side, Fertilizer and Oil & Gas Exploration remained the worst performing sectors. The worst performing stocks in KMI during the period were:

Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Fauji Fertilizer Company Ltd	-1607	-16.5
Pakistan State Oil Ltd	-582	-0.5
Engro Fertilizers Ltd	-495	-21.6
Pakistan Oilfields Ltd.	-345	-0.9
Pakistan Telecommunications Company Ltd.	-219	-18.1

The overall movement of the KMI-30 during the period can be observed in the following graph:



Equity Flows

Stock market witnessed outflows of USD 286 mn by foreign investors during the period under review. Highest outflow was recorded in Banking Sector at USD 138 mn mainly due to foreign selling in HBL, UBL and MCB, followed by Oil & Gas Exploration Sector with an outflow of USD 121 mn, Fertilizer sector with an outflow of USD 48 mn and Textile Sector with an outflow of USD 32 mn. Inflows were witnessed in Oil and Gas marketing sector of USD 56mn, Cement Sector USD 38 mn, Food and Personal Care USD 24 mn, and Technology and Communications USD 5 mn. NBFCs, Individuals, Mutual Funds and other organizations remained net buyers to the tune of USD 188mn, USD 127 mn, USD 39mn and USD 40mn respectively. Companies, Brokers and Banks remained net sellers amounting to USD 84mn, USD 22mn and USD 6 mn respectively.

Among a few major stock market transactions during the year, the following were the most important: Towards the end of the fiscal year Engro Corporation partially offloaded its stake in two of its subsidiaries - Engro Fertilizers and Engro Foods Ltd. The company sold 295mn shares in Engro Fertilizers to investors through private placements at Rs. 65.47 per share. The total transaction value was Rs. 19.3 bn (USD 184mn) out of which Foreigners purchased approximately 125.1mn shares which created foreign flows of USD ~78mn. For the transaction in Engro Foods, Engro Corporation has agreed to offload 51% of its stake (~391 mn shares) in the company to Friesland Campina at Rs. 120 per share, which will create foreign flows of approximately USD 450 mn. The successful completion of these transactions not only shows the depth of the equity market but also reflects the interest of foreign investors in Pakistan for the longer term.

MSCI reclassification and Brexit

As part of its Annual Market Classification Review 2016, MSCI reclassified Pakistan from Frontier to Emerging markets with a 0.19% weight in the Emerging Markets Index. The development will put Pakistan's equity market on the larger radar as it will attract investments from Emerging Markets funds from across the globe. The MSCI Emerging Markets Index is tracked by global funds having cumulative worth of more than USD 1.7 trillion, according to Bloomberg. Although the weight of the Pakistani market is small in the Index, the size of funds tracking Emerging Markets is much higher than those tracking Frontier Markets and is expected to bring about foreign flows of USD 500-600 million to Pakistan in the coming years. After foreign outflows of USD 359 mn till April 2016, the last two months of the fiscal year saw inflows of USD 78mn largely because of MSCI's reclassification decision.

Towards the end of the fiscal year, Britain held the referendum to decide upon its stay in the European Union. The majority voted for Britain's exit from the European Union which led to heightened concerns about the British and European economies and the spillover effects. Even though equity markets initially tumbled on this news, but since then they have more than recovered the losses.

Mutual Fund Industry Review

During the FY16, AUMs of the mutual fund industry witnessed an increase of 9.3%, taking the tally to Rs. 454 bn. Islamic funds increased by 25.7% during the period under review to Rs. 136 bn which brings share of Islamic funds at 30% in the mutual fund industry. Al Meezan improved its market share in the overall Mutual Funds industry to 15.7% as of June 2016 as opposed to 14.8% last year. Similarly, Al Meezan maintained its industry leader position among the Islamic Funds with a share of 52.4% as of June 2016.

In terms of net assets, open end sovereign, money market and income funds showed a growth in size during the year ended June 2016. The combined category showed a rise of 2.6% to reach Rs 201 bn at year end. While conventional funds in this category rose by 1.9%, Islamic funds increased by 5.7%.

Open end Equity funds (including capital protected, balanced, index tracker, and asset allocation) increased by 14.6% to Rs. 215 bn as of June 2016 compared to Rs. 188 bn as on June 2015. Conventional funds in this category increased by 4.4% while Islamic equity based funds showed an impressive growth of 38.1% in the period under review and stood at Rs. 84 bn.

Commodity funds in the industry surged to Rs. 668 mn at the end of this fiscal year compared to Rs 340 mn as on June 2015. The convincing growth of 102.3% was primarily led by Meezan Gold Fund (MGF), which launched in August 2015 and has achieved the industry leader status in less than a year.

Total pension Funds in the industry approached the Rs. 19bn mark as of June 2016, depicting a growth of 39.2% over the past year. Islamic Pension Funds continued to impress by registering a growth of 44.5% in the review period and crossing the Rs 11.5 bn mark as of June end.

Meezan Tahaffuz Pension Fund (MTPF) retained its 9 year lead since its inception in 2007 while witnessing further growth in FY16 at the same time. MTPF's market share clocked in at 34.8% at the end of June 2016, as opposed to 32.9% last year. In the Islamic sphere, MTPF has consolidated its leadership by increasing its market share to 56.9% from 55.9% last year.

In a market where several asset management companies offer both Islamic and conventional pension funds, MTPF has continued to prove its potential by competing with other pension funds in either category as a single largest VPS product and dominating the pension funds' universe.



Performance Review (Funds)

The table provided below depicts a summary of performance of funds under our management for the year:

Name of Fund	Type	Net Assets June 30, 2016 (Rs. millions)	Growth in Net Assets for FY16 (%)	Return for FY16 (%)	Benchmark Return FY16 (%)
Al Meezan Mutual Fund (AMMF)	Open-End Equity	5,418	35.23	15.53	15.53
Meezan Islamic Fund (MIF)	Open-End Equity	32,554	18.80	17.40	15.53
KSE Meezan Index Fund (KMIF)	Open-End Index Tracker	882	(23.95)	13.32	15.53
Meezan Balanced Fund (MBF)	Open-End Balanced	4,708	39.14	12.10	9.51
Meezan Islamic Income Fund (MIIF)	Open-End Income	9,051	112.33	5.76	3.49
Meezan Cash Fund (MCF)	Open-End Money Market	3,432	(53.96)	4.59	4.49
Meezan Sovereign Fund (MSF)	Open-End Income Fund	7,945	(9.92)	5.12	4.49
Meezan Asset Allocation Fund	Open-Asset Allocation	460	N/A	2.76	5.01
Meezan Gold Fund	Open-Commodity	321	N/A	10.53	15.96
Meezan Capital Preservation Fund-II	Open-end Fund of Funds	1,221	(45.00)	11.24	8.89
Meezan Capital Preservation Fund-III***	Open-end Fund of Funds	0	N/A	(0.42)	2.82
Meezan Tahaffuz Pension Fund					
- Equity sub fund	Voluntary Pension Scheme	4,099	51.16	18.07	
- Debt sub fund		1,997	42.82	4.49	
- Money market sub fund		453	34.19	4.03	
Meezan Financial Planning Fund of Funds					
- Aggressive	Open-end Fund of Funds	443	24.26	13.28	11.66
- Moderate		367	14.55	11.29	10.01
- Conservative		327	37.59	8.71	6.70
- Plan I *		1,576	(0.92)	10.49	8.65
- Plan II **		3,035	(1.53)	6.48	5.60
- MAAF I#		1,278	N/A	11.67	14.92
- MAAF II##		925	N/A	14.80	18.29
- MAAF III###		2,851	N/A	13.46	17.08
- MAAF IV####		532	N/A	0.74	0.44
Total			71,321		

* The Plan was launched on September 01, 2014, ** The Plan was launched on December 16, 2014, ***The Fund matured on January 28, 2016 with net Assets of Rs. 3,318 m, # The Plan was launched on July 10, 2015, ##The Plan was launched on November 24, 2015, ### The Plan was launched on January 26, 2016, #### The Plan was launched on May 23, 2016, N/A: Not Applicable

Outlook

The reclassification of Pakistan in the MSCI Emerging Markets category is a catalyst driving the market's performance during the new fiscal year. While some political concerns may stay in the near term, it is pertinent to note that continued monetary softening, low international oil prices, Pakistan's stock market being attractive among peers on the basis of P/E multiple, strong corporate profitability, improving macroeconomic fundamentals and ongoing development under the China Pakistan Economic Corridor are expected to keep the equities strong and performing in the long run. Commodities, especially precious metals like Gold are expected to continue rising as the volatility in the global economic landscape is expected to keep the demand for Gold intact.

The continued foreign selling witnessed during FY16 has now turned into a net inflow since the last two months of the fiscal year and this trend is expected to continue as Pakistan's stock market is expected to experience considerable foreign inflows from International Emerging Market Funds on account of its reclassification in the MSCI Emerging Markets Index.

Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves as auditors of the collective investment schemes under management of Al Meezan for FY 2016-17. The board of

directors on recommendation of the audit committee has approved their appointment for all the collective investment schemes under management of Al Meezan for FY 2016-17.

Compliance with Code of Corporate Governance

Al Meezan Investment Management Limited always strives to maintain the highest standards of corporate governance. In compliance with the Code of Corporate Governance, the Board of Directors declares that:

- These financial statements, prepared by the management company of the Fund, present fairly the state of affairs of the Fund, the result of its operations, cash flows and changes in equity.
- The Fund has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Funds' ability to continue as a going concern.
- The sale and repurchase of units of the Funds carried out by the Directors, CEO, CFO and Company Secretary of the management company including their spouses and their minor children during the year are as under:

TRADES BY	DESIGNATION	MIF		MIIF		MCF		MSF		MBF		MGF	
		NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED
Mr. Ariful Islam	Chairman	23,412	-	-	39,193	-	-	-	-	-	-	-	-
Mr. Mohammad Shoaib, CFA	CEO	85,397	-	-	-	-	-	-	-	-	-	-	-
Mr. P. Ahmed	Director	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Abdullah Ahmed	Director	-	-	-	-	-	-	-	-	-	-	-	-
Syed Amir Ali	Director	-	-	-	-	30,249	-	-	-	-	-	-	-
Mr. Atif Azim	Director	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Tasnimul Haq Farooqui	Director	21,103	-	-	-	-	-	29,429	82,418	-	-	-	-
Mr. Moin M. Fudda	Director	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mazhar Sharif	Director	-	35,800	-	3,300	-	-	43,521	61,400	-	-	-	-
Syed Amir Ali Zaidi	Director	-	-	29,215	-	-	-	-	-	-	-	-	-
Syed Owais Wasti	CFO	5,219	-	9,666	-	29,638	17,468	-	-	67,526	-	475	-

- Pattern of holding of units is given at the end of report of respective Fund.
- Financial highlights are given in the notes to the financial statements of respective Fund.

Board Meetings

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

Acknowledgement

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

For and on behalf of the Board

Date: August 31, 2016



Mohammad Shoaib, CFA
Chief Executive Officer

ڈائریکٹرز رپورٹ

المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے مالی سال کیلئے درج ذیل اوپن اینڈ فنڈز اور وائٹ لیٹرز کی پیش کش کے آڈٹ شدہ مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

ایکویٹی فنڈز

- میزان اسلامک فنڈ
- المیزان میوچل فنڈ
- کے ایس ای۔ میزان انڈیکس فنڈ

بیلنسڈ فنڈ

- میزان بیلنسڈ فنڈ

ایسٹ ایلیویشن فنڈ

- میزان ایسٹ ایلیویشن فنڈ

کمویٹی فنڈ

- میزان گولڈ فنڈ

اقتصادی جائزہ:

مجوزہ مالی سال کے دوران پاکستان کی اقتصادی کارکردگی نے بہتری ظاہر کی ہے اس کی وجہ آئی ایم ایف کی رہنمائی میں اصلاحات اور تیل کی عالمی قیمتوں میں مسلسل کمی ہے جس نے افراط زر کے دباؤ کو قابو میں رکھا اور ملک کے درآمدی بل کو بھی ہمارے حق میں بہتر رکھا۔ کنزیومر پرائس انڈیکس گزشتہ سال کے 4.53% کی نسبت مالیاتی سال 2016ء میں 2.86% رہا۔

افراط زر کے کم اعداد و شمار نے اسٹیٹ بینک کو اپنے نرم مالی موقف پر قائم و برقرار رکھا جس کے ذریعے شرح رعایت (ڈسکاؤنٹ ریٹ) 5.75% کی سطح پر لائی گئی جو کہ مالی سال 2016ء میں مجموعی طور پر 75bps کم کی گئی۔ یہ جاری مالیاتی آسانی و سہولت، نجی شعبے کی جانب سے قرضہ جات اٹھانے کیلئے حوصلہ افزا رہی جو کہ مالی سال 2016ء کے دوران بڑھ کر 331.2 ارب روپے ہو گئی جو گزشتہ سال 223 ارب روپے تھی۔ حکومت نے بھی شرح مبادلہ کے استحکام کے حصول میں کافی اچھی کارکردگی کا مظاہرہ کیا ہے جس کے ذریعے روپے کی قدر میں محض 2.92% کی کمی دیکھی گئی جبکہ اس خطے میں دیگر کرنسیز زیادہ طیران پذیر رہی ہیں۔ ملک کے ٹیکس نیٹ کو وسیع کرنے کے حکومتی اقدامات پر اگرچہ کاروباری برادری کی طرف سے ملاحظہ عمل آیا تاہم بینکاری لین دین پر ٹیکس گوشوارے جمع نہ کرانے والوں کیلئے 0.6% وڈ ہولڈنگ ٹیکس کا نفاذ اور ٹیکس وصولی کے حوالے سے تاجر طبقے کیلئے عام معافی کا منصوبہ حکومتی اداروں کی سنجیدگی کو ظاہر کرتا ہے۔ زیر جائزہ عرصے کے دوران، حکومت کے محصولات کا مجموعہ 3.1 کھرب روپے ہے جو گزشتہ سال کے اسی عرصے سے 20% زیادہ ہے۔

مجوزہ مالی سال کے دوران، پاکستان کی درآمدات کے بل میں 2.3% کمی رہی اور بل 44.8 ارب امریکی ڈالر پر آ گیا جو پچھلے مالی سال میں 45.8 ارب امریکی ڈالر تھا۔ کمتر تجارتی خسارہ، مشینری کی درآمدات، ترسیلات زر میں اضافہ (سال بہ سال 6.4% زیادہ جواب 19.9 ارب امریکی ڈالر ہے)، کم کاروباری خسارے اور جاری کولیشن سپورٹ فنڈ (سی ایس ایف) کی آمد جو کہ تقریباً 713 بلین امریکی ڈالر ہے، نے جاری خسارے کی کمی میں اہم کردار ادا کیا ہے۔

قطر کے ساتھ ایل این جی کا معاہدہ فروری 2016ء میں تکمیل پایا، جس نے توانائی کی کمی کی شکار صنعتوں کے احیاء میں مدد کی، ساتھ ہی کم ہوتی تیل کی قیمتیں ذخائر زبردستی مبادلہ کو درکار سکون فراہم کیا اور شرح مبادلے میں استحکام کو برقرار رکھنے میں بھی مدد و معاون ثابت ہوا۔ تاہم توانائی کی قلت میں راحت اور امن و امان کی بہتر صورتحال کے باوجود برآمدات سال بہ سال کے لحاظ سے 9% تک گر گئی ہیں۔ عالمی میدان میں (عدم مسابقت) بنیادی چیلنج ہے جس نے تسلسل سے برآمدات میں رکاوٹ پیدا کر رکھی ہے۔

ایکسٹینڈڈ فنڈ فیسیٹی (ای ایف ایف) پروگرام کے تحت آئی ایم ایف کے گیارہویں جائزے کا کامیاب اختتام اس عرصے کے دوران ایک ارب امریکی ڈالر کی مجموعی فراہمی کا سبب بنا جو زبردستی مبادلہ کے ذخائر کو 23 ارب امریکی ڈالر سے زائد کی تقویت پر منتج ہوا۔ حکومت نے یورو بونڈ کے اجراء سے 500 ملین امریکی ڈالر بین الاقوامی مارکیٹس سے اٹھانے کا بھی انتظام و انصرام کیا۔

بالجوع اقتصادی اساسیات حکومت کی جانب سے کی گئیں اصلاحات کے نتیجے میں بہتر ہو رہی ہیں۔ حکومت اپنے بڑے اہداف کے حصول کی جانب بھی گامزن ہے یعنی (1) افراط زر کی شرح کو 6% سے کم رکھنا، (2) مالی خسارے کو مجموعی ملکی پیداوار (جی ڈی پی) کے 4.45% تک لانا (3) مجموعی ملکی پیداوار کو 4.7% تک بڑھانا (4) امن عامہ کی صورت حال کو بہتر بنانا۔ سی پیک کے آغاز نے بھی ملکی معیشت کو تقویت فراہم کی ہے۔ بیرونی کھاتے (ایکسٹرنل اکاؤنٹ) پر دباؤ تیل کی کم ہوتی قیمتوں کی وجہ سے کم ہوتا دکھائی دیتا ہے کیونکہ یہ پاکستان کے مجموعی درآمدی بل کا لگ بھگ 35% ہے۔ سیاسی استحکام کے ساتھ، کم شرح سود اور سرمایہ کاروں کے مثبت امکانات، نجی شعبے اور صارف قرضہ جات کی اٹھان آئندہ سال میں مزید بڑھنے کی توقع ہے جس سے اقتصادی شرح نمو کو مزید تقویت ملے گی۔

بازار زر کا جائزہ:

مالی سال 2016ء کے دوران، اسٹیٹ بینک اپنے نرم مالیاتی موقف پر کاربند رہتے ہوئے شرح رعایت (ڈسکاؤنٹ ریٹ) میں اپنے دو ماہی مونیٹری پالیسی اسٹیٹمنٹ (MPS) جو کہ مئی 2016ء میں اعلان کیا گیا 25bps کی کمی کردی اور اسے 6.25% (اور نارگٹ پالیسی ریٹ کو 5.75%) کی ریکارڈ کمی تک لے آیا۔ اسٹیٹ بینک کے مطابق، کم افراط زر اور ملک کی اطمینان بخش بیرونی کھاتے کی صورتحال نے اس شرح رعایت میں کمی کیلئے ڈھال فراہم کی۔ مالی سال 2016ء میں مجموعی ڈسکاؤنٹ ریٹ 75bps کم ہوا جو کہ گزشتہ مالی سال 2015ء میں 300bps سے کم ہوا۔ مالیاتی منظر نامے کی مطابقت میں شرح منافع اور ثانوی بازار میں گورنمنٹ پیپر شرح منافع کی قدر میں کمی کے باعث KIBOR 100-76bps نیچے رہا۔ ٹی بلز 105-107bps جبکہ پی آئی بی کی یافت قابل ذکر 187-238bps اس زیر جائزہ عرصے میں نیچے گرے ہیں۔

سیالیت (Liquidity) کے محاذ پر، بازار زر نے اس عرصے کے دوران قدرے سخت سیالیتی منظر نامے کا سامنا کیا ہے، اسٹیٹ بینک کی مختلف اوپن مارکیٹ آپریشنز (OMO) کے ذریعے 66 کھرب روپے فراہم کیے جس کے ساتھ 1.80 کھرب روپے مالیت کی رعایتیں (Discounts) مختلف کاؤنٹرز کی جانب سے حاصل کی گئیں جو صرف 546 ارب روپے مالیت کے او ایم او کی (mop-ups) اور 486 ارب روپے مالیت کی فلور پلیٹ فارم کے مقابلے میں تھیں۔ اس کے ساتھ 26 عدد T.Bills، 12 عدد PIBs نیلام بھی کیے گئے، 4.6 کھرب روپے مجموعی طور پر 8.9 کھرب روپے کی ٹی بلز میں شرکت کے عوض قبول کیے گئے اور مالی سال 2016 میں PIBs میں لگ بھگ 924 ارب روپے کی شرکت کے عوض 2.5 کھرب روپے قبول کئے گئے۔

مالی سال 2016ء کا اوسط افراط زر 2.86% پر کھڑا ہے۔ بین الاقوامی سطح پر تیل اور ایشیائے صرف کی کم قیمتیں متوقع طور پر اسٹیٹ بینک کی مالی سال 2017ء کی پیش گوئیوں کے ساتھ افراط زر کو 4.5% تا 5.5% کی حدود میں رکھیں گی۔

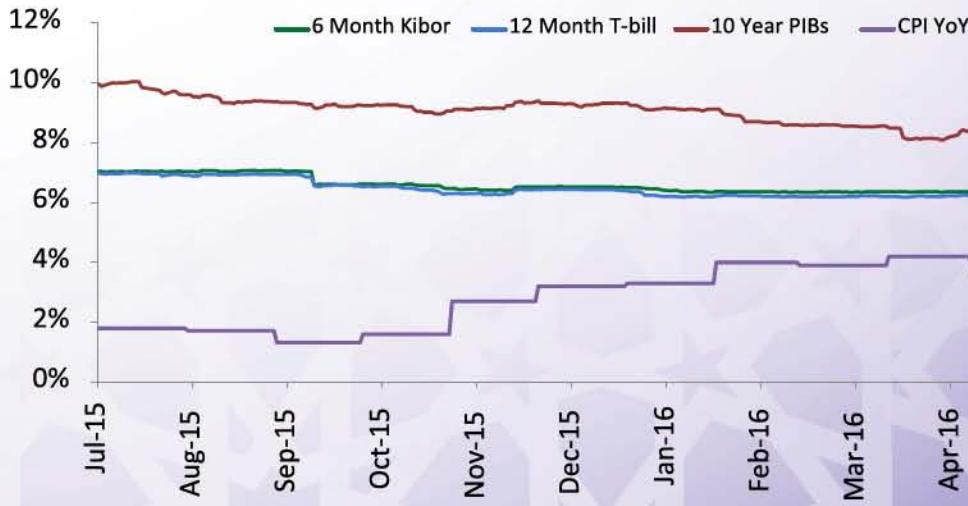
بازار زر کا شریعہ سے ہم آہنگ سراء، جسے سرمایہ کاری کے مواقع کی قلت کے سبب زریسیال کی بہتات کے مسئلے کا سامنا ہے کو تھوڑا سکون اس وقت میسر آیا جب حکومت نے اسلامی مارکیٹ آف پبلسٹیٹی او ایم اوز/ اجارہ صکوک 9 تا 13 جنوری 2015ء میں پختہ ہوئے؛ کیلئے بیچ معجل، ان بیچ معجل نے مجموعی طور پر اسلامی بینکس کی جانب سے 225 ارب روپے کی شرکت ظاہر کی جس کے مقابلے میں اسٹیٹ بینک نے ایک سال کے ضمن میں 209 ارب روپے مالیت کی بولیوں کو قبول کیا اور بازار کو ضمنی اجارہ صکوک کے پختہ ہونے پر بہت بڑے زریسیال کی سرایت کر جانے سے بچالیا۔ ایک اور بیچ معجل کا مارچ 2016ء میں اجارہ XIV کے عوض ایک سال کیلئے فقط اس کی پختگی سے پہلے تک اہتمام کیا گیا۔ اسٹیٹ بینک نے 21.5 ارب روپے مالیت کی بولیوں کو قبول کیا بمقابلہ شرکت 32 ارب روپے کے۔

مزید یہ کہ تین تازہ حکومت پاکستان کے اجارہ صکوک (ایک غیر جامد اور دو جامد شرح جات کے ساتھ) مالی سال 2016ء کے دوران جاری کیے گئے جس کی تفصیل حسب ذیل ہے:

3 Year GoP Ijarah Sukuks (GIS)		(Rs. in billion)		
Particulars	GIS-16	GIS-17	GIS-18	
Auction Date	15-Dec-15	8-Feb-16	24-Mar-16	
Settlement Date	18-Dec-15	15-Feb-16	29-Mar-16	
Maturity Date	18-Dec-18	15-Feb-19	29-Mar-19	
Type	Floater	Fixed Rate	Fixed Rate	
Target	100.00	100.00	80.00	
Total Participation	273.30	245.37	198.76	
Total Acceptance	117.72	116.26	80.40	
Cutoff Rate	5.89%	6.10%	5.59%	

زرمبادلہ کے محاذ پر، روپے کی قدر کم ہوئی اور جیسا کہ آئی ایم ایف کی رپورٹ میں کہا گیا کہ روپیہ باقی کرنسیز کی نسبت ڈالر کے مقابلے میں 5% تا 20% مستحکم رہا۔ انٹرنیٹ مارکیٹ میں 3.04 روپے کی کمی سے فی ڈالر 104.84 روپے پر بند ہوئی، جبکہ کھلی مارکیٹ ثانوی بازار 2.15 کی کمی سے 105.10 روپے فی ڈالر پر بند ہوئی۔

مجموعی شرح سود PIBs/T.Bills کی قدر (آمدن) اور افراط زر کی شرح کے طور طریقوں کو گراف کی مدد سے درج ذیل سے دیکھا جاسکتا ہے:



بازار حصص کا جائزہ:

مالی سال 2016ء کے دوران کے ایم آئی-30 انڈیکس %15.5 اضافے کے ساتھ 66,163 پوائنٹس رہی جبکہ کے ایس ای-100 انڈیکس %9.8 اضافے کے ساتھ 37,783 پوائنٹس پر بند ہوا۔ اس عرصے کے دوران مارکیٹ میں شراکت کے ایم آئی-30 انڈیکس کے حجم کے ساتھ %11 کی مندی اور کے ایس ای-100 انڈیکس کے حجم میں %19 کی مندی کے ساتھ کم رہی۔

مارکیٹ میں کارکردگی کو ان چیزوں سے منسوب کیا جاسکتا ہے: (i) MSC کے فیصلے یعنی پاکستان کی فرنیچر مارکیٹ سے ایمر جنگ مارکیٹ میں دوبارہ درجہ بندی جس سے نہ صرف توقع ہے کہ 500 ملین روپے کی بیرونی آمد ہو بلکہ ہمارے حصص مارکیٹ کو عالمی طور پر ایک بڑی ایمر جنگ مارکیٹ فنڈز کے طور پر نمایاں کرے (ii) مالی سال 2016ء کے دوران 75bps کی شرح سے کمی (iii) 500 ملین امریکی ڈالر کے ایک یورو بانڈ کا کامیاب اجرا اور پاکستان کی انٹرنیشنل کریڈٹ ریٹنگ میں بہتری (iv) کامیابی سے قرضے کی قسط کی فراہمی کے ساتھ آئی ایم ایف کے جائزے کا کامیاب اختتام (v) ملک کے امن وامان کے صورتحال میں بہتری، منفی عوامل کے اثرات نے مالی سال کے پہلے نو ماہ کے دوران مارکیٹ کو سست رکھا جیسا کہ (i) علاقائی ساتھ ساتھ عالمی ایکویٹی مارکیٹ میں کمزوری جس سے امریکی فیڈ ریٹ 75bps بڑھا اور چینی معیشت سست روی کا شکار رہی جس کے باعث مالی سال کے پہلے 10 مہینوں میں پاکستان کی اسٹاک مارکیٹ سے 359 ملین امریکی ڈالر کی بیرونی فروخت ہوئی (ii) اسٹاک ایکسچینج بروکرز کے خلاف ریگولیشنز یعنی ضابطہ کار کی جانب سے سخت نگرانی کی مختلف افواہیں (iii) ایشیاءے صرف اور خاص طور پر تیل کی گرتی ہوئی قیمتیں (iv) برطانیہ کا یورپی یونین چھوڑنے کے ووٹ پر پیش بندی اور (v) الیکشن ٹریبونل کے فیصلے کے بعد اٹھتا ہوا سیاسی شور شرابا اور بااثر شخصیات کی گرفتاری۔

مالی سال 2016ء بہتر کارکردگی کے مثبت شگنوں سے شروع ہوا؛ اس بلندی کو ایک ماہانہ سی پی آئی نمبر میں کمی اور بعد ازاں متوقع مالیاتی نرمی، بڑھتے ہوئے زرمبادلہ کے ذخائر اور حکومت کے خلاف انتخابات میں دھاندلی کے الزامات کو عدالتی کمیشن کے برخاستگی سے منسوب کیا جاتا ہے۔ تاہم چینی معیشت کی شرح نمو میں کمی نے تمام بین الاقوامی اسٹاک ایکسچینجز میں غیر یقینی کی لہر کو دوڑا دیا کیونکہ بین الاقوامی سرمایہ کار عالمی معیشت میں مندی کے خوف سے ہچکچاہٹ کا شکار ہو گئے؛ پاکستان کی اسٹاک مارکیٹ سے سرمایہ کاری کا باہر چلا جانا بھی اسی کا شکار تھا اور یہی کچھ تمام اُبھرتی مارکیٹس میں ہوا۔ بعد میں امریکی فیڈرل ریزرو ریٹ میں چڑھاؤ سے متعلق توقعات (جو اس دہائی میں پہلی بار دسمبر میں 25bps میں اضافے کی شکل میں نمودار ہوا) نے مارکیٹ کو غیر مستحکم رکھا کیونکہ اس نے بین الاقوامی سرمایہ کاروں کو اپنے سرمایہ کاری کے مختلے (پورٹفولیو) کو اس کے مطابق دوسری جگہ منتقل کرنے پر آمادہ کیا۔ اس کے بعد تیسری سہ ماہی میں، غیر استحکامی و طیران پذیری کا ایک اور دور شروع ہوا جو علاقائی کے ساتھ ساتھ بین الاقوامی مارکیٹ پر بھی اثر پذیر ہوا جس کی بنیادی وجہ چینی معیشت کی شرح نمو میں کمی سے متعلق تشویش تھی جس نے عالمی معیشت کے منظر نامے کو بھی دھندلا دیا۔ اس پر مستزاد ایشیاءے صرف کی گرتی ہوئی قیمتوں نے بین الاقوامی سرمایہ کاروں کو متذبذب کر دیا جس سے دنیا بھر کی مارکیٹس میں وسیع پیمانے پر فروخت شروع ہو گئی جس سے مزید غیر مستحکم صورتحال پیدا ہوئی اور پاکستان کی اسٹاک مارکیٹ بھی متاثر ہوئے بغیر نہ رہ سکی۔ اس کا نتیجہ یہ نکلا کہ KMI-30 16 فروری 2016ء میں کم ترین سطح 51,626 پوائنٹس (KSE-100 انڈیکس 30,564 پوائنٹس) پر آ گیا۔

اس کے بعد مارکیٹ نے اپنا استحکام پھر حاصل کر لیا اس حقیقت کے باوجود کہ غیر ملکی ہی خالصتاً فروخت کنندگان تھے، ایک جلد استرداد دیا اصلاح MSCI فرنیچر سے MSCI ایمر جنگ مارکیٹ انڈیکس کی طرف سے پاکستان کی نئی درجہ بندی کے امکان کی مدد سے مشاہدے میں آئی۔ اسٹاک مارکیٹ میں حجم کے اضافے کیلئے SECP کی جانب سے اقدامات کیے جا رہے ہیں اور پیداوار کے منجھد ہونے کی توقعات کے سبب تیل کی قیمتیں بھی مستحکم ہو رہی ہیں۔ تاہم کاروباری نتائج کے اعلانات توقعات سے ماورا تھے اور مارکیٹ کو انتہائی مطلوب مدد فراہم کر رہے تھے زیر جائزہ عرصے کے دوران، بالآخر، بیچ مارک انڈیکس KMI-30 نے جون 2016ء میں اپنے بلند ترین کلوزنگ پوائنٹس 67,519 (KSE-100 انڈیکس 38,777 پوائنٹس) حاصل کیے۔

ادارہ جاتی منافع اور انڈیکس میں بڑے حصے ڈالنے والے

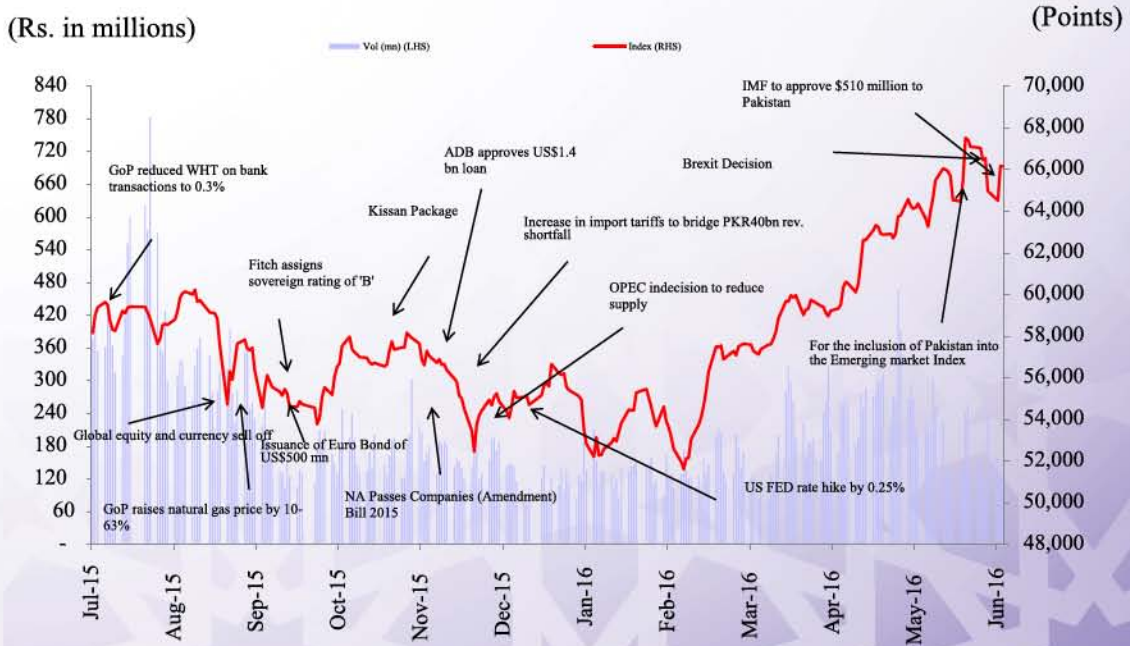
مالی سال 2016ء کے دوران، توانائی اور سینٹ کے ادارے بہترین کارکردگی والے شعبہ جات تھے۔ اس عرصے کے دوران، بہترین کارکردگی والے شراکت دار یہ تھے:

Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
HUB Power Company Ltd.	1643	45.2
Lucky Cement Ltd.	1272	26.8
The Searle Company Ltd.	899	129.5
Dawood Hercules Corporation Ltd.	816	48.5
Engro Corporation Ltd.	746	19.9

دوسری طرف کھادا اور آئل اینڈ گیس ایکسپلوریشن بری کارکردگی کا مظاہرہ کرنے والے شعبے رہے۔ اس مدت کے دوران KMI (کے ایم آئی) میں بری کارکردگی کے اسٹاک یہ تھے:

Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Fauji Fertilizer Company Ltd	-1607	-16.5
Pakistan State Oil Ltd	-582	-0.5
Engro Fertilizers Ltd	-495	-21.6
Pakistan Oilfields Ltd.	-345	-0.9
Pakistan Telecommunications Company Ltd.	-219	-18.1

اس عرصے کے دوران کے ایم آئی-30 کی مجموعی حرکت کو درج ذیل گراف سے دیکھا جاسکتا ہے:



حصص کا بہاؤ:

زیر تبصرہ عرصے کے دوران غیر ملکی سرمایہ کاروں کی جانب سے 286 ملین امریکی ڈالر کا اخراج اسٹاک مارکیٹ کے مشاہدے میں آیا۔ بینکنگ سیکٹر میں بلند ترین اخراج 138 ملین امریکی ڈالر ریکارڈ کیا گیا جس میں نمایاں ایچ بی ایل، یو بی ایل اور ایم سی بی تھے۔ بعد ازاں آئل اینڈ گیس ایکسپلوریشن میں 121 ملین ڈالر کا اخراج رہا جبکہ فریٹلائزر میں غیر ملکی فروخت 48 ملین امریکی ڈالر، ٹیکسٹائل سیکٹر میں 32 ملین امریکی ڈالر جبکہ ٹیکنالوجی اور کمیونیکیشن میں 5 ملین امریکی ڈالر کی آمد دیکھی گئی۔ این بی ایف سیز کمپنیز اور انفرادی، میوچل فنڈز، اور دوسری آرگنائزیشنز علی الترتیب 188 ملین امریکی ڈالر، 127 ملین امریکی ڈالر، 39 ملین امریکی ڈالر اور 40 ملین امریکی ڈالر کے ساتھ خالص خریدار رہے۔ کمپنیز، بینکرز اور پینکس علی الترتیب 84 ملین امریکی ڈالر، 22 ملین امریکی ڈالر اور 6 ملین امریکی ڈالر کے ساتھ نیٹ سیلرز رہے۔

سال کے دوران کچھ بڑی اسٹاک مارکیٹ کے درمیان درج ذیل زیادہ اہمیت کی حامل رہیں: مالی سال کے اختتام پر اینگرو کارپوریشن نے جزوی طور پر اپنے اسٹیک کو دو معاونین اینگرو فریٹلائزرز اور اینگرو فوڈز میں تقسیم کر دیا۔ کمپنی نے 65.47 روپے فی شیئر کی پرائیویٹ پبلسٹی کے ذریعے اینگرو فریٹلائزرز میں سرمایہ کاروں کو 295 ملین شیئرز فروخت کیے۔ کل ٹرانزیکشن کی مالیت 19.3 بلین روپے (184 ملین امریکی ڈالر) تھی جس میں سے غیر ملکی سرمایہ کاروں نے تقریباً 125.1 ملین شیئرز خریدے جس نے 78 ملین امریکی ڈالر کا غیر ملکی بہاؤ ترتیب دیا۔ اینگرو فوڈز میں ہونے والی ٹرانزیکشن میں اینگرو کارپوریشن نے کمپنی میں Friesland Campina کی خاطر 120 روپے فی شیئر کے حساب سے اپنے 51% اسٹیک (391 ملین شیئرز) کو آف لوڈ کرنے پر آمادگی ظاہر کی جس سے تقریباً 450 ملین امریکی ڈالر کا غیر ملکی بہاؤ ترتیب پایا۔ ان ٹرانزیکشنز کی کامیاب تکمیل نہ صرف ایکویٹی مارکیٹ کی گہرائی کو ظاہر کرتی ہے بلکہ پاکستان میں غیر ملکی سرمایہ کاروں کی طویل مدتی دلچسپی کی آئینہ دار بھی ہے۔

MSCI کی از سر نو درجہ بندی اور Brexit:

2016ء کے سالانہ مارکیٹ درجہ بندی کے جائزے کے تحت، MSCI نے پاکستان کی فرنیچر سے ایمرجنگ مارکیٹ میں 0.19% وزن کے ساتھ ایمرجنگ مارکیٹ انڈیکس میں از سر نو درجہ بندی کی۔ یہ بہتری پاکستان کی ایکویٹی مارکیٹ کو اس قابل بنائے گی کہ وہ دنیا بھر کی ابھرتی ہوئی مارکیٹس فنڈز سے انویسٹمنٹس کی توجہ اپنی جانب مبذول کرا سکے۔ بلوم برگ کے مطابق، MSCI ایمرجنگ مارکیٹس انڈیکس 1.7 کھرب امریکی ڈالر کی مجموعی مالیت سے زائد کی نشاندہی کرتا ہے۔ اگرچہ انڈیکس میں پاکستانی مارکیٹ کا وزن کم ہے، فنڈ ٹریڈنگ ایمرجنگ مارکیٹس کا حجم فرنیچر مارکیٹس کے حجم سے کافی زیادہ ہے اور توقع ہے کہ آنے والے سالوں میں پاکستان کو 600-500 ملین امریکی ڈالر کا بیرونی سرمایہ کا بہاؤ دلائے۔ اپریل 2016ء تک 359 ملین امریکی ڈالر کی بیرونی آؤٹ فلو کے بعد، مالی سال کے آخری دو ماہ میں 78 ملین امریکی ڈالر کی بڑی آمد MSCI کی از سر نو درجہ بندی کے فیصلے کی وجہ سے دیکھی گئی۔

مالی سال کے اختتام پر، برطانیہ نے یورپی یونین میں اپنے قیام کے فیصلے کیلئے ریفرنڈم منعقد کیا۔ اکثریت نے یورپی یونین سے اخراج کے حوالے سے ووٹ دیا جس نے برطانوی اور یورپی معیشت کے حوالے سے سخت تشویش پیدا کی اور ان کے پھیلاؤ پر اثر انداز ہوئی۔ حتیٰ کہ ایکویٹی مارکیٹ اس خبر سے ابتدائی طور پر شدید متاثر ہوئی لیکن بعد میں وہ نقصانات کا ازالہ کرنے میں کامیاب ہوئے۔

میوچل فنڈ انڈسٹری کا جائزہ:

مالی سال 2016ء کے دوران، میوچل فنڈ انڈسٹری کے زیر انتظام اثاثہ جات نے 9.3% اضافہ کے ساتھ اسکی جسامت 454 ارب روپے ہونے کا مشاہدہ کیا۔ اسلامی فنڈز زیر جائزہ عرصے کے دوران 136 ارب روپے ہو گیا جو 25.7% اضافہ ہے جس سے میوچل فنڈ انڈسٹری میں اسلامی فنڈز کے حصے میں 30% اضافہ ہو گیا۔ جون 2016ء کے اختتام پر المیز ان کا میوچل فنڈ انڈسٹری میں مجموعی حصہ 15.7% ہے جبکہ یہ مجموعی حصہ پچھلے سال 14.8% تھا۔ المیز ان نے جون 2016ء کے اختتام پر 52.4% شیئرز کے ساتھ انڈسٹری میں اپنے قائدانہ کردار کو برقرار رکھا۔

خالص اثاثہ جات کے لحاظ سے، بازار زرا اور انکم فنڈز نے جون 2016ء کو ختم ہونے والے مالی سال کے دوران جسامت کے لحاظ سے اضافہ ظاہر کیا ہے۔ مشترکہ کیٹگری (زمرہ) نے اس عرصے کے اختتام پر 201 ارب روپے پر پختہ کر کے 2.6% اضافہ ظاہر کیا ہے۔ جبکہ روایتی (کنوشل) فنڈ نے اس کیٹگری میں 1.9% اضافہ اور اسلامی فنڈز میں 5.7% اضافہ کیا۔

اوپن اینڈ ایڈوائسری فنڈز (بشمول کیٹگری پروڈیکٹ، ہیلسنڈ، انڈیکس ٹریڈر اور ایسٹ ایلیوشن) جون 2016ء کے مطابق 215 ارب روپے سے 14.6% بڑھ گیا جو 30 جون 2015ء پر مقابلہ 188 ارب روپے تھا۔ اس کیٹگری میں روایتی فنڈز میں 4.4% اضافہ رہا جبکہ اسلامک ایڈوائسری بیسڈ فنڈز نے زیر جائزہ عرصے میں 38.1% کا معقول اضافہ ظاہر کیا اور 84 ارب روپے پر قائم رہا۔

اس مالی سال کے اختتام پر انڈسٹری میں کموڈٹی فنڈز میں 668 ملین کا اضافہ ہوا جو کہ جون 2015ء میں 340 ملین تھا۔ یہ اطمینان بخش 102.3% اضافہ بنیادی طور پر میزبان گولڈ فنڈ (MGF) کے باعث ہوا جو اگست 2015 میں قائم کیا گیا تھا اور ایک سال سے کم مدت میں اس نے انڈسٹری کے لیڈر کے طور پر خود کو منوایا۔

پچھلے سال کے مقابلے میں کل پنشن فنڈز میں 39.2% اضافے کے ساتھ جون 2016ء کو 19 ارب روپے رہا۔ زیر جائزہ مدت میں اسلامک پنشن فنڈز مارکیٹ پر اثر انداز رہا اور 44.5% اضافے کے ساتھ جون کے اختتام پر 11.5 ارب روپے کا حامل ٹھہرا۔

میزان تحفظ پنشن فنڈ (MTPF) نے اپنی 9 سالہ لیڈ کو برقرار رکھا جو 2007ء سے قائم ہے اور 2016 میں اس میں مزید بہتری دیکھی گئی۔ میزبان تحفظ پنشن فنڈ (MTPF) کا مارکیٹ شیئر جون 2016ء کے اختتام پر 34.8% تھا جو گزشتہ سال کے اسی عرصے میں 32.9% تھا۔ جبکہ اسلامک پنشن فنڈز کے شعبے میں MTPF کا حصہ 56.9% ہے جو گزشتہ سال کے اسی عرصے میں 55.9% تھا۔

مارکیٹ میں جہاں دیگر منجمنٹ کمیٹیز بھی اسلامک اور روایتی پنشن فنڈز کے حوالے سے کام کر رہی ہیں میزبان تحفظ پنشن فنڈ (MTPF) نے اپنی بہتر کارکردگی کو برقرار رکھا اور دیگر پنشن فنڈز سے مسابقت کی اور پنشن فنڈز کی کائنات میں غلبے کا حامل ٹھہرا۔

کارکردگی کا جائزہ (پنشن فنڈز):

درج ذیل جدول میزبان تحفظ پنشن فنڈ (MTPF) کے زیر انتظام اثاثہ جات کی کل پنشن فنڈز اور اسلامک پنشن فنڈز کی گزشتہ پانچ سالوں کی کارکردگی کی مکمل تصویر کشی کرتا ہے۔ یہ ظاہر کرتا ہے کہ میزبان تحفظ پنشن فنڈ (MTPF) پنشن فنڈز انڈسٹری کا ایک لازمی جز ہے۔



کارکردگی کا جائزہ (فٹوز):

زیر جائزہ عرصے کیلئے درج ذیل جدول ہمارے زیر انتظام اثاثہ جات کی کارکردگی کی مکمل تصویر کشی کرتا ہے:

Name of Fund	Type	Net Assets June 30, 2016 (Rs. millions)	Growth in Net Assets for FY16 (%)	Return for FY16 (%)	Benchmark Return FY16 (%)	
Al Meezan Mutual Fund (AMMF)	Open-End Equity	5,418	35.23	15.53	15.53	
Meezan Islamic Fund (MIF)	Open-End Equity	32,554	18.80	17.40	15.53	
KSE Meezan Index Fund (KMIF)	Open-End Index Tracker	882	(23.95)	13.32	15.53	
Meezan Balanced Fund (MBF)	Open-End Balanced	4,708	39.14	12.10	9.51	
Meezan Islamic Income Fund (MIIF)	Open-End Income	9,051	112.33	5.76	3.49	
Meezan Cash Fund (MCF)	Open-End Money Market	3,432	(53.96)	4.59	4.49	
Meezan Sovereign Fund (MSF)	Open-End Income Fund	7,945	(9.92)	5.12	4.49	
Meezan Asset Allocation Fund	Open-Asset Allocation	460	N/A	2.76	5.01	
Meezan Gold Fund	Open-Commodity	321	N/A	10.53	15.96	
Meezan Capital Preservation Fund-II	Open-end Fund of Funds	1,221	(45.00)	11.24	8.89	
Meezan Capital Preservation Fund-III***	Open-end Fund of Funds	0	N/A	(0.42)	2.82	
Meezan Tahaffuz Pension Fund						
- Equity sub fund	Voluntary Pension Scheme	4,099	51.16	18.07		
- Debt sub fund		1,997	42.82	4.49		
- Money market sub fund		453	34.19	4.03		
Meezan Financial Planning Fund of Funds						
- Aggressive	Open-end Fund of Funds	443	24.26	13.28	11.66	
- Moderate		367	14.55	11.29	10.01	
- Conservative		327	37.59	8.71	6.70	
- Plan I *		1,576	(0.92)	10.49	8.65	
- Plan II **		3,035	(1.53)	6.48	5.60	
- MAAF I#		1,278	N/A	11.67	14.92	
- MAAF II##		925	N/A	14.80	18.29	
- MAAF III###		2,851	N/A	13.46	17.08	
- MAAF IV####		532	N/A	0.74	0.44	
Total			71,321			

* The Plan was launched on September 01, 2014, ** The Plan was launched on December 16, 2014, ***The Fund matured on January 28, 2016 with net Assets of Rs. 3,318 m, # The Plan was launched on July 10, 2015, ##The Plan was launched on November 24, 2015, ### The Plan was launched on January 26, 2016, #### The Plan was launched on May 23, 2016, N/A: Not Applicable

توقعات (Outlooks)

MSCI ایمرجنگ مارکیٹ میں پاکستان کی دوبارہ درجہ بندی نئے مالی سال میں مارکیٹ کی کارکردگی میں ایک عمل انگیز کاردارا کرے گی۔ جبکہ کچھ سیاسی مسائل آنے والے دنوں میں برقرار رہ سکتے ہیں۔ گرتی ہوئی تیل کی قیمتیں، پاکستان اسٹاک مارکیٹ کو P/E کی بنیاد پر پرکشش بناتی ہیں۔ مستحکم کارپوریٹ منافع توقع کرتا ہے کہ مائکرو اکنامک فنڈ منٹلز میں بہتری اور جاری چائنا پاکستان اکنامک کارڈور کی ترقی سے امید ہے کہ حصص کو مستحکم کرے اور طویل مدت تک ترقی کا باعث بنے۔ کوڈیٹرز بالخصوص قیمتی دھاتیں جیسا کہ سونا کے تار چڑھاؤ کے حوالے سے توقع ہے کہ اس کی قدر میں اضافہ ہوگا اور عالمی معاشی منظر نامے میں اس کی قدر برقرار رہے گی۔

مسلسل غیر ملکی فروخت مالی سال 2016ء میں اس مالی سال کے پچھلے دو مہینوں میں نیٹ آمد میں تبدیل ہوئی ہے۔ توقع ہے کہ یہ رجحان جاری رہے گا جیسا کہ پاکستان کی اسٹاک مارکیٹ سے توقع ہے کہ وہ MSCI ایمرجنگ مارکرز انڈیکس میں پاکستان اسٹاک ایکسچینج کی از سر نو درجہ بندی انٹرنیشنل ایمرجنگ مارکیٹ فنڈز سے بیرونی آمد میں بہتری ہوگی۔

آڈیٹرز:

موجودہ آڈیٹرز M/S KPMG Taseer Hadi & Co انڈیا چارٹرڈ اکاؤنٹنٹس سکڈوش ہو چکے لیکن اہلیت رکھنے کے باعث اپنی خدمات المیز ان مینجمنٹ کے تحت کلکٹیو انویسٹمنٹ اسکیم برائے مالیاتی سال 2016-17ء کیلئے پیش کر رہے ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر مالیاتی سال 2016-17ء کیلئے المیز ان مینجمنٹ کے تحت تمام کلکٹیو انویسٹمنٹ اسکیمز کیلئے ان کی تعیناتی کر چکا ہے۔

کارپوریٹ گورننس کے ضابطے کی تعمیل کے ساتھ:

المیز ان انویسٹمنٹ مینجمنٹ لمیٹڈ ہمیشہ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کی کوشش کرتا ہے۔ کارپوریٹ گورننس کے ضابطے کی تعمیل کے ساتھ، بورڈ آف ڈائریکٹرز اعلامیہ پیش کرتا ہے کہ:

- یہ مالیاتی بیانیے، فنڈ کی مینجمنٹ کمپنی کی طرف سے تیار کیے گئے، فنڈ کے معاملات کا بیان، اس کی عملیت کے اثرات، نقدی کا بہاؤ، اور سیالیت میں تبدیلی شفافیت کے ساتھ پیش کی گئی ہے۔
 - فنڈ کیلئے باقاعدہ کھاتوں کا اہتمام کیا گیا ہے۔
 - مالیاتی بیانیوں کی تیاری اور دانشمندانہ فیصلوں کی بنیاد پر اکاؤنٹنگ سٹیٹمنٹس کی تیاری کیلئے مناسب پالیسیز کو تسلسل سے نافذ کیا گیا۔
 - مالیاتی بیانیوں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے معیارات اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
 - اندرونی طور پر کنٹرول کا نظام اپنے ڈیزائن میں محفوظ ہے اور موثر طور پر اس پر عملدرآمد کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔
 - فنڈ کی ترقی کی صلاحیت کے حوالے سے کسی قسم کے تحفظات اور خدشات نہیں ہیں۔
- ڈائریکٹرز، سی ای او، سی ایف او اور مینجمنٹ کمیٹی کے سیکریٹری بشمول ان کے زوج اور چھوٹے بچوں کے فنڈز کے یونٹ کی خرید و فروخت حسب ذیل رہی:

TRADES BY	DESIGNATION	MIF		MIIF		MCF		MSF		MBF		MGF	
		NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED	NO. OF UNITS INVESTED	NO. OF UNITS REDEEMED
Mr. Ariful Islam	Chairman	23,412	-	-	39,193	-	-	-	-	-	-	-	-
Mr. Mohammad Shoab, CFA	CEO	85,397	-	-	-	-	-	-	-	-	-	-	-
Mr. P. Ahmed	Director	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Abdullah Ahmed	Director	-	-	-	-	-	-	-	-	-	-	-	-
Syed Amir Ali	Director	-	-	-	-	30,249	-	-	-	-	-	-	-
Mr. Atif Azim	Director	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Tasnimul Haq Farooqui	Director	21,103	-	-	-	-	-	29,429	82,418	-	-	-	-
Mr. Moin M. Fudda	Director	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Mazhar Sharif	Director	-	35,800	-	3,300	-	-	43,521	61,400	-	-	-	-
Syed Amir Ali Zaidi	Director	-	-	29,215	-	-	-	-	-	-	-	-	-
Syed Owais Wasti	CFO	5,219	-	9,666	-	29,638	17,468	-	-	67,526	-	475	-

- یونٹس کی ملکیت کا پیٹرن متعلقہ فنڈ کی رپورٹ کے آخر میں دیا گیا ہے۔
- مالیاتی جھلکیاں متعلقہ فنڈ کی مالیاتی بیانیوں کے نوٹس میں دی گئی ہیں۔

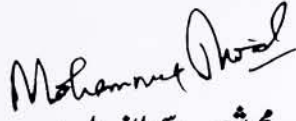
بورڈ کے اجلاس

بورڈ کے اجلاس اور حاضری کی تفصیلات فنڈ کے مالیاتی بیانیے کے نوٹس میں دی گئی ہے۔

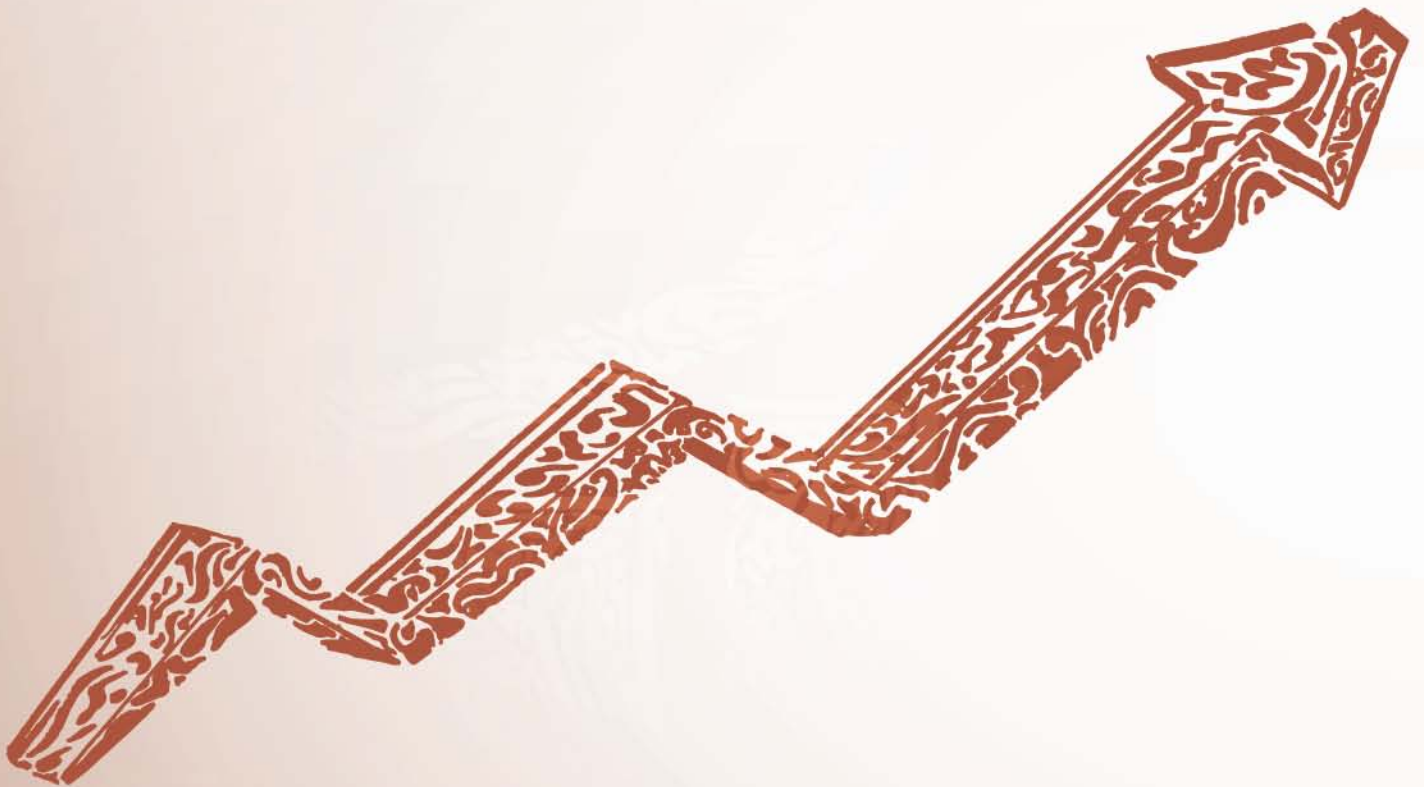
اعتراف و اظہار تشکر:

ہم اس موقع کو غنیمت جانتے ہوئے اپنے قابل احترام سرمایہ کاروں کا تہ دل سے شکر یہ ادا کرتے ہیں جنہوں نے المیزان انویسٹمنٹس پر اپنے اعتماد کا بھرپور مظاہرہ کرتے ہوئے اُسے پاکستان میں نجی شعبے میں اثاثہ جات کی انتظام کاری کرنے والا سب سے بڑا ادارہ بنا دیا ہے۔ ہم ضابطہ کار ادارے، سیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اپنے ٹرسٹی سینٹرل ڈپازٹری کمپنی آف پاکستان (CDC) کے تعاون پر بھی اُن کے شکر گزار ہیں۔ اس کے علاوہ ہم میزبان بینک کے شریعہ سپروائزر بورڈ کے ارکان کی مسلسل اعانت اور اثاثہ جات کی انتظام کاری کے شرعی پہلوؤں پر اُن کی رہنمائی کیلئے دل کی گہرائیوں سے اظہار تشکر بجالاتے ہیں۔

برائے و بجانب بورڈ


محمد شعیب سی ایف اے
چیف ایگزیکٹو آفیسر

مورخہ 31 اگست 2016ء





Meezan Asset Allocation Fund

Meezan Asset Allocation Fund (MAAF) is a Shariah Compliant Asset Allocation Scheme. It is designed to help investors build wealth by long-term capital appreciation, diversification across asset classes and the flexibility to change investment portfolio exposure as per the outlook.

The objective of MAAF is to earn a potentially high return through asset allocation between Shariah Compliant Equity, Fixed Income and Money Market Instruments based on the fund manager's view on macroeconomic outlook of such asset classes.

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. P. Ahmed	Independent	
Mr. Abdullah Ahmed Muhammad	Non-Executive	
Syed Amir Ali	Non-Executive	
Mr. Atif Azim	Independent	
Mr. Tasnimul Haq Farooqui	Non-Executive	
Mr. Moin M. Fudda	Independent	
Mr. Mazhar Sharif	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	
Mr. Mohammad Shoaib, CFA	Chief Executive	

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

Mr. P. Ahmed	Chairman
Mr. Mazhar Sharif	Member
Syed Amir Ali	Member

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Tasnimul Haq Farooqui	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh SultanTrust Building No.2, Beaumont Road, Karachi - 75530.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

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

TRANSFER AGENT

Meezan Bank Limited
Meezan House
C-25, Estate Avenue, SITE, Karachi.
Phone: 38103538 Fax: 36406017
Website: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

Meezan Asset Allocation Fund (MAAF) 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.

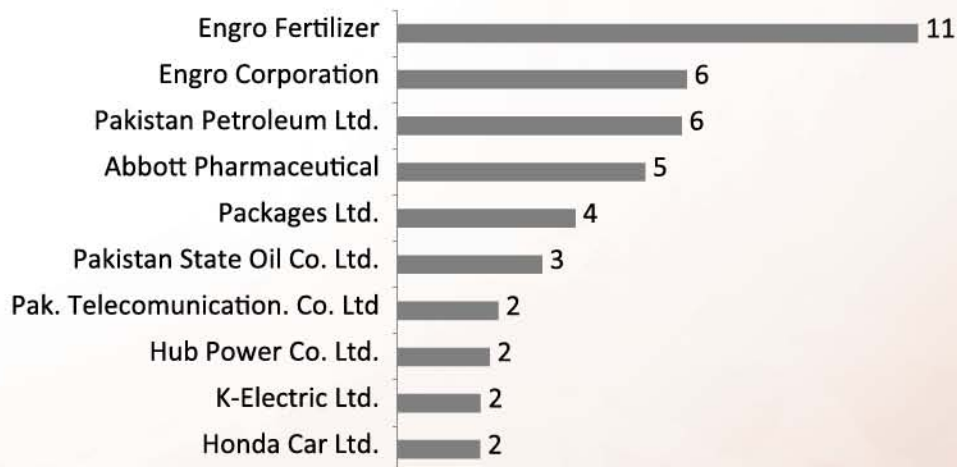
To comply with the regulatory limits enforced by the SECP, the fund can take a maximum exposure of upto 90% of its Net Assets in equity or fixed income; in case of an investment in REITs, a limit of 35% has been assigned by the regulator.

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, 2016, the fund's equity exposure was 57.89%, while 42.11% of the Net Assets was invested in bank deposits.

Top Equity Holdings



Performance Review

Meezan Asset Allocation Fund posted a total income of Rs. 11 million during the period ended June 30, 2016. Total income comprised of profit on saving accounts with banks and unrealized gain on investments of Rs. 1 million and Rs. 10 million respectively. After accounting for expenses of Rs. 2 million and an element of gain and capital loss included in prices of units issued and less those in units redeemed of Rs. 3 million, the fund posted a net profit of Rs. 12 million. The net assets of the Fund as at June 30, 2016 were Rs. 460 million.

During the fiscal year 2016, Meezan Asset Allocation Fund provided a return of 2.76% to its investors (based on just two and a half months of operations).

NAV (Dividend Adjusted)	Change (%)
Meezan Asset Allocation Fund	2.76
Benchmark Return	5.01
Underperformance	-2.25

Distributions

The interim distribution in the form of cash dividend by the Fund during the period ended June 30, 2016 was Rs. 0.32 per unit (0.64%). Total distribution made by the fund was Rs. 2.68 million.

Proxy Voting for Kohat Cement Company Limited

AI Meezan Investment Management Limited participation in the Extra Ordinary General Meeting of Kohat Cement Company Limited held on June 27, 2016 at its registered office in Kohat Cement Factory, Rawalpindi Road, Kohat.

The following are the disclosure of Proxy Voting:

Proxy Resolution	Election of Directors for Kohat Cement Company Limited
Fund	MEEZAN ASSET ALLOCATION FUND
Shares Held	10,000
Date of Proxy	27th June 2016 (Monday)
Result of Proxy Vote	The Investment Committee of AI Meezan Investments Management Limited has decided to execute the proxy form in favour of the following participants: <ul style="list-style-type: none"> ● Mr. Aizaz Sheikh (Chief Executive, Director, Kohat Cement Company Ltd) ● Mr. Rahman Sheikh s/o Aizaz Sheikh (Director, Kohat Cement Company Ltd)

Summary of Actual Proxy Voted by AI Meezan Investment Management Limited

S#	Resolution	For	Against	Abstain
1.	Election of Directors	5	0	0

Proxy Voting Policy of the Fund is available on the website of AI Meezan Investment Management Limited (AI Meezan) and detailed information regarding actual proxies voted by the AI Meezan in respect of the Fund is also available without charge, upon request, to all unit holders

Breakdown of unit holdings by size:

Range (Units)	No. of Investors
1 - 9,999	208
10,000 - 49,999	105
50,000 - 99,999	16
100,000 - 499,999	19
500,000 and above	1
Total	349



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Asset Allocation Fund

August 03, 2016/ Shawwal 28, 1437

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

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

- i. We have reviewed and approved the modes of investments of MAAF in light of *Shari'ah* requirements. Following is the list of equity investments of MAAF as on June 30, 2016 and their evaluation according to the screening criteria established by us. (December 31, 2015 accounts of the Investee companies have been used for the following calculations):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Ltd	Fertilizer	28%	7%	1.05%	79%	-131.58	333.55
Packages Ltd	Paper and Board	10%	6%	0.20%	91%	-95.02	635.88
K-Electric Ltd	Power Generation and Distribution	10%	0%	1.19%	63%	-7.65	8.10
Engro Fertilizer Ltd	Fertilizer	28%	11%	1.23%	83%	-34.58	64.62
Pakistan State Oil Ltd***	Oil and Gas Marketing Companies	0%	0%	1.50%	74%	-40.376	376.63

Page 1 of 2

Meezan Bank Ltd.

Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
Tel : (92-21) 38103500 Fax : (92-21) 36406049 www.meezanbank.com



	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Pakistan Petroleum Ltd	Oil and Gas Exploration Companies	0%	28%	4.02%	46%	40.05	156.43
Hub Power Co Ltd	Power Generation and Distribution	29%	0%	0.15%	43%	-25	120.43
Pak Telecommunication Co. Ltd	Telecommunication	17%	9%	1.94%	73%	-23	15.02
Abbott Pharmaceutical	Pharmaceutical	0%	0%	2.01%	43%	59.87	750.46
Honda Atlas Cars	Auto Assemblers	0%	4%	0.46%	60%	-11.6	365.52

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** On Watch List due to impact of circular debt on receivables.

- ii. On the basis of information provided by the management, all operations of MAAF for the period ended June 30, 2016 have been in compliance with the *Shari'ah* principles.

In light of the above, we hereby certify that all the provisions of the Scheme and investments made on account of MAAF under management of Al Meezan Investment Management Limited (Al Meezan) are *Shari'ah* compliant and in accordance with the criteria established by us.

During the first year of operations of MAAF, a provision of Rupees 6448.5 was created and was available for disbursement as of June 30, 2016.

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

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

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
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Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ASSET ALLOCATION FUND

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the period from April 21, 2016 to June 30, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 9, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.23 of Rule Book of Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Management Company has applied the principles contained in the CCG in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Names
Independent Directors	Mr. P. Ahmed, Mr. Atif Azim Mr. Moin M. Fudda
Executive Director	Mohammad Shoaib, CFA - CEO
Non- Executive Directors	Mr. Ariful Islam Mr. Abdullah Ahmed Muhammad Syed Amir Ali Mr. Tasnimul Haq Farooqui Mr. Mazhar Sharif Syed Amir Ali Zaidi

The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
4. During the year, no casual vacancy occurred on the Board of the Management Company.
5. The Management Company has prepared a "Code of conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the board.
8. The meetings of the board were presided over by the Chairman, and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Two members of the Board of Director of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to clause 5.19.7 of the CCG, whilst the three Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO of the Management Company before approval of the board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund other than that disclosed in the pattern of unit holding.
14. The Management Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members, two members are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Fund and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed a Human Resources and Remuneration Committee. It comprises of four members including CEO. All the other members, including chairman of the committee, are non-executive directors.
18. The board has set up an effective internal audit function.
19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company / units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the NAV of Fund's units, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.



Mohammad Shoaib, CFA
Chief Executive
Dated: August 31, 2016
Karachi.



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Karachi, 75530 Pakistan

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Review Report to the Unitholders of Meezan Asset Allocation Fund (“the Fund”) on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of Al Meezan Investment Management Limited (“Management Company”) of the Fund for the period from 21 April 2016 to 30 June 2016 to comply with the requirements contained in Clause No. 5.19 of Rule Book of the Pakistan Stock Exchange Limited (formerly Listing Regulation No. 35 of Karachi Stock Exchange Limited) where the Fund has applied for listing.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Fund’s corporate governance procedures and risks.

The Code requires the Management Company of the Fund to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2016.

Date: 31 AUG 2016
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.



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Independent Auditors' Report to the Unitholders

Report on the Financial Statements

We have audited the accompanying financial statements of **Meezan Asset Allocation Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2016, and the related income statement and statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unitholders' fund for the period from 21 April 2016 to 30 June 2016, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2016, and of its financial performance, cash flows and transactions for the period from 21 April 2016 to 30 June 2016 in accordance with approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.




KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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

Date: 31 AUG 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Aryn Malik


STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2016

	Note	2016 (Rupees in '000)
Assets		
Balances with banks	4	95,752
Investments	5	274,328
Dividend receivable		780
Receivable on issuance and conversion of units		96,144
Deposits and other receivables	6	3,352
Preliminary expenses and floatation costs	7	867
Total assets		471,223
Liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	8	3,095
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	70
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	50
Payable to Meezan Bank Limited (MBL)		159
Payable against investments - net		5,894
Payable on redemption and conversion of units		799
Accrued expenses and other liabilities	12	913
Dividend payable		451
Total liabilities		11,431
Net assets		459,792
Contingencies and commitments	13	
Unitholders' fund (as per statement attached)		459,792
		(Number of units)
Number of units in issue	14	9,005,322
		(Rupees)
Net assets value per unit		51.06

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

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


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

	Note	For the period from April 21, 2016 to June 30, 2016 (Rupees in '000)
Income		
Net realised loss on sale of investments		(305)
Dividend income		780
Profit on saving accounts with banks		1,075
		1,550
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	9,530
Total income		11,080
Expenses		
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	8.1	893
Sindh Sales Tax and Federal Excise Duty on Management Fee	8.2 & 8.3	256
Allocated expenses	8.4	59
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	142
Sindh Sales Tax on Trustee fee	9.1	17
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	50
Auditors' remuneration	15	120
Brokerage expenses		412
Charity expense		6
Bank and settlement charges		157
Amortisation of preliminary expenses and floatation costs	7	37
Fees and subscription		49
Total expenses		2,198
Net income from operating activities		8,882
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		3,318
Net income for the period before taxation		12,200
Taxation	20	-
Net income for the period after taxation		12,200
Other comprehensive income for the period		-
Total comprehensive income for the period		12,200

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

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



Mohammad Shoaib, CFA
Chief Executive



Mazhar Sharif
Director

DISTRIBUTION STATEMENT

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

	Note	For the period from April 21, 2016 to June 30, 2016 (Rupees in '000)
Undistributed income brought forward		
- Realised		-
- Unrealised		-
		-
Interim distribution for the period ended June 30, 2016		
- cash dividend @ 0.64% (Re. 0.32 per unit)		(2,675)
Net income for the period		12,200
Undistributed income carried forward		9,525
Undistributed income carried forward		
- Realised		(5)
- Unrealised	5.1	9,530
		9,525

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

For Al Meezan Investment Management Limited
(Management Company)



Mohammad Shoaib, CFA
Chief Executive



Mazhar Sharif
Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

	Note	For the period from April 21, 2016 to June 30, 2016 (Rupees in '000)
Net assets at beginning of the period		-
Issue of 11,645,411 units		588,167
Redemption of 2,640,089 units		(134,582)
		453,585
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		(3,318)
Net realised loss on sale of investments		(305)
Unrealised appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	9,530
Other net income for the period		2,975
Total comprehensive income for the period		12,200
Interim distribution for the period ended June 30, 2016 - cash dividend @ 0.64% (Re. 0.32 per unit)		(2,675)
Net income for the period less distribution		9,525
Net assets at end of the period		459,792
		(Rupees)
Net assets value per unit at beginning of the period		-
Net assets value per unit at end of the period		51.06

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

For Al Meezan Investment Management Limited
(Management Company)



Mohammad Shoaib, CFA
Chief Executive



Mazhar Sharif
Director

CASH FLOW STATEMENT

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

For the period
from April 21, 2016
to June 30, 2016
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Note		
	Net income for the period	12,200
	Adjustments for:	
	Amortisation of preliminary expenses and floatation costs	37
	Unrealised appreciation on re-measurement of investments at fair value through profit or loss (net)	5.1 (9,530)
	Element of income and capital gains included in prices of units issued less those in units redeemed (net)	(3,318)
		(611)
	Increase in assets	
	Investments (net)	(264,798)
	Dividend receivable	(780)
	Deposits and other receivables	(3,352)
	Preliminary expenses and floatation costs	(904)
		(269,834)
	Increase in liabilities	
	Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	3,095
	Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	70
	Payable to Securities and Exchange Commission of Pakistan (SECP)	50
	Payable to Meezan Bank Limited (MBL)	159
	Payable against investments - net	5,894
	Accrued expenses and other liabilities	913
		10,181
	Net cash used in operating activities	(260,264)
	CASH FLOWS FROM FINANCING ACTIVITIES	
	Receipts against issuance and conversion of units	492,023
	Payment against redemption of units	(133,783)
	Dividend paid	(2,224)
	Net cash generated from financing activities	356,016
	Net increase in cash and cash equivalents during the period	95,752
	Cash and cash equivalents at beginning of the period	-
	Cash and cash equivalents at end of the period	4 95,752

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

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



**Mohammad Shoaib, CFA
Chief Executive**



**Mazhar Sharif
Director**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 21, 2016 TO JUNE 30, 2016

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 Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) on November 16, 2015. The initial offering period of the Fund was from April 18, 2016 to April 20, 2016 and fund commence its operation from April 21, 2016. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 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 instrument as permitted by the SECP and Shariah Advisor.
- 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 Management Company has applied for listing of the Fund at Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) and due to the integration of the stock exchanges, the approval of listing is under process.
- 1.4** The Management Company of the Fund has been given quality rating of AM2++ by JCR-VIS Credit Rating Company Limited.
- 1.5** Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

2. BASIS OF PRESENTATION

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the Non Banking Finance Companies Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever, the requirement of the NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the NBFC Rules, the NBFC Regulations and the said directives shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and rounded to the nearest thousand rupees.

2.4 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the Management Company to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable in the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Amortisation of preliminary expenses and floatation costs (notes 3.6 and 7);
- c) Recognition of provision of Workers' Welfare Fund (note 11); and
- d) Taxation (note 3.8 and 20)

2.5 New, amended and revised standards and interpretations of IFRSs

During the period, IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interest in Other Entities" and IFRS 13 "Fair Value Measurement" became effective for financial periods beginning on or after January 01, 2015. IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the Fund's financial statements. The effect of IFRS 13 "Fair Value Measurement" are disclosed in note 19 to these financial statements.

2.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Fund's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures') [effective for annual periods beginning on or after January 01, 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Fund's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 ‘Joint Arrangements’ (effective for annual periods beginning on or after January 01, 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Fund’s financial statements.
- Amendment to IAS 27 ‘Separate Financial Statements’ (effective for annual periods beginning on or after January 01, 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Fund’s financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Fund’s financial statements.
- Amendments to IAS 12 ‘Income Taxes’ are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Fund’s financial statements.
- Amendments to IAS 7 ‘Statement of Cash Flows’ are part of IASB’s broader disclosure initiative and are effective for annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - ‘Share-based Payment’ clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 01, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Fund’s financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:
 - IAS 32 ‘Financial Instruments: Presentation’ - is amended to clarify that IAS 12 ‘Income Taxes’ applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
 - IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’: IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in

classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures': IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits': IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
- IAS 34 'Interim Financial Reporting': IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on Fund's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial instruments

3.1.1 Classification

The Fund classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets, at the time of initial recognition and re-evaluates this classification on a regular basis.

(a) Financial instruments as 'at fair value through profit or loss'

An instrument is classified as 'at fair value through profit or loss' if it is held-for-trading or is designated as such upon initial recognition. Financial instruments are designated as 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading or a derivative.

Financial instruments as 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as at 'fair value through profit or loss'.

(c) Available for sale

These are non-derivatives financial assets that are either designated in this category or are not classified in any of the other categories mentioned above.

3.1.2 Regular way contract

All purchase and sale of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Fund commits to purchase or sell assets.

3.1.3 Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

3.1.4 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial assets and financial liabilities at fair value through profit or loss' are charged to the Income Statement immediately.

Subsequent to initial recognition, instruments classified as financial assets 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are transferred to Income Statement.

Financial assets classified as 'loans and receivables' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

3.1.5 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by MUFAP in accordance with the criteria laid down in Circular No.1 of 2009 and Circular No.33 of 2012 issued by the SECP. In the determination of the rates, MUFAP takes into account the holding pattern of

these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Provisions are recognised when there is objective evidence that a financial asset or group of financial assets are non-performing, in accordance with the circular and subsequent clarification thereon. Additional provision may be recognised when there is objective evidence of the continuity of non-performance. Further the reversal of provisions is also made in accordance with the said circulars and subsequent clarifications.

Basis of valuation of government securities:

The government securities not listed on a stock exchange and traded in the interbank market are valued at the average rates quoted on a widely used electronic quotation system (PKISRV rates) which are based on the remaining tenor of the securities.

Basis of valuation of equity securities:

The fair value of shares of listed companies, derivatives and financial instruments sold on deferred settlement basis is based on their price quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) at the reporting date without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair value.

3.1.6 Impairment

Impairment loss on investments other than 'available for sale' is recognised in the Income Statement whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the Income Statement.

In case of investment classified as 'available for sale' equity instruments, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the Income Statement are not reversed subsequently in the Income Statement.

Impairment loss on investment classified as 'available for sale' debt securities is recognised in the Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed in the Income Statement.

3.1.7 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the Statement of Assets and Liabilities if the Fund has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2 Unitholders' funds

Unitholders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.3 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours of the day when the application is received. The offer price represents the net assets value of the units as of the close of that business day plus the allowable sales load, provision of duties and charges and provision for transaction costs, if applicable. The sales load is payable to the distributor and the Management Company.

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value per unit as of the close of that business day less any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

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

An equalisation account called element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is set up in order to prevent the dilution of income per unit and distribution of income already paid out on redemption.

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised appreciation / (diminution) held in the unitholder's funds in a separate account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unitholders. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.5 Provisions

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

3.6 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortised over a period of five years commencing from April 21, 2016 in accordance with the requirements of the trust deed of the Fund.

3.7 Net assets value per unit

The net assets value (NAV) per unit as on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at period end.

3.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in other comprehensive income.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, which arises from assessments / developments during the year.

Deferred

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

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

- 3.8.1** The income of the Fund is exempt from income tax under clause 99 of Part I to the Second Schedule of 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 unitholders. 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 to the Second Schedule of the Income Tax Ordinance, 2001. Accordingly Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

3.9 Revenue recognition

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.
- (ii) Dividend income is recognised when the Fund's right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- (iii) Income on sukuk certificates, placements and government securities is recognized on a time proportionate basis using effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- (iv) Profit on bank deposits is recognised on time proportion basis using effective yield method.

3.10 Expenses

All expenses, including Management fee, Trustee fee and Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

3.11 Earnings per unit

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

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Assets and Liabilities at cost. Cash comprises current and saving accounts with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3.13 Distribution

Distribution including bonus units and appropriation to reserves are recognised in the period in which they are approved.

4. BALANCES WITH BANKS

	Note	2016 (Rupees in '000)
On saving accounts	4.1	95,647
On current accounts		105
		95,752
4.1 The balance in saving accounts have an expected profit ranging from 2.50% to 6.10% per annum.		
5. INVESTMENTS		
Investments at 'fair value through profit or loss' Ordinary shares - Held for trading	5.1	274,328
		274,328

5.1 Ordinary shares - Held for trading

Name of the investee company	As at April 21, 2016	Purchases during the period	Bonus / right issue	Sales during the period	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised gain / (loss) as at June 30, 2016	Percentage of total market value of investment
	----- (Number of shares) -----					----- (Rupees in '000) -----		----- % -----	

Sectors/ Companies

Automobile Assembler

Honda Atlas Cars (Pakistan) Limited	-	24,000	-	-	24,000	6,855	8,619	1,764	3.14
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Cable & Electrical Goods

Pak Elektron Limited	-	125,000	-	-	125,000	8,107	8,081	(26)	2.95
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Cement

Cherat Cement Company Limited	-	40,000	-	-	40,000	4,606	4,783	177	1.74
D.G. Khan Cement Company Limited	-	25,000	-	-	25,000	4,379	4,762	383	1.74
Fauji Cement Company Limited	-	100,000	-	-	100,000	4,375	3,580	(795)	1.31
Kohat Cement Company Limited	-	10,000	-	-	10,000	2,611	2,619	8	0.95
Lucky Cement Limited	-	10,000	-	-	10,000	5,655	6,485	830	2.36
Pioneer Cement Limited	-	30,000	-	-	30,000	2,998	3,222	224	1.17
									9.27

Engineering

Crescent Steel and Allied Products Limited	-	30,000	-	-	30,000	3,594	3,438	(156)	1.25
K.S.B Pumps Company Limited	-	6,000	-	-	6,000	1,515	1,462	(53)	0.53
									1.78

Name of the investee company	As at April 21, 2016	Purchases during the period	Bonus / right issue	Sales during the period	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised gain / (loss) as at June 30, 2016	Percentage of total market value of investment
	(Number of shares)				(Rupees in '000)			%	
Fertilizer									
Dawood Hercules Corporation Limited	-	30,000	-	-	30,000	3,599	4,466	867	1.63
Engro Corporation Limited (note 5.1.2)	-	90,000	-	-	90,000	28,978	29,967	989	10.92
Engro Fertilizers Limited	-	1,435,000	-	600,000	835,000	54,667	53,841	(826)	19.63
									32.18
Food & Personal Care Products									
Al-Shaheer Corporation Limited	-	25,000	-	-	25,000	1,449	1,305	(144)	0.48
Oil & Gas Exploration Companies									
Oil and Gas Development Company Limited	-	100,000	-	40,000	60,000	8,068	8,284	216	3.02
Pakistan Petroleum Limited	-	190,000	-	-	190,000	28,963	29,460	497	10.74
									13.76
Oil & Gas Marketing Companies									
Pakistan State Oil Company Limited	-	40,000	-	-	40,000	14,589	15,018	429	5.47
Paper & Board									
Cherat Packaging Limited	-	10,000	-	-	10,000	3,150	3,418	268	1.25
Packages Limited	-	29,000	-	-	29,000	18,135	18,450	315	6.73
									7.98
Pharmaceuticals									
Abbott Laboratories (Pakistan) Limited	-	34,050	-	-	34,050	23,084	25,674	2,590	9.36
Power Generation & Distribution									
K-Electric Limited (note 5.1.1)	-	1,175,000	-	100,000	1,075,000	8,091	8,665	574	3.16
Hub Power Company Limited	-	80,000	-	-	80,000	8,586	9,605	1,019	3.50
									6.66
Refinery									
Attock Refinery Limited	-	20,000	-	-	20,000	5,214	5,603	389	2.04
Technology & Communication									
Pakistan Telecommunication Company Limited "A"	-	1,000,000	-	300,000	700,000	10,430	10,521	91	3.84
Miscellaneous									
Shifa International Hospital Limited	-	10,000	-	-	10,000	3,100	3,000	(100)	1.09
Total						264,798	274,328	9,530	
Total cost of investments - 'held for trading'							264,798		

5.1.1 All shares have a nominal value of Rs.10 each except for the shares of K-Electric Limited which have nominal value of Rs. 3.50 each.

5.1.2 30,000 shares of Engro Corporation Limited, having market value of Rs. 9.99 million as at June 30, 2016 have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

6. DEPOSITS AND OTHER RECEIVABLES

	Note	2016 (Rupees in '000)
Profit receivable on saving accounts with banks		752
Security deposits		2,600
		3,352

7. PRELIMINARY EXPENSES AND FLOATATION COSTS

Preliminary expenses and floatation costs	7.1	904
Amortisation during the period		(37)
		867

- 7.1** Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund i.e. April 21, 2016, restricted to one percent of Pre-IPO capital, and are being amortised over a period of five years in accordance with the trust deed of the Fund.

8. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (Al Meezan) - Management Company

	Note	2016 (Rupees in '000)
Management fee	8.1	460
Sindh Sales Tax and Federal Excise Duty on management fee	8.2 & 8.3	209
Sales load		868
Sindh Sales Tax and Federal Excise Duty on sales load	8.2 & 8.3	623
Formation cost		904
Allocated expenses	8.4	31
		3,095

- 8.1** As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 2 percent of average annual net assets in case of Asset Allocation Scheme. The remuneration of the Management Company has been charged at the rate of 1.5 percent per annum for the period ended June 30, 2016.

- 8.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2011. During the period, SST at the rate of 14 percent was charged on the remuneration of Management Company and sales load.

- 8.3** As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) is levied at the rate of 16 percent on the remuneration of the Management Company and sales load. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

The SHC while disposing the Constitutional Petition No. D-3184 of 2014 relating to levy of FED on Mutual Funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. The Management Company, on abundant caution has not reversed the provision for FED recognized in the period, as they are of the view that the Federal Government still reserve the right to appeal against the said order.

Furthermore, the mutual funds have been excluded from levy of FED vide Finance Act, 2016, hence, effective from July 01, 2016, no provision of FED will be recognised in the financial statements of the Fund.

As a matter of abundant caution, the Management Company has made a provision of FED on remuneration of the Management Company aggregating to Rs. 0.13 million. Had the provision not been made, the Net Asset Value per unit of the Fund as at June 30, 2016 would have been higher by Re. 0.012 per unit.

- 8.4** During the period, a statutory notification (S.R.O. No. 1160 (I) / 2015 dated November 25, 2015) was issued by the Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - Trustee

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.

The remuneration of the Trustee for the period ended June 30, 2016 has been calculated as per the following applicable tariff:

Net assets (Rupees)	Tariff
Upto 1 billion	Rs. 0.7 million or 0.20% p.a. of NAV, whichever is higher.
Over 1 billion	Rs. 2.0 million plus 0.10% p.a. of NAV, on amount exceeding Rs.1 billion.

- 9.1** In the current period, a notification (SRB-3-4/TP/01/2015/86554 dated June 13, 2015) was issued by Sindh Revenue Board (SRB), which introduced amendments in Sindh Sales Tax on Services Act, 2011. These amendments are applicable from July 01, 2015. As a result of these amendments, the Fund recognised sales tax on trustee fee at the rate of 14 percent.

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

Under the provisions of the amended Non-Banking Finance Companies and Notified Entities Regulations 2008, a collective investment scheme categorised as an asset allocation scheme is required to pay an annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the Scheme. Provided that for Collective Investment Schemes which on quarterly average basis have at least 1,000 retail investors and more than 50% of Net Assets are held by individual investors, provided that the maximum investment by a single retail investor (considered eligible for calculating the threshold of 1,000) does not exceed 1% of the Net Asset shall pay the annual fee at the rate 0.076% for the next three years from the date of notification of these regulations.

During the period, fees charged at the rate of 0.095%. The fee is payable to the SECP within three months of the close of the financial year.

11. WORKERS' WELFARE FUND (WWF)

The mutual funds have been excluded from levy of WWF vide Finance Act, 2015, hence, no provision for WWF has been recognized in these financial statements.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	2016 (Rupees in '000)
Charity payable	6
Brokerage payable	426
Auditors' remuneration	120
Withholding tax payable	312
Shariah advisory fee payable	49
	913

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2016.

14. NUMBER OF UNITS IN ISSUE

14.1 The movement in number of units in issue during the period is as follows:

	2016 (Number of units)
Total units in issue at beginning of the period	-
Units issued during the period	11,645,411
Bonus units issued during the period	-
Units redeemed during the period	(2,640,089)
Total units in issue at end of the period	9,005,322

14.2 All units carry equal rights and are entitled to dividend and share in the Net Asset Value of the Fund.

15. AUDITORS' REMUNERATION

	Note	For the period from April 21, 2016 to June 30, 2016 (Rupees in '000)
Statutory Audit fee		60
Other certifications and services		60
		120

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

The connected persons include Al Meezan Investment Management Limited (Al Meezan) being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, Meezan Bank Limited (MBL) being the holding company of the Management Company, Directors and Executives of the Management Company, Meezan Islamic Fund, KSE Meezan Index Fund, Al Meezan Mutual Fund, Meezan Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Balanced Fund, Meezan Capital Preservation Fund – III, Meezan Capital Preservation Fund – II, Meezan Gold Fund and Meezan Tahaffuz Pension Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees' Gratuity Fund and Unitholders holding 10 percent or more of the Fund's net assets.

Transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules, 2003, NBFC Regulations, 2008 and the Trust Deed.

Details of transactions with connected persons and balances with them for the period ended June 30, 2016 are as follows:

	2016 (Rupees in '000)
AI Meezan Investment Management Limited (AI Meezan) - Management Company	
Remuneration payable	460
Sindh Sales Tax and Federal Excise Duty on management fee payable	209
Sales load payable	868
Sindh sales tax and Federal Excise Duty on sales load payable	623
Allocated expenses payable	31
Formation cost payable	904
Meezan Bank Limited	
Sales load payable	159
Bank balance	2,507
Central Depository Company of Pakistan Limited (CDC) - Trustee	
Trustee fee payable	61
Sindh Sales Tax on Trustee fee payable	9
Deposit	100
Unitholders holding 10% or more units of the fund	50,747
For the period from April 21, 2016 to June 30, 2016 (Rupees in '000)	
AI Meezan Investment Management Company Limited (AI Meezan) - Management Company	
Remuneration for the period	893
Sindh Sales Tax and Federal Excise Duty on management fee for the period	256
Allocated expenses	59
Meezan Bank Limited	
Profit on saving account	221
Central Depository Company of Pakistan Limited (CDC) - Trustee	
Remuneration fee for the period	142
Sindh sales tax on Trustee fee for the period	17
CDS charges	15
Directors and Executives of the Management Company	
Units issued: 40 units	2
Units redeemed: 40 units	2
Unitholders holding 10% or more units of the fund	50,000
Units issued: 993,874 units	50,000
Dividend Paid	318

17. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies:

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance.

Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008 and the directives issued by the SECP.

Risks managed and measured by the Fund are explained below:

17.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail to perform as contracted.

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, profit receivable on saving account, dividend receivable on equity securities and receivable against sale of investments.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies.

Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. Credit risk on dividend receivable is minimal due to statutory protection. Further, all transactions in securities are executed through approved brokers and in case of equity, transactions settled through National Clearing Company of Pakistan (NCCPL), thus the risk of default is considered to be minimal. For Debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the Fund manager monitors the credit position on a daily basis which is reviewed by the Board of Directors on a quarterly basis.

Credit rating wise analysis of bank balances of the Fund are tabulated below:

	Rating agency	2016	
		(Rupees in '000)	(Percentage)
AA+	PACRA	36,575	38.20
AA	JCR-VIS	2,508	2.62
A+	PACRA/ JCR-VIS	56,659	59.17
A	JCR-VIS	10	0.01
		95,752	100.00

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit worthy counter parties thereby mitigating any significant concentrations of credit risk.

The maximum exposure to credit risk as at June 30, 2016 is tabulated below:

Financial Assets exposed to credit risk

	2016 (Rupees in '000)
Balances with banks	95,752
Dividend receivable	780
Deposits and other receivables	3,352
Receivable on issuance of units	75,005
	174,889

None of the financial assets were considered to be past due or impaired as on June 30, 2016.

The Fund does not have any collateral against any of the aforementioned assets.

Due to the Fund's long outstanding business relationships with these counter parties and after giving due consideration to their strong financial standing, the Fund does not expect any non performance by these counter parties on their obligations to the Fund.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is therefore exposed to the liquidity risk of meeting unitholder's redemptions at any time. The Fund manages the liquidity risk by maintaining maturities of financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets. The Fund's investments are considered to be readily realisable as they are all listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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, without incurring unacceptable losses or risking damage to the Fund's reputation.

In accordance with the risk management policy of the Fund, the Fund manager monitors the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

In accordance with regulation 58(1)(k) of the NBFC Regulations, 2008 the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen per cent of the net assets. However, no such borrowing has been obtained during the period.

Further, the Fund is also allowed in accordance with regulation 57 (10) of the NBFC Regulations, 2008 to defer redemption requests to the next dealing day, had such requests exceed ten percent of the total number of units in issue.

In addition to unitholders' fund, analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2016 is tabulated below:

	2016				Total
	Maturity upto			More than one year	
	Three months	Six months	One year		
	(Rupees in '000)				
Financial Liabilities:					
Payable to Al Meezan Investment Management Limited - Management Company	3,095	-	-	-	3,095
Payable to Central Depository Company of Pakistan Limited - Trustee	70	-	-	-	70
Payable to Meezan Bank Limited	159	-	-	-	159
Payable against investments - net	5,894	-	-	-	5,894
Payable on redemption and conversion of units	799	-	-	-	799
Accrued expenses and other liabilities	601	-	-	-	601
Dividend payable	451	-	-	-	451
	11,069	-	-	-	11,069

17.3 Market risk

17.3.1 Price risk

Price risk is the risk of volatility in prices of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for financial instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Fund in which the investment is made, change in business circumstances of the Fund, industry environment and / or the economy in general.

The Fund's strategy on the management of investment risk is driven by the Fund's investment objectives. The primary objective of the Fund is to provide maximum return to the unitholders from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the fund manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities and by complying with the internal risk management policies and regulations laid down in NBFC Regulations, 2008.

The Fund's overall market positions are monitored by the Board of Directors of the Management Company on a quarterly basis.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in these financial statements. As at June 30, 2016, the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the KSE Meezan Index (KMI) 30 index. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by Rs 2.74 million if the prices of equity vary due to increase / decrease in KMI 30 Index by 1% with all other factors held constant.

The Fund manager uses KMI as a reference point in making investment decisions. However, the Fund manager does not manage the Fund's investment strategy to track KMI or any other index or external benchmark. The

sensitivity analysis presented is based upon the portfolio composition as at June 30, 2016 and the historical correlation of the securities comprising the portfolio to the KMI. The composition of the Fund's investment portfolio and the correlation thereof to KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2016 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of KMI.

17.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in saving accounts, term deposit receipts and investment in debt securities. At June 30, 2016, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs. 0.96 million mainly as a result of finance income.

Fair value interest rate risk

Since the Fund does not have investment in fixed rate security, therefore, is not exposed to fair value interest rate risk.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet financial instruments is based on the settlement date.

	As at 30 June 2016				Total	
	Effective yield / interest rate	Exposed to yield / interest rate risk				Not exposed to yield / interest rate risk
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	2.50% to 6.10%	95,647	-	-	105	95,752
Investments		-	-	-	274,328	274,328
Dividend receivable		-	-	-	780	780
Receivable on issuance and conversion of units		-	-	-	96,144	96,144
Deposits and other receivables		-	-	-	3,352	3,352
		95,647	-	-	374,709	470,356
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	3,095	3,095
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	70	70
Payable to Meezan Bank Limited		-	-	-	159	159
Payable against investments - net		-	-	-	5,894	5,894
Payable on redemption and conversion of units		-	-	-	799	799
Accrued expenses and other liabilities		-	-	-	601	601
Dividend payable		-	-	-	451	451
		-	-	-	11,069	11,069
On-balance sheet gap		95,647	-	-	363,640	459,287
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		95,647	-	-		
Cumulative interest rate sensitivity gap		95,647	95,647	95,647		

17.3.3 Currency risk

Currency risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pakistani Rupees.

18. UNITHOLDERS' FUND RISK MANAGEMENT

The unitholders' fund is represented by redeemable units. These units are entitled to distribution and payment of a proportionate share, based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown in the Statement of Movement in Unitholders' Fund.

The Fund has no restrictions on the subscription and redemption of units.

The Fund's objective when managing unitholders funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unitholders and to maintain a strong base of assets under management.

The Fund meets the requirement of sub-regulation 54 (3a) of NBFC regulations, 2008 which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all time during the life of the scheme.

In accordance with the risk management policies, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short term borrowing arrangements (which can be entered if necessary) or disposal of investments where necessary.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date.

A Financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets that are not traded in an active market is determined with reference to the rates quoted by Financial Market Association of Pakistan and MUFAP. The fair value quoted by MUFAP is calculated in accordance with the valuation methodology prescribed by Circular 1 of 2009 and Circular 33 of 2012 issued by SECP.

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

The additional disclosures due to the adoption of IFRS 13 Fair value measurement are as follows:

Note	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
June 30, 2016									
Financial assets - measured at fair value									
Investments	274,328	-	-	-	274,328	274,328	-	-	274,328
Financial assets - not measured at fair value									
Balances with banks	19.1	-	95,752	-	95,752	-	-	-	-
Dividend receivable	19.1	780	-	-	780	-	-	-	-
Receivable on issuance and conversion of units	19.1	96,144	-	-	96,144	-	-	-	-
Deposits and other receivables	19.1	3,352	-	-	3,352	-	-	-	-
		274,328	100,276	95,752	-	470,356	274,328	-	274,328
Financial liabilities - not measured at fair value									
Payable to Al Meezan Investment Management Limited - Management Company	19.1	-	-	3,095	3,095	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	19.1	-	-	70	70	-	-	-	-
Payable to Meezan Bank Limited	19.1	-	-	159	159	-	-	-	-
Payable against investments - net	19.1	-	-	5,894	5,894	-	-	-	-
Payable on redemption and conversion of units	19.1	-	-	799	799	-	-	-	-
Accrued expenses and other liabilities	19.1	-	-	601	601	-	-	-	-
Dividend payable	19.1	-	-	451	451	-	-	-	-
		-	-	-	11,069	-	-	-	-

19.1 The Fund has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current year as the Management Company distributed sufficient income of the Fund for the period ended June 30, 2016, as reduced by capital gains (whether realised or unrealised) to its unitholders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule of the Income Tax Ordinance, 2001. Accordingly Supertax introduced in Finance Act, 2015 is also not applicable on funds (Section 4B of Income Tax Ordinance, 2001).

21. PERFORMANCE TABLE

	<u>2016</u>
Net assets (Rs in '000) (ex-distribution)	459,792
Net assets value / redemption price per unit as at June 30, (Rs.) (ex-distribution)	51.06
Offer price per unit as at June 30 (Rs.) (ex-distribution)	53.09
Highest offer price per unit (Rs.)	54.09
Lowest offer price per unit (Rs.)	51.71
Highest redemption price per unit (Rs.)	52.03
Lowest redemption price per unit (Rs.)	49.74
Distribution (%)	0.64
Date of distribution	June 29, 2016
Total return (%)	2.80
	One Year
Average annual return (%) as at June 30, 2016	2.80
Investment portfolio composition of the Fund is described in Note 5.	

22. INVESTMENT COMMITTEE MEMBERS

22.1 Details of members of investment committee of the Fund are as follows:

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Twenty six years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty years
Mr. Ahmed Hassan	VP Investments	CFA / MBA	Nine years
Mr. Ali Khan	Head of Research	CFA / FRM / MBA	Six years
Mr. Zain Malik	VP Investments	CFA level II / BBA	Seven years
Mr. Asif Imtiaz	Senior Manager	CFA / MBA - Finance	Eight years
Mr. Asmar Hamoodi	AVP Investments	BBA - Finance / CFA / ACCA	Four years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Eleven years

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

- Al Meezan Mutual Fund.
- Meezan Financial Planning Fund of Funds

23. DETAILS OF MEETINGS OF BOARD OF DIRECTORS

Name	Designation	Dates of Board of Directors Meetings and Directors' present therein	
		April 20, 2016	June 10, 2016
Mr. Ariful Islam	Chairman	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive	Yes	Yes
Mr. P. Ahmed	Director	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes
Mr. Atif Azim	Director	Yes	Yes
Mr. Tasnimul Haq Farooqui	Director	Yes	Yes
Mr. Mazhar Sharif	Director	Yes	Yes
Syed Amir Ali	Director	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes

24. TOP TEN BROKERAGE COMMISSION BY PERCENTAGE

Broker's Name	2016 %
1 Topline Securities (Private) Limited	16.08
2 Arif Habib Limited	15.61
3 Optimus Capital Management	15.11
4 Foundation Securities (Private) Limited	14.71
5 Ample Securities (Private) Limited	11.10
6 Global Securities Limited	8.02
7 AKD Securities Limited	7.12
8 Shajar Capital Pakistan (Private) Limited	3.89
9 IGI Finex Securities Limited	2.42
10 NEXT Capital Limited	2.23

25. PATTERN OF UNIT HOLDING

	2016		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment %
Individuals	334	372,194	80.95
Associated companies / directors	-	-	-
Retirement funds	12	76,249	16.58
Private limited companies	3	11,349	2.47
	349	459,792	100.00

26. GENERAL

- 26.1** These financial statements were authorised for issue on August 31, 2016 by the Board of Directors of the Management Company.
- 26.2** There are no corresponding figures as the Fund commenced its operations from April 21, 2016.

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



**Mohammad Shoaib, CFA
Chief Executive**



**Mazhar Sharif
Director**

PATTERN OF HOLDINGS (UNITS) AS PER THE REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2016

UNITS HELD BY	UNITS HELD	%
Associated companies	-	-
Directors	-	-
Executives	40	0.00
Individuals	7,289,638	80.95
Retirement Funds	1,493,372	16.58
Other corporate sector entities	222,272	2.47
Total	9,005,322	100



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