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OF BOTH WORLDS



Pure. Profit.

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

FUND INFORMATION

PENSION FUND MANAGER

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 PENSION FUND MANAGER

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 PENSION FUND MANAGER

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 Sultan Trust 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)	Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking	Dubai Islamic Bank Pakistan Limited
Meezan Bank Limited	Sindh Bank Pakistan Limited
Bank Alfalah - Islamic Banking Branch	
Habib Bank Limited- Islamic Banking	
MCB Bank Limited- Islamic Banking	
UBL Armeen - Islamic Banking	

LEGAL ADVISER

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

TRANSFER AGENT

Meezan Bank Limited
SITE Branch
Plot # B/9-C, Estate Avenue, SITE, Karachi.
Phone: (9221) 3206 2891 Fax: 3255 2771
Website: www.meezanbank.com

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE DIRECTORS OF THE PENSION FUND MANAGER

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the audited financial statements of the Meezan Tahaffuz Pension Fund for the year ended June 30, 2016.

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.

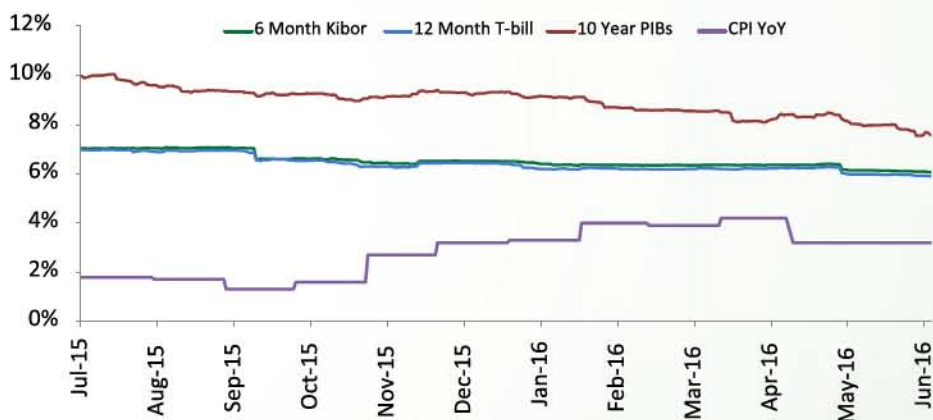
Inflation for FY 16 clocked in at 2.86%. The declining trend in international oil and commodity prices are expected to keep the inflation in check with SBP's forecast for FY17 in the range of 4.5% to 5.5%.

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

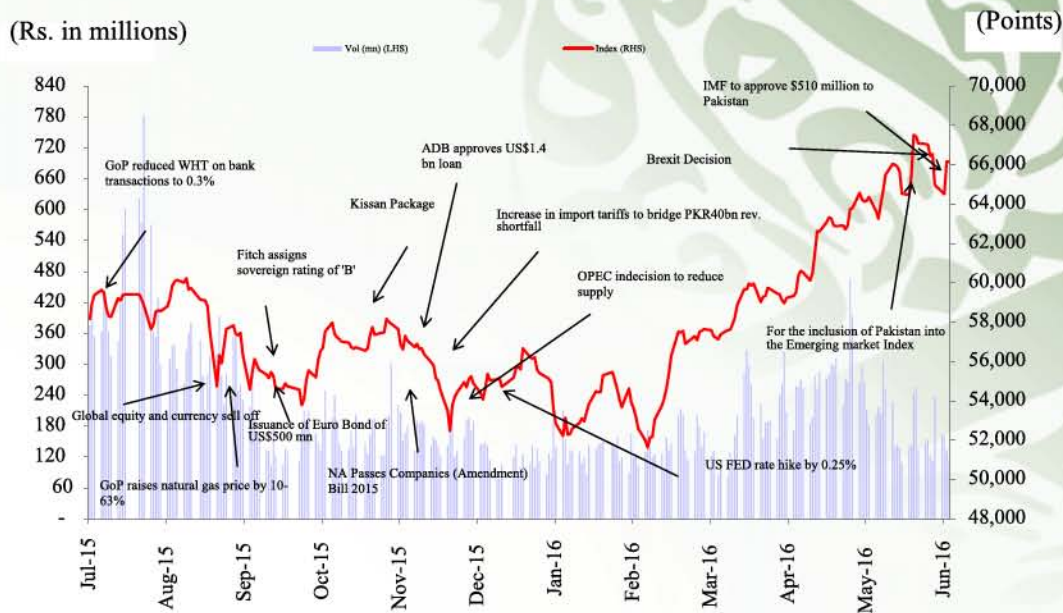
During FY16, Power and Cement remained the best performing sectors. The stocks which remained the largest contributors to the index during the period were:

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%.

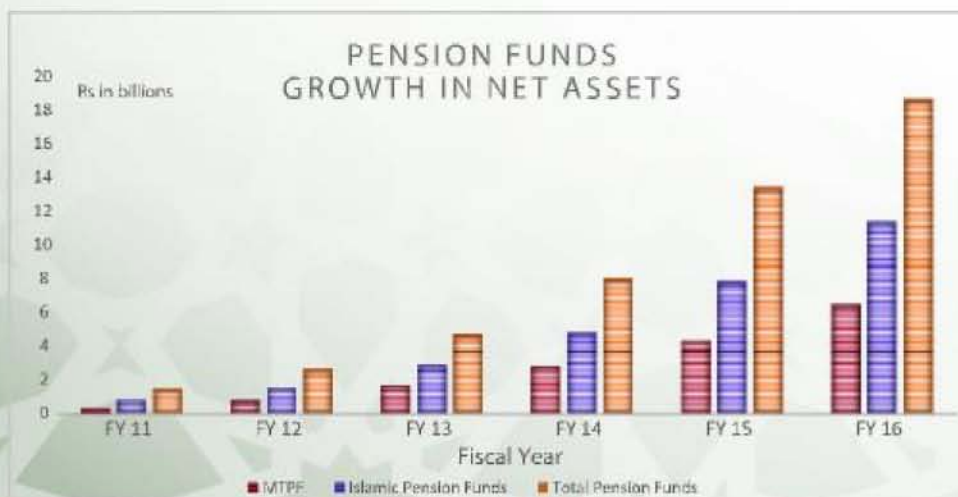
Open end Equity funds (including capital protected, balanced, index tracker, and asset allocation) increased by 14.6% to Rs. 215 bn as of June 2016 compared to Rs. 188 bn as on June 2015. Conventional funds in this category increased by 4.4% while Islamic equity based funds showed an impressive growth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

Rule 7(h) of the Voluntary Pension Scheme Rules, 2005 requires that a Pension Fund's auditor shall not be appointed for more than three consecutive years. Accordingly M/s KPMG Taseer Hadi & Co., Chartered Accountants who have completed their three years term as auditors of Meezan Tahaffuz Pension Fund ("the Fund"), a Voluntary Pension Scheme, under management of Al Meezan retire and in compliance of VPS Rules, 2005, the Board of Directors on recommendation of the audit committee has appointed **M/s M. Yousuf Adil Saleem & Co., Chartered Accountants** as a the auditors of the Fund for FY 2016-17.

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



Mohammad Shoaib, CFA
Chief Executive Officer

Date: August 31, 2016

ڈائریکٹرز رپورٹ

المیران انویسٹمنٹ مینجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے مالی سال کیلئے میزان تحفظ پنشن فنڈ کے آڈٹ شدہ مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی محسوس کر رہا ہے۔

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 کم مالی مؤقف 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 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 کرنسیوں زیادہ طیران پذیر رہی ہیں۔ ملک کے ٹیکس نیٹ کو وسیع کرنے کے حکومتی اقدامات پر اگرچہ کاروباری برادری کی طرف سے ملا جلا ردِ عمل آیا تاہم بینکاری لین دین پر ٹیکس گوشوارے جمع نہ کرانے والوں کیلئے 0.6% ود 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 جو اب 19.9 ارب امریکی ڈالر ہے)، کم کاروباری خسارے اور جاری کولیشن سپورٹ فنڈ (سی ایس ایف) کی آمد جو کہ تقریباً 713 ملین 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 شکاہتوں کے احیاء میں مدد کی، ساتھ ہی کم ہوتی تیل کی قیمتیں ذخائر زریعہ مبادلہ کو دور کار 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 فیسیلٹی (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 زرمبادلہ 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۔

بالمجموع 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 کر دی اور اسے 6.25% (اور ٹارگٹ پالیسی ریٹ کو 5.75%) کی ریکارڈ کی 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 پیپرا شرح منافع کی قدر میں کمی کے باعث KIBOR 100-107bps 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 اوایم اوکی (mop-ups) اور 486 ارب روپے مالیت کی فلوور پلیمینٹس 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 اب 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۔

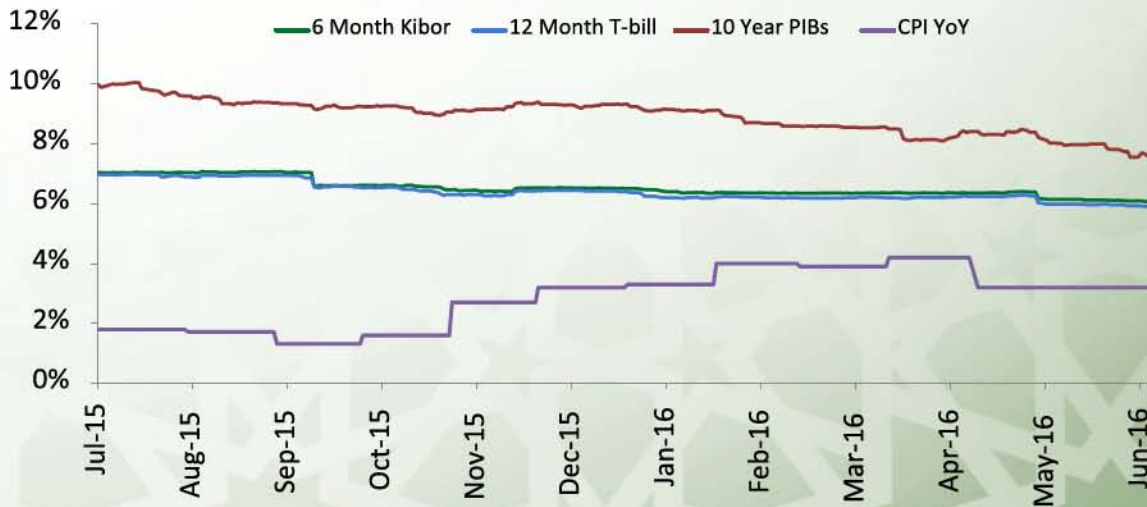
بازار زر کا شریعہ سے ہم آہنگ سراء، جسے سرمایہ کاری کے مواقع کی قلت کے سبب زریسیال کی بہتات کے مسئلے کا سامنا ہے کو تھوڑا سکون اس وقت میسر آیا جب حکومت نے اسلامی اوپن مارکیٹ آپریشنز یعنی او ایم او/ اجارہ صلوک 9 تا 13 جنو مبر 2015ء میں پختہ ہوئے؛ کیلئے بیج معجل، ان بیج معجل نے مجموعی طور پر اسلامی بینکس 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 صلوک کے پختہ ہونے پر بہت بڑے زریسیال کی سرایت کر جانے سے بچالیا۔ ایک اور بیج 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 صلوک (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 فرنٹیئر 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 حفظ (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 متزاد 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 فرنٹیئر 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 منجمد 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

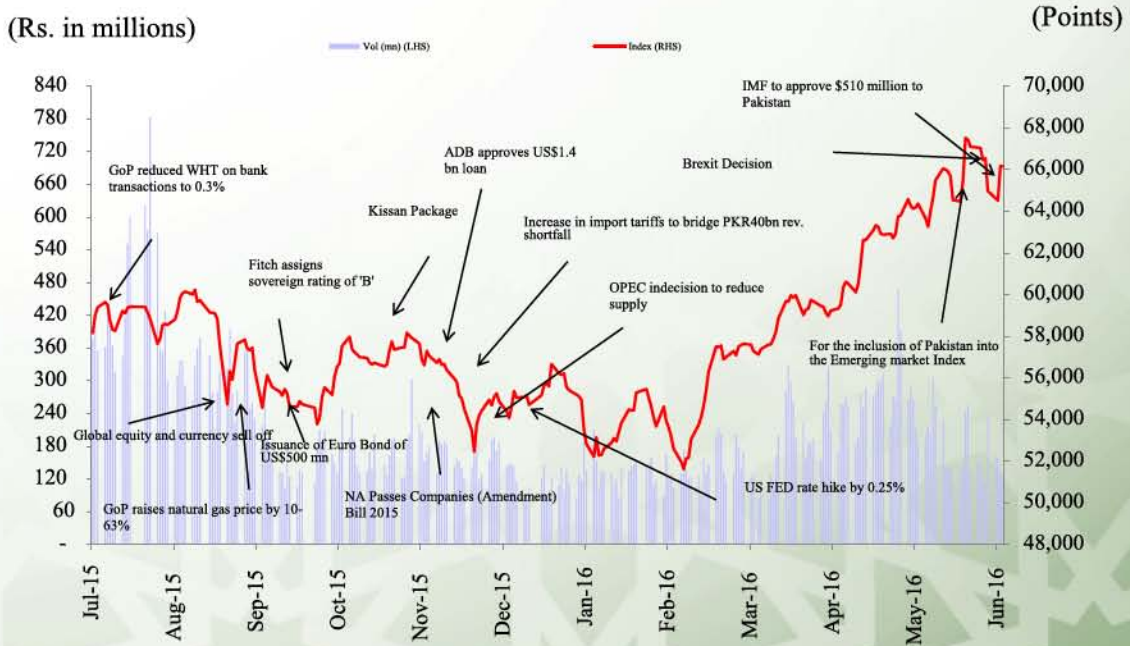
مالی سال 2016ء کے دوران، توانائی اور سینٹ کے ادارے بہترین کارکردگی والے شعبہ جات تھے۔ اس عرصے کے دوران، بہترین کارکردگی والے شراکت دار یہ تھے:

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 ازسرنو 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 ازسرنو 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، فنڈز 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 ازسرنو 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 زور اور اکم فنڈز نے جون 2016 کو ختم ہونے والے مالی سال کے دوران جسامت کے لحاظ سے اضافہ ظاہر کیا ہے۔ مشترکہ کیٹیگری (زمرہ) نے اس عرصے کے اختتام پر 201 ارب روپے پر پہنچ کر 2.6% اضافہ ظاہر کیا ہے۔ جبکہ روایتی (کنوٹشل) فنڈ نے اس کیٹیگری میں 1.9% اضافہ اور اسلامی فنڈز میں 5.7% اضافہ کیا۔

اوپن اینڈ ایکیویٹی فنڈز (بشمول کیپٹل پروٹیکٹڈ، بیلسنڈ، انڈیکس ٹریڈر اور ایسیٹ ایلیکیشن) جون 2016ء کے مطابق 215 ارب روپے سے 14.6% بڑھ گیا جو 30 جون 2015ء پر مقابلہ 188 ارب روپے تھا۔ اس کیٹیگری میں روایتی فنڈز میں 4.4% اضافہ رہا جبکہ اسلامک ایکیویٹی بیسڈ فنڈز نے زیر جائزہ عرصے میں 38.1% کا مقبول 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 میزان 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 نوا یا۔

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 دکھی گئی۔ میزان 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 مینجمنٹ کمپنیز بھی اسلامک اور روایتی پنشن فنڈ کے حوالے سے کام کر رہی ہیں میزان 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 میزان تحفظ پنشن فنڈ (MTPF) کے زیر انتظام اثاثہ جات، کل پنشن فنڈز اور اسلامک پنشن فنڈز کی گزشتہ پانچ سالوں کی کارکردگی کی مکمل تصویر کشی کرتا ہے: یہ ظاہر کرتا ہے کہ میزان تحفظ پنشن فنڈ (MTPF) پنشن فنڈز انڈسٹری کا ایک لازمی جز ہے۔



کارکردگی کا جائزہ (فنڈز):

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 Ia		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 کا کردار ادا 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 مائیکرو اکنامک فنڈ منٹلز میں بہتری اور جاری چائنا پاکستان اکنامک کارڈ 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۔

والٹری پنشن اسکیم رولز 2005 کے رول (h) 7 کا تقاضہ ہے کہ پنشن فنڈ کے آڈیٹر کی تقرری متواتر تین سالوں سے زیادہ نہیں ہونی چاہیے۔ لہذا KPMG M/S Taseer Hadi & Co. چارٹرڈ اکاؤنٹنٹس جو المیز ان مینجمنٹ کے تحت، ایک والٹری پنشن اسکیم میزبان تحفظ پنشن فنڈ ("دی فنڈ") کے آڈیٹرز کے طور پر اپنی تین سالہ مدت پوری کر چکا ہے۔ VPS رولز 2005ء کی تعمیل کرتے ہوئے، بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی سفارش پر مالیاتی سال 2016-17ء کیلئے بطور آڈیٹر ایم یوسف عادل سلیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس M/S چارٹرڈ اکاؤنٹنٹس کا تقرر کر چکا ہے۔

اعتراف و اظہار تشکر:

ہم اس موقع کو غنیمت جانتے ہوئے اپنے قابل احترام سرمایہ کاروں کا تہہ دل سے شکریہ ادا کرتے ہیں جنہوں نے المیز ان 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، سکیورٹیز 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 پروائزری 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

REPORT OF THE FUND MANAGER

FOR THE YEAR ENDED JUNE 30, 2016

Meezan Tahaffuz Pension Fund (MTPF) is an open end pension fund investing primarily in Shariah compliant stocks and debt instruments (Sukuks).

The objective of MTPF is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits of an income stream after retirement or disability when other income avenues have been exhausted.

Investment Policy

This collective investment scheme is divided into three sub-funds namely equity, debt and money market sub-funds which have different investment policies in order to cater to investors with varying levels of risk tolerance. These sub-funds offer the investors a wide range of options to select an allocation according to their risk preference. The same can be summarized in the table below:

Allocation Scheme	Equity (%)	Debt (%)	Money Market (%)
High Volatility	80	20	0
Medium Volatility	50	40	10
Low Volatility	25	60	15
Lower Volatility	0	50	50

Performance Review

For the period under review, the equity sub-fund provided a return of 18.07%, while the debt and money market sub-funds provided annualized returns of 4.48% and 4.0% respectively. Detailed performance review for each sub fund is given as under:

Meezan Tahaffuz Pension Fund		Return (%) - FY16
Voluntary Pension Scheme	Equity Sub Fund	18.07
	Debt Sub Fund	4.48
	Money Market Sub Fund	4.03
Voluntary Pension Allocation Scheme	High Volatility	15.35
	Medium Volatility	11.23
	Low Volatility	7.82
	Lower Volatility	4.26

Equity Sub Fund

Equity sub fund posted a total income of Rs. 667 million in FY16 as compared to Rs. 537 million last year. Total income comprised of realized and unrealized gain on investments of Rs. 83 million and Rs. 444 million respectively. Dividend income contributed Rs. 134 million, while profit on saving accounts with banks amounted to Rs. 5 million. After accounting for expenses of Rs. 91 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 52 million, the Fund posted a net income of Rs. 627 million. The net assets of the Fund as at June 30, 2016 were Rs. 4,099 million as compared to Rs. 2,740 million at the end of last year. The net asset value per unit as at June 30, 2016 was Rs. 491.95 as compared to Rs. 416.67 per unit as on June 30, 2015.

Debt Sub Fund

The Fund earned a gross income of Rs. 106 million, which was primarily due to profit on Sukuks certificates worth Rs. 66 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 33 million. On the other side, the fund incurred unrealized gain worth Rs. 11 million. The fund also incurred expenses totalling to Rs. 36 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 16 million, which brought the net income figure to Rs. 86 million. The net assets of the Fund as at June 30, 2016 were Rs. 1,997 million as compared to Rs. 1,399 million at the end of last year depicting a growth of almost 43% during the year. The net asset value per unit as at June 30, 2016 was Rs. 204.48 as compared to Rs.195.69 per unit as on June 30, 2015.

Money Market Sub Fund

The Fund earned a gross income of Rs. 23 million, which was primarily due to profit on Sukuks certificates amounting to Rs. 12 million. Profit on saving accounts at Islamic banks including profit on term deposit receipt totalled Rs. 12 million. The fund also incurred expenses totalling Rs. 9 million and element of gain and capital gains included in price of units issued and less those in units redeemed was Rs. 3 million, which brought the net income figure to Rs. 18 million. The net assets of the Fund as at June 30, 2016 were Rs. 453 million as compared to Rs.338 million at the end of last year depicting a growth of 34%. The net asset value per unit as at June 30, 2016 was Rs. 203.23 as compared to Rs. 195.36 per unit as on June 30, 2015.

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
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Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE PARTICIPANTS

MEEZAN TAHAFFUZ PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Tahaffuz Pension Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2016 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

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

Karachi, September 9, 2016







Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Tahaffuz Pension 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 in line 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 MTPF in light of *Shari'ah* requirements. Following is the list of investments of MTPF 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
Hub Power Co Ltd	Power Generation and Distribution	29%	0%	0.15%	43%	25	120.43
Lucky Cement	Cement	10%	3%	1.85%	73%	30.12	649.4
Pakistan State Oil Ltd***	Oil and Gas Marketing Companies	0%	0%	1.50%	74%	40.376	376.63

Page 1 of 2

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Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.
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	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
Fauq Cement Co. Ltd	Cement	20%	5%	10.97%	85%	5.49	35.86
Packages Ltd	Paper and Board	10%	6%	0.20%	91%	95.02	635.88
Mari Petroleum Ltd	Oil & Gas Exploration Companies	21%	0%	0.45%	44%	-110.95	913.5
DG Khan Cement Ltd	Cement	11%	7%	4.66%	80%	5.47	191.11
Eagro Fertilizer Ltd	Fertilizer	28%	11%	1.23%	83%	34.58	64.62
Pioneer Cement Ltd	Cement	0%	17%	0.32%	77%	-3.47	107.63

* 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 MIPF for the year 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 MIPF 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 year a provision of Rupees 1.23 million was created and an amount of Rupees 1.5 million was disbursed as charity. The amount of Rupees 2.0 million 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 Imzan Ashraf Usmani
For and on behalf of Meezan Bank Limited
Shari'ah Advisor



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

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Independent Auditors' Report to the Participants of Meezan Tahaffuz Pension Fund

We have audited the annexed financial statements comprising:

- i) Balance Sheet;
- ii) Income Statement and Statement of Comprehensive Income;
- iii) Cash Flow Statement; and
- iv) Statement of Movement in Participants' Fund.

of **Meezan Tahaffuz Pension Fund** ("the Fund") as at 30 June 2016 and for the year then ended together with the notes forming part thereof.

It is the responsibility of the Pension Fund Manager to establish and maintain a system of internal controls; and prepare and present the financial statements of the Pension Fund in conformity with the Approved Accounting Standards as applicable in Pakistan. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements as at 30 June 2016 and for the year then ended have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- (b) the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2016 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan;
- (c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) the cost and expenses debited to the pension fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the pension fund;
- (e) the financial statements prepared are in agreement with the pension fund's books and records;

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 Network and Cooperative ("KPMG International") a Swiss entity.



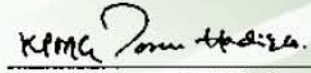
KPMG Taseer Hadi & Co.



- (f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- (g) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 was deducted by the Fund and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date: 31 AUG 2016

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Ameen Malik

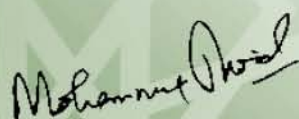
BALANCE SHEET

AS AT JUNE 30, 2016

Note	2016				2015	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total	
(Rupees in '000)						
Assets						
Bank balances	4	95,748	152,015	295,764	543,527	455,016
Investments	5	3,962,500	1,785,459	149,188	5,897,147	4,040,031
Receivable against sale of investments (net)		-	-	-	-	20,898
Dividend receivable		12,078	-	-	12,078	4,061
Deposits and other receivables	6	5,330	24,757	3,518	33,605	18,146
Receivable against change of plan / change of fund manager / issuance of units		100,648	63,080	17,721	181,449	41,486
Total assets		4,176,304	2,025,311	466,191	6,667,806	4,579,638
Liabilities						
Payable to Al Meezan Investment Management Limited (Al Meezan) pension fund manager	7	22,440	12,113	3,160	37,713	20,776
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	8	362	170	39	571	405
Payable to auditors		72	72	72	216	216
Payable to Securities and Exchange Commission of Pakistan (SECP)	9	1,081	526	125	1,732	1,163
Payable against purchase of investments (net)		12,724	-	-	12,724	33,365
Payable against withdrawal / change of plan		1,856	9,387	8,064	19,307	16,856
Accrued expenses and other liabilities	10	38,430	5,668	1,422	45,520	30,336
Total liabilities		76,965	27,936	12,882	117,783	103,117
Net assets		4,099,339	1,997,375	453,309	6,550,023	4,476,521
Contingencies and commitments	11					
Participants' sub-funds (as per statement attached)		4,099,339	1,997,375	453,309	6,550,023	4,476,521
(Number of units)						
Number of units in issue (as per statement attached)		8,332,830	9,768,041	2,230,504		
(Rupees)						
Net assets value per unit		491.95	204.48	203.23		

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director


INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2016

Note	2016			2015	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
	(Rupees in '000)				
Income					
Profit from sukuk certificates	-	66,385	11,973	78,358	118,400
Profit on saving accounts with banks	5,324	15,707	10,327	31,358	17,926
Profit on term deposit receipts	-	17,720	1,245	18,965	8,147
Dividend income	134,962	-	-	134,962	83,044
Unrealised appreciation on 're-measurement of investments at 'fair value through profit or loss' (net)	443,793	10,943	1,187	455,923	411,984
Net realised gain / (loss) on sale of investments	83,000	(4,885)	(1,391)	76,724	30,148
Reversal of provision against Sukuk Certificates	-	-	-	-	16
Total income	667,079	105,870	23,341	796,290	669,665
Expenses					
Remuneration to Al Meezan Investment Management Limited - pension fund manager	48,667	23,677	5,629	77,973	52,356
Sindh Sales Tax and Federal Excise Duty on management fee	15,690	7,633	1,815	25,138	17,487
Remuneration of Central Depository Company of Pakistan Limited (CDC) - Trustee	3,312	1,611	383	5,306	3,990
Sindh Sales Tax on trustee fee	465	226	54	745	-
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	1,081	526	125	1,732	1,163
Auditors' remuneration	121	122	122	365	360
Legal & professional charges	76	32	33	141	-
Brokerage	6,937	100	25	7,062	3,679
Bank and settlement charges	575	57	41	673	301
Charity expense	1,718	-	-	1,718	1,241
Provision for Workers' Welfare Fund (WWF)	12,805	1,761	358	14,924	13,961
Total expenses	91,447	35,745	8,585	135,777	94,538
Net income from operating activities	575,632	70,125	14,756	660,513	575,127
Element of income and capital gains included in prices of units issued less those in units redeemed (net)	51,790	16,162	2,798	70,750	108,947
Net income for the year before taxation	627,422	86,287	17,554	731,263	684,074
Taxation	-	-	-	-	-
Net income for the year after taxation	627,422	86,287	17,554	731,263	684,074
Other comprehensive income for the year					
Items that can be reclassified to income statement in subsequent periods					
Unrealised diminution on re-measurement of investment classified as "available for sale" (net)	-	(395)	-	(395)	(832)
Total comprehensive income for the year	627,422	85,892	17,554	730,868	683,242

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**


Mohammad Shoab, CFA
Chief Executive


Mazhar Sharif
Director

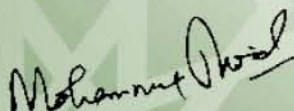
CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2016

Note	2016				2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
(Rupees in '000)					
CASH FLOW FROM OPERATING ACTIVITIES					
	627,422	86,287	17,554	731,263	684,074
Adjustments for					
Unrealised appreciation on re-measurement of investments at 'fair value through profit or loss' (net)	5.1, 5.2 & 5.3.2	(443,793)	(10,943)	(1,187)	(455,923)
Reversal of Provision against sukuk certificates	5.3.2.5	-	-	-	(16)
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		(51,790)	(16,162)	(2,798)	(70,750)
	131,839	59,182	13,569	204,590	163,127
(Increase) / decrease in assets					
Investments (net)	(906,456)	(632,885)	137,753	(1,401,588)	(1,037,532)
Receivable against sale of investments (net)	20,898	-	-	20,898	5,444
Dividend receivable	(8,017)	-	-	(8,017)	(2,838)
Deposits and other receivables	(2,886)	(11,615)	(958)	(15,459)	1,287
	(896,461)	(644,500)	136,795	(1,404,166)	(1,033,639)
Increase / (decrease) in liabilities					
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager	10,746	5,032	1,159	16,937	11,822
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	116	43	7	166	141
Payable to Securities and Exchange Commission of Pakistan (SECP)	424	127	18	569	450
Payable against purchase of investments (net)	(20,641)	-	-	(20,641)	33,365
Accrued expenses and other liabilities	13,035	1,791	358	15,184	14,741
	3,680	6,993	1,542	12,215	60,519
Net cash (used in) / generated from operating activities	(760,942)	(578,325)	151,906	(1,187,361)	(809,993)
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts of contribution / change of plan / change of fund manager / issuance of units	1,331,567	742,906	207,579	2,282,052	1,928,881
Payments on withdrawal / change of plan	(607,984)	(277,908)	(120,288)	(1,006,180)	(945,131)
Net cash generated from financing activities	723,583	464,998	87,291	1,275,872	983,750
Net (decrease) / increase in cash and cash equivalents during the year	(37,359)	(113,327)	239,197	88,511	173,757
Cash and cash equivalents at beginning of the year	133,107	265,342	56,567	455,016	281,259
Cash and cash equivalents at end of the year	4	95,748	152,015	295,764	543,527

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director


STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	2016			2015	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
	(Rupees in '000)				
Net assets at beginning of the year	2,740,148	1,398,572	337,801	4,476,521	2,883,326
Amount received on issuance of units (2016: Equity sub fund: 3,082,761 units; Debt sub fund: 4,000,911 units; Money market sub fund: 1,123,586 units) (2015: Equity sub fund: 3,094,884 units; Debt sub fund: 3,378,467 units; Money market sub fund: 828,094 units)	1,390,729	805,986	225,300	2,422,015	1,970,367
Amount paid on withdrawal of units (2016: Equity sub fund: 1,326,201 units; Debt sub fund: 1,379,812 units; Money market sub fund: 622,181 units) (2015: Equity sub fund: 1,187,535 units; Debt sub fund: 1,926,542 units; Money market sub fund: 735,346 units)	(607,170)	(276,913)	(124,548)	(1,008,631)	(951,467)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(51,790)	(16,162)	(2,798)	(70,750)	(108,947)
Net realised gain / (loss) on sale of investments	83,000	(4,885)	(1,391)	76,724	30,148
Unrealised appreciation on re-measurement of investments (net)	443,793	10,548	1,187	455,528	411,152
Other net income for the year	100,629	80,229	17,758	198,616	241,942
Total comprehensive income for the year	627,422	85,892	17,554	730,868	683,242
Net assets at end of the year	4,099,339	1,997,375	453,309	6,550,023	4,476,521

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director

CONTRIBUTION TABLE

FOR THE YEAR ENDED JUNE 30, 2016

Equity sub fund		2016		Money Market sub fund		Total	2015
Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	(Rupees in '000)	Total (Rupees in '000)

Contribution net of front end fee received during the year

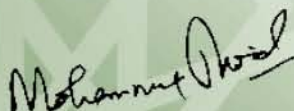
Individuals

- issue of units

<u>3,082,761</u>	<u>1,390,729</u>	<u>4,000,911</u>	<u>805,986</u>	<u>1,123,586</u>	<u>225,300</u>	<u>2,422,015</u>	<u>1,970,367</u>
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The annexed notes from 1 to 20 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**


Mohammad Shoaib, CFA

Chief Executive



Mazhar Sharif
Director

NUMBER OF UNITS IN ISSUE FOR THE YEAR ENDED JUNE 30, 2016

	2016		
	Equity sub fund	Debt sub fund	Money market sub fund
	(Number of units)		
Total units in issue at beginning of the year	6,576,270	7,146,942	1,729,099
Add: Units issued / converted / reallocated during the year	3,082,761	4,000,911	1,123,586
Less: Units redeemed / converted / reallocated during the year	(1,326,201)	(1,379,812)	(622,181)
Total units in issue at the end of the year	<u>8,332,830</u>	<u>9,768,041</u>	<u>2,230,504</u>
	2015		
	Equity sub fund	Debt sub fund	Money market sub fund
	(Number of units)		
Total units in issue at beginning of the year	4,668,921	5,695,017	1,636,351
Add: Units issued / converted / reallocated during the year	3,094,884	3,378,467	828,094
Less: Units redeemed / converted / reallocated during the year	(1,187,535)	(1,926,542)	(735,346)
Total units in issue at the end of the year	<u>6,576,270</u>	<u>7,146,942</u>	<u>1,729,099</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as pension fund manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the SECP on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the pension fund manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Sharah-e-Faisal, Karachi 74400, Pakistan.

The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund comprises of three Sharia compliant sub funds namely Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund (collectively the "Sub-Funds"). Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. The Fund offers six types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Variable Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. Allocation scheme can be selected initially at the time of opening of account and subsequently the allocation and percentages may change twice in a financial year. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimization through diversification.

- 1.2 Summary of significant investment policy for each of the Sub-Fund is as follows:

- The Equity Sub-Fund shall invest atleast 90% of net assets in listed equity securities based on quarterly average investment calculated on daily basis. Investment in single company shall not exceed 10% of NAV or paid-up capital of the investee company, whichever is lower. Surplus funds may be invested in Government Securities with maturity of less than one year or deposits with Banks which are rated not less than "A" by a rating agency registered with the Commission.
- The Debt Sub-Fund shall consist of debt securities with maturity of not more than 5 years. At least 25% net assets of the Debt Sub-Fund shall be invested in debt securities issued by the Federal Government. However, if such shariah compliant securities are not available, the assets of shariah compliant Debt Sub Fund may be deposited in Islamic Commercial Banks, having not less than "A+" rating. Up to 25% of net assets of Debt Sub-Fund may be deposited with Banks having rating of not less than "AA Plus".
- The Money Market Sub-Fund consists of short term debt instruments with weighted average maturity upto one year. Shariah Compliant Money Market Sub Fund can invest in shariah compliant government securities where the time to maturity may be upto three years.

- 1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

- 1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the participants.

- 1.5 Title to the assets of the Sub Funds are held in the name of CDC as a Trustee of the Fund.

- 1.6 JCR-VIS Credit Rating Company Limited has assigned management quality rating of 'AM2++' to the Pension Fund Manager.

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 of the Fund have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the VPS Rules and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the VPS Rules or the said directives differ with requirements of IFRSs, the requirements of the VPS Rules and the said directives issued by the SECP 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' and 'available for sale', 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 financial statements in conformity with approved accounting standards requires the use of critical accounting estimates. It also requires the pension fund manager to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgments 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) Impairment of financial instruments (note 3.1.6 and 5.4.1);
- c) Recognition of provision for Workers' Welfare Fund (note 12); and
- d) Taxation (note 3.6 and 19)

2.5 New Standard Applicable - fair value measurement

During the year, 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 1 January 2015. IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the Fund's financial statements. The effects of IFRS 13 "Fair Value Measurement" are disclosed in note 17 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 01 July 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 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 1 January 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 1 January 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 1 January 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 1 January 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 1 January 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 1 January 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 1 January 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 1 January 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 IFRS7)' 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.

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 applied in the preparation of the financial statements are set out below. These policies have been applied consistently unless otherwise stated.

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 'fair value through profit or loss' or 'available for sale'.

(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 contracts

All purchases and sales 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 expensed 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 through other comprehensive income.

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 and provision

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 Mutual Funds association of Pakistan (MUFAP) in accordance with the criteria laid down in Circular No. 1 of 2009 and Circular No. 33 of 2012 issued by Securities and Exchange Commission of Pakistan (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 aforementioned 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 above mentioned 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 provision 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 (PKIRSV 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 is based on their prices quoted on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

3.1.6 Impairment

Impairment loss on investment 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 equity investment classified as 'available for sale', a significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the 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.

3.1.7 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires 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 Balance Sheet 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 Participants' fund

Participants' fund representing the units issued by the Fund, are carried at the net asset value representing the investors' right to a residual interest in the Fund's assets.

3.3 Issuance, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the pension fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the pension fund manager at the close of that dealing day (forward pricing) for each sub-fund, when the contribution is realized. The front end fee is payable to the distributors and the pension fund manager.

The pension fund manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the participants are according to the allocation schemes selected by the participants.

Withdrawals made are used to redeem units of the sub-funds of the pension fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

3.4 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.

3.5 Net assets value per unit of each sub-fund

The net assets value (NAV) per unit, as disclosed on the Balance Sheet, is calculated by dividing the net assets of each sub-fund by the number of units in issue at year end.

3.6 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 utilised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on enacted tax rates.

- 3.6.1** The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in these financial statements.

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 and any other taxes introduced in Finance Act, 2015 is also not applicable on the Fund.

3.7 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) Profit on bank deposit is recognised on time proportion basis using effective yield method.
- (iv) Income on sukuk certificates, placements and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

3.8 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.

3.9 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.

3.10 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.

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

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.

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 gains / (losses) held in the participants' funds in a separate account. 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.

3.12 Distribution

Distribution of dividend or bonus units is not allowed under the VPS Rules 2005.

Note	2016				2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
	(Rupees in '000)				
4. BANK BALANCES					
On Current accounts	1,676	-	-	1,676	1,512
On Savings accounts	94,072	152,015	295,764	541,851	453,504
	<u>95,748</u>	<u>152,015</u>	<u>295,764</u>	<u>543,527</u>	<u>455,016</u>

4.1 The balance in savings accounts carry expected profit which ranges from 2.50% to 6.20% (2015: 4.00% to 9.27%) per annum.

Note	2016				2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
	(Rupees in '000)				
5. INVESTMENTS					
Held-for-trading					
- shares of listed companies	3,962,500	-	-	3,962,500	2,592,216
- sukuk certificates	-	1,078,562	128,188	1,206,750	1,172,792
	<u>3,962,500</u>	<u>1,078,562</u>	<u>128,188</u>	<u>5,169,250</u>	<u>3,765,008</u>
Investments designated at 'fair value through profit or loss upon initial recognition'					
	-	51,897	-	51,897	73,385
Available-for-sale					
- sukuk certificates	-	-	-	-	75,638
Loans and receivables					
	-	655,000	21,000	676,000	126,000
	<u>3,962,500</u>	<u>1,785,459</u>	<u>149,188</u>	<u>5,897,147</u>	<u>4,040,031</u>

5.1 'Held for trading' - shares of listed companies

Name of the investee company	As at July 01, 2015	Purchases during the year	Cost of purchase	Bonus / rights issue	Sales during the year	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 net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	---(Number of shares)---	(Rupees in '000)	(Rupees in '000)	-----	-----	-----	(Rupees in '000)	(Rupees in '000)	-----	%	-----
Equity Sub Fund											
Sector / companies											
Automobile Assembler											
Indus Motor Company Limited	78,155	14,550	16,191	-	32,100	60,605	74,400	56,941	(17,459)	1.39	0.08
Pak Suzuki Motor Company Limited	150,733	-	-	-	148,000	2,733	1,191	1,044	(147)	0.03	-
Honda Atlas Cars Pakistan Limited	318,700	65,000	16,291	-	218,400	165,300	37,221	59,358	22,137	1.45	0.12
Millat Tractors Limited	26,950	-	-	-	12,500	14,450	9,910	8,240	(1,670)	0.20	0.03
										3.07	0.23
Automobile Parts & Accessories											
Agriauto Industries Limited (note 5.1.1)	45,000	-	-	-	45,000	-	-	-	-	-	-
Thal Limited (note 5.1.1)	53,645	60,000	15,360	-	53,300	60,345	16,287	17,079	792	0.42	0.15
										0.42	0.15
Cable & Electrical Goods											
Pak Elektron Limited	1,440,000	2,389,000	163,111	3,000	2,478,000	1,354,000	82,960	87,536	4,576	2.14	0.34
Cement											
D.G Khan Cement Company Limited	150,397	887,900	139,316	-	150,397	887,900	139,316	169,136	29,820	4.13	0.20
Lucky Cement Limited	417,006	146,000	74,207	-	143,100	419,906	217,032	272,313	55,281	6.64	0.13
Fauji Cement Company Limited	5,344,000	2,656,500	93,173	-	2,896,000	5,104,500	178,284	182,741	4,457	4.46	0.37
Cherat Cement Company Limited	686,000	600,000	56,798	-	130,000	1,156,000	104,724	138,223	33,499	3.37	0.65
Pioneer Cement Company Limited	342,000	1,092,000	104,950	-	125,000	1,309,000	123,274	140,587	17,313	3.43	0.58
Attock Cement Pakistan Limited	46,700	-	-	-	46,700	-	-	-	-	-	-
Maple Leaf Cement Factory Limited	175,000	519,000	41,192	-	694,000	-	-	-	-	-	-
Kohat Cement Company Limited	150,000	391,400	93,848	-	25,000	516,400	118,108	135,255	17,147	3.30	0.33
Pakcem Limited (formerly Lafarge Pakistan)	-	500,000	10,398	-	100,000	400,000	8,318	7,064	(1,254)	0.17	0.03
										25.50	2.29
Chemical											
ICI Pakistan Limited	167,570	-	-	-	31,100	136,470	58,528	60,732	2,204	1.48	0.15
Sitara Chemical Industries Limited	-	74,700	26,096	-	-	74,700	26,096	27,191	1,095	0.66	0.35
Akzo Nobel Pakistan Limited	-	1,500	263	-	-	1,500	263	277	14	0.01	-
Ghani Gases Limited	-	1,819,440	47,424	-	748,000	1,071,440	27,629	20,990	(6,639)	0.51	1.44
										2.66	1.94
Engineering											
K.S.B Pumps Company Limited	88,800	52,700	12,749	-	-	141,500	25,091	34,476	9,385	0.84	1.07
Amrell Steels Limited	-	625,000	33,786	-	-	625,000	33,786	29,388	(4,398)	0.72	0.21
Crescent Steel & Allied Products Limited	-	414,000	46,713	37,500	10,000	441,500	45,863	50,600	4,737	1.23	0.57
										2.79	1.85
Fertilizer											
Fauji Fertilizer Bin Qasim Limited	3,951	800,000	49,152	-	803,951	-	-	-	-	-	-
Fauji Fertilizer Company Limited	173,198	360,000	41,386	-	532,600	598	66	69	3	-	-
Fatima Fertilizer Company Limited	561,000	400,000	18,800	-	961,000	-	-	-	-	-	-
Engro Corporation Limited	775,000	381,300	113,918	-	168,000	988,300	294,167	329,074	34,907	8.03	0.19
Engro Fertilizers Limited	343,000	3,764,000	257,869	-	1,095,000	3,012,000	197,309	194,214	(3,095)	4.74	0.23
Dawood Hercules Corporation Limited	-	473,400	56,272	-	-	473,400	56,272	70,475	14,203	1.72	0.10
										14.49	0.52
Food and Personal Care Products											
Engro Foods Limited	675,000	232,000	38,084	-	894,500	12,500	2,020	2,042	22	0.05	-
Al-Shaheer Corporation Limited (note 11)	-	2,084,000	179,117	480,900	542,500	2,022,400	132,838	105,590	(27,248)	2.58	1.64
										2.63	1.64
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	-	900,800	123,059	-	-	900,800	123,059	124,373	1,314	3.03	0.02
Pakistan Oilfields Limited	50,550	230,000	66,810	-	215,500	65,050	16,126	22,604	6,478	0.55	0.03
Pakistan Petroleum Limited	25,057	1,227,400	158,592	-	521,800	730,657	101,339	113,288	11,949	2.76	0.04
Mari Petroleum Company Limited (note 11)	128,450	108,750	69,343	-	35,000	202,200	112,268	183,642	71,374	4.48	0.18
										10.82	0.27
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	491,433	190,700	66,281	-	128,000	554,133	207,098	208,055	957	5.08	0.20
Attock Petroleum Limited	56,920	-	-	-	22,800	34,120	19,354	14,929	(4,425)	0.36	0.04
Sui Northern Gas Pipelines Limited	550,000	550,000	18,822	-	1,100,000	-	-	-	-	-	-
Hascol Petroleum Limited (note 11)	55,500	100,000	11,807	31,100	116,000	70,600	6,872	13,793	6,921	0.34	0.06
										5.78	0.30
Paper and Board											
Packages Limited	291,801	195,000	112,054	-	31,000	455,801	267,275	289,990	22,715	7.07	0.52
Cherat Packaging Limited	-	141,000	47,007	-	-	141,000	47,007	48,190	1,183	1.18	0.48
										8.25	1.00
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	44,600	72,700	48,082	-	10,000	107,300	71,241	80,901	9,660	1.97	0.11
Ferozsons Laboratories Limited	211,200	39,250	36,117	-	179,600	70,850	50,329	73,042	22,713	1.78	0.23
The Searle Company Limited (note 11)	133,000	188,700	87,647	63,510	214,200	171,010	64,375	91,687	27,312	2.24	0.14
Highnoon Laboratories Limited (note 11)	-	142,800	45,177	7,344	107,400	42,744	12,074	24,638	12,564	0.60	0.19
										6.59	0.67

Name of the investee company	As at July 01, 2015	Purchases during the year	Cost of purchase	Bonus / rights issue	Sales during the year	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 net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	--- (Number of shares) ---		(Rupees in '000)			----- (Number of shares) -----			----- (Rupees in '000) -----	----- % -----	
Power Generation & Distribution											
The Hub Power Company Limited	2,369,245	445,700	44,327	-	909,100	1,905,845	180,129	228,816	48,687	5.58	0.16
Kohinoor Energy Limited	155,000	-	-	-	155,000	-	-	-	-	-	-
Kot Addu Power Company Limited	-	713,000	56,134	-	225,000	488,000	38,420	43,554	5,134	1.06	0.55
K-Electric Limited (note 5.1.1)	6,240,000	12,489,500	95,003	-	1,900,000	16,829,500	132,502	135,646	3,144	3.31	0.17
Lalpir Power Limited	696,000	400,000	12,952	-	1,096,000	-	-	-	-	-	-
										9.95	0.88
Refinery											
Attock Refinery Limited	50,000	275,000	64,179	-	220,000	105,000	24,563	29,415	4,852	0.72	0.12
National Refinery Limited	-	259,700	64,493	-	259,700	-	-	-	-	-	-
										0.72	0.12
Technology & Communication											
Pakistan Telecommunication Company Limited "A"	1,199,200	700,000	10,430	-	1,899,200	-	-	-	-	-	-
Textile Composite											
Nishat Mills Limited	690,000	150,000	14,749	-	840,000	-	-	-	-	-	-
Kohinoor Textile Mills Limited	-	93,500	7,298	-	-	93,500	7,298	7,483	185	0.18	0.03
										0.18	0.03
Glass & Ceramics											
Tariq Glass Industries Limited	-	441,500	28,005	-	440,000	1,500	97	111	14	-	-
Miscellaneous											
Shifa International Hospitals Limited	41,800	45,000	15,876	5,560	-	92,360	26,328	27,708	1,380	0.68	0.18
Total			3,050,708				3,518,707	3,962,500	443,793		

5.1.1 All shares have a nominal value of Rs. 10 each except Agriauto Industries Limited and Thal Limited having nominal value of Rs. 5 and K-Electric Limited having nominal value of Rs. 3.50.

5.1.2 Net assets are as defined in Rule 2(1)(m) of VPS Rules.

5.2 'Held-for-trading' - sukuk certificates

Name of the security	Maturity date	Profit rate per annum	As at July 01, 2015	Purchases during the year	Cost of purchase	Sales during the year	Maturity during the year	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised gain as at June 30, 2016	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates		(Rupees in '000)			----- (Number of certificates) -----				----- (Rupees in '000) -----
Debt Sub Fund												
GoP - Ijarah sukuk - IX (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	5,890	-	-	5,890	-	-	-	-	-	-
GoP - Ijarah sukuk - X (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	1,398	-	-	1,070	328	-	-	-	-	-
GoP - Ijarah sukuk - XI (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	420	-	-	-	420	-	-	-	-	-
GoP - Ijarah sukuk - XII (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	1,090	-	-	1,090	-	-	-	-	-	-
GoP - Ijarah sukuk XIV (note 5.2.1)	March 28, 2016	Weighted average 6 months T-Bills	3	5,020	504,008	300	4,723	-	-	-	-	-
GoP - Ijarah sukuk XVI (note 5.2.1)	December 18, 2018	Weighted average 6 months T-Bills	-	6,930	693,450	1,150	2,000	3,780	378,271	380,986	2,715	19.07
GoP - Ijarah sukuk XVII (note 5.2.1)	February 15, 2019	Weighted average 6 months T-Bills	-	6,620	662,875	-	-	6,620	662,875	672,526	9,651	33.67
GoP - Ijarah sukuk XVIII (note 5.2.1)	March 29, 2019	Weighted average 6 months T-Bills	-	250	25,020	-	-	250	25,020	25,050	30	1.25
Total					1,860,333				1,066,166	1,078,562	12,396	

Name of the security	Maturity date	Profit rate per annum	As at July 01, 2015	Purchases during the year	Cost of purchase	Sales during the year	Maturity during the year	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised gain as at June 30, 2016	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates		(Rupees in '000)		(%)			
Money Market Sub Fund												
GoP - Ijarah sukuk - IX (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	2,540	40	4,016	2,580	-	-	-	-	-	-
GoP - Ijarah sukuk - X (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	150	-	-	150	-	-	-	-	-	-
GoP - Ijarah sukuk - XII (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	145	2	200	147	-	-	-	-	-	-
GoP - Ijarah sukuk XIV (note 5.2.1)	March 28, 2016	Weighted average 6 months T-Bills	-	1,700	170,632	-	1,700	-	-	-	-	-
GoP - Ijarah sukuk XVI (note 5.2.1)	December 18, 2018	Weighted average 6 months T-Bills	-	1,890	189,000	850	-	1,040	104,000	104,822	822	23.12
GoP - Ijarah sukuk XVII (note 5.2.1)	February 15, 2019	Weighted average 6 months T-Bills	-	230	23,000	-	-	230	23,001	23,366	365	5.15
Total					386,848				127,001	128,188	1,187	

5.2.1 The nominal value of the sukuk certificates is Rs.100,000 each.

5.3 Investments 'at fair value through profit or loss upon initial recognition'

5.3.1 Preference Shares - Unlisted

Equity Sub Fund

Name of Security

Mari Petroleum Company Limited- at cost

2015	
Number of Shares	Carrying value (Rupees in '000)
2,003,506	20,035

5.3.2 Investments 'at fair value through profit or loss upon initial recognition' - Sukuk Certificates

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2015	Purchases during the year	Cost of purchase	Sales during the year	Redemptions / matured during the year	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised loss	Percentage of net assets on the basis of market value (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates		(Rupees in '000)		(%)			
Debt Sub Fund												
Eden Housing Limited (note 5.3.2.1 & 5.3.2.3)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	-	-	-	-
Security Leasing Corporation Limited II (note 5.3.2.2 & 5.3.2.3)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
K-Electric Limited - II (note 5.3.2.2)	March 19, 2017	3 months Kibor plus base rate of 2.25%	10,400	-	-	-	-	10,400	53,350	51,897	(1,453)	2.60
Total									53,350	51,897	(1,455)	
Money Market Sub Fund												
Security Leasing Corporation Limited II (note 5.3.2.2 & 5.3.2.3)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
Total												

5.3.2.1 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.984.38 each.

5.3.2.2 The nominal value of these sukuk certificates is Rs.5,000 each.

5.3.2.3 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of amount of Rs 0.77 million in both debt sub fund and money market sub Fund has also been held as provision against the outstanding principal as at June 30, 2016. During the year SLCL repaid an amount of Rs. 0.08 million to both debt sub fund and money mark sub fund.

On May 6, 2011, Eden Housing sukuk certificates have been classified as non-performing by MUFAP. Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 0.492 million has also been held as provision against the outstanding principal as at June 30, 2016.

5.3.2.4 Following investments of the Fund are in the sukuk which are below 'investment grade' securities:

Name of Non-Compliant Investment	Type of investments	Value of investment before provision	Provision held (if any)	Value of investment after provision
(Rupees in '000)				
Debt Sub Fund				
Eden Housing Limited	Non-traded sukuk certificates	492	492	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	771	771	-
		1,263	1,263	-
Money Market Sub Fund				
Security Leasing Corporation Limited II	Non-traded sukuk certificates	771	771	-

5.3.2.5 Provision / (reversal) on sukuk certificates

	Note	2016 (Rupees in '000)	2015
Debt Sub Fund			
Opening		1,263	1,271
Reversal against Sukuk certificates	5.3.2.3	-	(8)
Closing		1,263	1,263
Money Market Sub Fund			
Opening		771	779
Reversal against Sukuk certificates	5.3.2.3	-	(8)
Closing		771	771

5.4 'Available for sale' - sukuk certificates

Name of the security	Maturity date	Profit rate per annum	As at July 01, 2015	Purchases during the year	Cost of purchase	Sales during the year	Maturity during the year	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised gain as at June 30, 2016	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	(Rupees in '000)	(%)					

Debt Sub Fund

GoP - Ijara sukuk - X (note 5.2.1)	November 21, 2015	Weighted average 6 months T-Bills	750	-	-	750	-	-	-	-	-	-
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5.4.1 Unrealised appreciation / (diminution) on re-measurement of investment classified as 'available for sale' (net)

	Note	2016 (Rupees in '000)	2015
Debt Sub Fund			
Market value of investment		-	75,638
Less: Cost of investments		-	75,243
		-	395
Unrealised appreciation on re-measurement of investments classified as 'available for sale' (net) at beginning of the year		(395)	(1,227)
		(395)	(832)

5.5 Loans and receivables

	Note	2016	2015
Debt Sub Fund			
Sukuk certificates	5.5.1	29,000	-
Term Deposit Receipts (TDR)	5.5.2	626,000	126,000
		655,000	126,000
Money Market Sub Fund			
Sukuk certificates	5.5.1	21,000	-
Term Deposit Receipts (TDR)	5.5.2	-	-
		21,000	-

5.5.1

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2015	Purchases during the year	Cost of purchase	Sales during the year	Redemptions / matured during the year	As at June 30, 2016	Carrying value as at June 30, 2016	Market value as at June 30, 2016	Unrealised loss as at June 30, 2016	Percentage of net assets on the basis of market value (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	(Rupees in '000)	(Rupees in '000)	(%)				

Debt Sub Fund

Engro Fertilizer Limited CP (note 5.5.1.1)	November 25, 2016	6 months Kibor plus base rate of 0.40%	-	29	29,000	-	-	29	29,000	29,000	-	1.45
Total					29,000				29,000	29,000	-	

Money Market Sub Fund

Engro Fertilizer Limited CP (note 5.5.1.1)	November 25, 2016	6 months Kibor plus base rate of 0.40%	-	21	21,000	-	-	21	21,000	21,000	-	4.63
Total					21,000				21,000	21,000	-	

5.5.1.1 The nominal value of these Commercial Paper (CP) sukuk of Engro Fertilizer Limited is Rs. 1,000,000 each.

Name of the Bank	Maturity date	Profit rate per annum	Face Value				Rating	Percentage of net assets value on the basis of total value of investments of the respective sub fund (see note 5.1.2)
			As at July 01, 2015	TDR's placed during the year	Matured during the year	As at June 30, 2016		
(Rupees in '000)								
Debt Sub Fund								
Dubai Islamic Bank Pakistan Limited	September 04, 2016	6.50% - 6.65%	-	144,000	-	144,000	A+	7.21
Meezan Bank Limited	June 22, 2016	5.55% - 6.71%	126,000	-	126,000	-	AA	-
Bank Islami Pakistan Limited	September 29, 2016	6.52%	-	125,000	-	125,000	A+	6.26
Bank Al Falah Limited	September 22, 2016	6.05%	-	357,000	-	357,000	AA	17.87
Total						626,000		
Money Market Sub Fund								
Habib Metropolitan Bank Limited	June 29, 2016	6.25%	-	79,000	79,000	-	AA+	-

6. DEPOSITS AND OTHER RECEIVABLES

Note	2016			2015	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
	(Rupees in '000)				
Security Deposits	2,600	100	100	2,800	300
Profit receivable on saving accounts with banks and Term Deposit Receipts	2,730	6,944	2,550	12,224	9,902
Profit receivable on sukuks certificates	-	17,713	868	18,581	7,944
	5,330	24,757	3,518	33,605	18,146

7. PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (AI Meezan) - PENSION FUND MANAGER

Management remuneration	7.1	4,888	2,295	532	7,715	5,287
Sindh Sales Tax and Federal Excise Duty on management fee	7.2 & 7.3	17,552	9,818	2,628	29,998	15,489
		22,440	12,113	3,160	37,713	20,776

7.1 Under the provisions of the Trust Deed, the pension fund manager is entitled to an annual management fee not exceeding 1.5% of the net assets of each sub-fund calculated during the year for determining the net asset value of the units of the sub-funds.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the year SST at the rate of 14 percent (30 June 2015: 15 percent) was charged on the remuneration of Pension Fund Manager and sales load.

7.3 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the pension fund manager has been applied effective from June 13, 2013. The pension fund manager 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 Fund 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 Fund has declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the Management Company is of the view that since 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 has been recognised in the financial statements of the Fund.

As a matter of abundant caution, the pension fund manager has made a provision on FED on remuneration of Pension Fund Manager with effect from June 13, 2013, aggregating to Rs. 15.068 million, Rs. 8.535 million and Rs. 2.312 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively (till June 30, 2015: Rs. 7.281 million, Rs. 4.747 million and Rs. 1.411 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund). Had the provision not being made, the Net Asset Value per unit as at June 30, 2016 would have been higher by Rs. 1.81 (June 30, 2015: Rs. 1.11) per unit, Rs. 0.87 (June 30, 2015: Rs. 0.66) per unit and Rs. 1.04 (June 30, 2015: Rs. 0.82) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund.

8. 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 of the sub-funds.

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

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

This represents annual fee at the rate of one thirtieth of one per cent of the average annual net asset value of the pension fund payable to SECP under Rule 36 of VPS Rules.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2016				2015	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total	
(Rupees in '000)						
Provision for Workers' Welfare Fund (WWF)	12	36,402	5,622	1,419	43,443	28,519
Charity payable	10.1	2,007	-	-	2,007	1,788
Brokerage payable		-	46	3	49	-
Sindh Sales Tax withheld on brokerage		21	-	-	21	-
Zakat payable		-	-	-	-	29
		38,430	5,668	1,422	45,520	30,336

- 10.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 2.007 million (2015: Rs. 1.788 million) is outstanding in this regard after making charity payments of Rs 1.5 million (2015: Rs 0.5 million) to renowned charitable institutions. None of the directors of the Pension Fund Manager of the Fund were interested in any of donees.

11. CONTINGENCIES AND COMMITMENTS

The Finance Act, 2014, introduced amendments to Income Tax Ordinance, 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

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

In the current year, Hascol Petroleum Limited, Al Shaheer Corporation Limited, Searle Company Limited and Highnoon Laboratories Limited (2015: Mari Petroleum Company Limited and Hascol Petroleum Limited) issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited by the Companies with the Government Treasury due to pending adjudication of the aforementioned Constitutional Petition and the stay order.

There were no other contingencies and commitments outstanding as at June 30, 2016 and June 30, 2015.

12. WORKERS' WELFARE FUND (WWF)

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, during the year ended June 30, 2010, a Constitutional Petition has been filed by certain CISs through their trustees in the High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in Court.

In 2012, the Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 declared the said amendments as unlawful and unconstitutional. In March 2013, a large bench of Sindh High Court (SHC) in various Constitutional Petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in WWF Ordinance, 1971 about applicability of WWF to the CISs which is still pending before the court.

The decisions of SHC (in against) and LHC (in favour) are pending before Supreme Court. However, the Pension Fund Manager, as a matter of abundant caution, has recognised WWF charge for the period from January 1, 2013 to June 30, 2016 amounting to Rs. 36.402 million, Rs. 5.622 million and Rs. 1.419 million which includes Rs. 12.805 million, Rs. 1.761 million and Rs. 0.358 million pertaining to the current year and Rs. 23.597 million, Rs. 3.861 million and Rs. 1.061 million pertaining to prior year for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively. Had the WWF not been provided, the NAV per unit of the Fund would have been higher by Rs. 4.37 (0.89%), Rs. 0.58 (0.28%) and Rs. 0.64 (0.31%) for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

The Board of Directors of the Pension Fund Manager in its meeting held on October 25, 2013 have resolved that unrecorded accumulated WWF provision in the fund from the date of its application till December 31, 2012, in case is required to be paid, shall be borne by Al Meezan Investment Management Limited (pension fund manager of the fund). Therefore, the Fund is not exposed to this unrecorded accumulated WWF provision. The unrecorded accumulated provision for WWF up to December 31, 2012 is Rs. 3.74 million, Rs. 1.60 million and Rs. 0.98 million in Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

The mutual funds (i.e. Collective Investment Schemes) have been excluded from levy of WWF vide Finance Act, 2015. However, the Act does not exclude Voluntary Pension Schemes (VPS). Therefore, provision in respect of WWF has been continued prospectively.

13. AUDITORS' REMUNERATION

Note	2016				2015
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
	(Rupees in '000)				
Audit fee	71	72	72	215	215
Half yearly review	36	37	37	110	110
Out of pocket expenses	14	13	13	40	35
	121	122	122	365	360

14. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of VPS Rules, 2005 and the trust deed respectively. Transactions with connected persons are carried out in the normal course of business at contracted rates and terms determined in accordance with market rates.

Details of transactions with connected persons and balances are as follows:

	2016			2015	
	Equity sub fund	Debt sub fund	Money market sub fund	Total	Total
(Rupees in '000)					
AI Meezan Investment Management Limited (AI Meezan) - Pension Fund Manager					
Remuneration payable	4,888	2,295	532	7,715	5,287
Sindh Sales Tax and Federal Excise Duty on management fee	17,552	9,818	2,628	29,998	15,489
Investments as at June 30, 2016: (Equity sub fund: 260,077 units) as at June 30, 2015 (Equity sub fund: 260,077 units)	127,945	-	-	127,945	108,366
Meezan Bank Limited (MBL)					
Bank balance	6,421	13,733	1,238	21,392	6,035
Term Deposit Receipts	-	-	-	-	126,000
Profit receivable on Term Deposit Receipts	-	936	-	936	986
Profit receivable on saving account	-	-	5	5	-
Central Depository Company of Pakistan Limited (CDC) - Trustee					
Trustee fee payable	317	149	34	500	405
Sindh Sales Tax on trustee fee payable	45	21	5	71	-
Deposits	100	100	100	300	300
Directors and Executives of the Pension Fund Manager					
Investments as at June 30, 2016: (Equity sub fund: 743,922 units; Debt Sub Fund: 470,634 units; Money Market Sub Fund: 17,003 units) as at June 30, 2015: (Equity sub fund: 661,334 units; Debt sub fund: 359,344 units; Money Market sub fund: 13,471 units)	365,972	96,235	3,456	465,663	348,510
For the year ended June 30, 2016					
Equity sub fund	Debt sub fund	Money market sub fund	Total	For the period year June 30, 2015	
				Total	
(Rupees in '000)					
AI Meezan Investment Management Limited (AI Meezan) - Pension Fund Manager					
Remuneration for the year	48,667	23,677	5,629	77,973	52,356
Sindh Sales Tax and Federal Excise Duty on management fee	15,690	7,633	1,815	25,138	17,487
Meezan Bank Limited (MBL)					
Profit on Term Deposit Receipts	-	7,265	-	7,265	3,586
Profit on savings account	356	228	79	663	1,408
Central Depository Company of Pakistan Limited (CDC) - Trustee					
Remuneration for the year	3,312	1,611	383	5,306	3,990
Sindh Sales Tax on trustee fee	465	226	54	745	-
CDS Charges for the year	233	7	7	247	179
Directors and Executives of the Pension Fund Manager					
Units issued (Equity Sub Fund: 121,118 units; Debt Sub Fund: 123,695 units; Money Market Sub Fund: 6,734 units)	53,974	24,887	1,340	80,201	235,761
Units redeemed / reallocated (Equity Sub Fund: 32,639 units; Debt Sub Fund: 12,405 units; Money Market Sub Fund: 1,961 units)	15,077	2,453	397	17,927	181,470

15. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

Risk of the Funds is being managed by the pension 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 VPS Rules and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

15.1 Market risk

15.1.1 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 company in which the investment is made, change in business circumstances of the company, industry environment and / or the economy in general.

The pension fund manager's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the participants 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 pension 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 VPS Rules and directives issued by the SECP.

The Fund's overall market positions are monitored on a quarterly basis by the board of directors of the pension fund manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 5 to these financial statements. At June 30, 2016 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that 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 approximately Rs. 39.625 million (2015: Rs. 25.922 million) if the prices of equity vary due to increase / decrease in the KMI. This is based on the assumption that the fair value of the Fund's portfolio moves according to their historical correlation with the KMI and that the KMI increases / decreases by 1% on KMI index with all other factors held constant.

The pension fund manager uses the KMI as a reference point in making investment decisions. However, the pension fund manager does not manage the Fund's investment strategy to track the 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 of the KMI. The composition of the Fund's investment portfolio and the correlation thereof to the 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 the KMI.

15.1.2 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 balance in saving accounts and investments in debt securities. The net assets of the Fund will increase / decrease by approximately Rs. 26.436 million (2015: approximately Rs. 19.013 million) if the market interest rates increase / decrease by 100 basis.

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					
	Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		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						
Bank balances	2.5% to 6.2%	541,851	-	-	1,676	543,527
Investments						
- Held for trading (Shares of listed companies)		-	-	-	3,962,500	3,962,500
- Held for trading (Sukuk certificates)	Weighted average 6 months T-Bills	-	-	1,206,750	-	1,206,750
- Investments designated at fair value through profit or loss upon initial recognition'						
- Preference shares		-	-	-	-	-
- Sukuk certificates	KIBOR + 2.25%	-	51,897	-	-	51,897
- Available for sale - sukuk certificates		-	-	-	-	-
- Loans and receivables	5.55% to 6.71% & KIBOR +0.4%	626,000	50,000	-	-	676,000
Receivable against sale of investments (net)		-	-	-	-	-
Dividend receivable		-	-	-	12,078	12,078
Deposits and other receivables		-	-	-	33,605	33,605
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	181,449	181,449
		1,167,851	101,897	1,206,750	4,191,308	6,667,806
Financial liabilities						
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager		-	-	-	37,713	37,713
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	571	571
Payable to auditors		-	-	-	216	216
Payable against purchase of investments (net)		-	-	-	12,724	12,724
Payable against withdrawal / change of plan		-	-	-	19,307	19,307
Accrued expenses and other liabilities		-	-	-	2,056	2,056
		-	-	-	72,587	72,587
On-balance sheet gap		1,167,851	101,897	1,206,750	4,118,721	6,595,219
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		1,167,851	101,897	1,206,750		
Cumulative interest rate sensitivity gap		1,167,851	1,269,748	2,476,498		

As at 30 June 2015

Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and upto one year	More than one year			
(Rupees in '000)						
On-balance sheet financial instruments						
<i>Financial assets</i>						
Bank balances	4.00% to 9.27%	453,504	-	-	1,512	455,016
Investments						
- Held for trading (Shares of listed companies)		-	-	-	2,592,216	2,592,216
- Held for trading (Sukuk certificates)	Weighted average					
	6 months T-Bills	-	1,172,792	-	-	1,172,792
- Investments designated at fair value through profit or loss upon initial recognition'						
- Preference shares	KIBOR + 3%	20,035	-	-	-	20,035
- Sukuk certificates	KIBOR + 2.25%	-	-	53,350	-	53,350
- Available for sale - sukuk certificates	Weighted average					
	6 months T-Bills	-	75,638	-	-	75,638
- Loans and receivables	6.70% - 8.46%	-	126,000	-	-	126,000
Receivable against sale of investments (net)		-	-	-	20,898	20,898
Dividend receivable		-	-	-	4,061	4,061
Deposits and other receivables		-	-	-	18,146	18,146
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	41,486	41,486
		473,539	1,374,430	53,350	2,636,833	4,579,638
<i>Financial liabilities</i>						
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager		-	-	-	20,776	20,776
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	405	405
Payable to auditors		-	-	-	216	216
Payable against purchase of investments (net)		-	-	-	33,365	33,365
Payable against withdrawal / change of plan		-	-	-	16,856	16,856
Accrued expenses and other liabilities		-	-	-	1,788	1,788
		-	-	-	73,406	73,406
On-balance sheet gap		473,539	1,374,430	53,350	2,563,427	4,506,232
Off-balance sheet financial instruments						
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		473,539	1,374,430	53,350		
Cumulative interest rate sensitivity gap		473,539	1,847,969	1,901,319		

15.1.3 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.

15.2 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, dividends receivable on equity securities, receivable against sale of investments and other deposits.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The credit rating wise analysis of investment in debt instruments has been tabulated as follows:

Rating agency	2016				2015				
	Debt sub fund		Money market sub fund		Debt sub fund		Money market sub fund		
	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)	
Government guaranteed	1,078,562	93%	128,188	86%	962,676	95%	285,754	100.00	
AA	JCR-VIS	51,897	4%	-	-	-	-	-	
AA-	PACRA	29,000	3%	21,000	14%	53,350	5%	-	
		1,159,459	100%	149,188	100%	1,016,026	100%	285,754	100.00

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, 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 balances with banks of the Fund are tabulated below:

Rating agency	2016				
	Debt sub fund		Money market sub fund		
	(Rs. in '000)	(%)	(Rs. in '000)	(%)	
AAA	JCR-VIS, PACRA	273,732	50%	211,218	46%
AA+	PACRA	105,686	19%	127,177	28%
AA	JCR-VIS	51,583	10%	6,097	1%
A+	JCR-VIS, PACRA	74,761	14%	-	-
A	PACRA	37,765	7%	110,524	25%
		543,527	100%	455,016	100%

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 concentration of credit risk.

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

Financial assets exposed to credit risk	2016	2015
	(Rupees in '000)	
Bank balances	543,527	455,016
Investments	727,897	199,385
Receivable against sale of investments (net)	-	20,898
Dividend receivable	12,078	4,061
Deposits and other receivables	33,605	18,146
Receivable against change of plan / change of fund manager / issuance of units	181,449	41,486
	1,498,556	738,992

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukuks, however, pledged security to the investment agent in trust for the benefit of sukuk holders.

15.3 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 participant's early redemptions at any time. The Fund's investments are considered to be readily realisable as they are all listed on stock exchange of the country.

In accordance with the rule 28 (2) of the VPS Rules, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the trustee, for a period not exceeding ninety days to the extent of fifteen per cent of the net assets value of the Fund. However, no such borrowing has been obtained during the year.

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

An analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2016 and 2015 is tabulated below:

2016				
Maturity upto				
Three months	Six months	One year	More than one year	Total
(Rupees in '000)				
Payable to Al Meezan Investment Management Limited - pension fund manager	37,713	-	-	37,713
Payable to CDC - trustee of the Fund	571	-	-	571
Payable to auditors	216	-	-	216
Payable against purchase of investments	12,724	-	-	12,724
Payable against withdrawal / change of plan	19,307	-	-	19,307
Accrued expenses and other liabilities	2,056	-	-	2,056
	72,587	-	-	72,587
2015				
Maturity upto				
Three months	Six months	One year	More than one year	Total
(Rupees in '000)				
Payable to Al Meezan Investment Management Limited - pension fund manager	20,776	-	-	20,776
Payable to CDC - trustee of the Fund	405	-	-	405
Payable to auditors	216	-	-	216
Payable against purchase of investments	33,365	-	-	33,365
Payable against withdrawal / change of plan	16,856	-	-	16,856
Accrued expenses and other liabilities	1,788	-	-	1,788
	73,406	-	-	73,406

16. PARTICIPANTS' FUND RISK MANAGEMENT

All units and fractions thereof represent an undivided share in the respective sub-fund and rank pari passu as to their rights in the net assets and earnings of that sub-fund. The relevant movements are shown on the 'statement of movement in participants' sub-funds'.

Each participant has a beneficial interest in the Fund proportionate to the units held by such participant in the respective sub-fund in his individual pension account (IPA). The liability of the participant is limited to the number of units or in certain circumstances cash, as may be allowed by the Rules, held by each participant in his IPA. These are only redeemable in case of retirement, premature encashment / redemption, death of the participant, and change of pension fund manager, change of allocation schemes and / or rebalancing of the IPA according to the percentages selected allocation schemes.

In accordance with risk management policies stated in note 15, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet early withdrawal requests, such liquidity being augmented by disposal of investments where necessary.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and fair value estimates.

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

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.

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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

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

The following table presents the assets that are measured at fair value as at June 30, 2016:

Note	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
30 June 2016									
Financial assets - measured at fair value									
Investments									
----- (Rupees in '000) -----									
- Held-for-trading									
- shares of listed companies	3,962,500	-	-	-	3,962,500	3,962,500	-	-	3,962,500
- sukuk certificates	1,206,750	-	-	-	1,206,750	-	1,206,750	-	1,206,750
- Investments designated at fair value through profit or loss upon initial recognition ¹	51,897	-	-	-	51,897	-	51,897	-	51,897
- Available for sale - sukuk certificates	-	-	-	-	-	-	-	-	-
	5,221,147	-	-	-	5,221,147	3,962,500	1,258,647	-	5,221,147
Financial assets - not measured at fair value									
Bank balances	17.1	-	543,527	-	543,527	-	-	-	-
Investments - Loans and receivables	17.1	676,000	-	-	676,000	-	-	-	-
Receivable against sale of investments (net)	17.1	-	-	-	-	-	-	-	-
Dividend receivable	17.1	-	12,078	-	12,078	-	-	-	-
Deposits and other receivables	17.1	-	33,605	-	33,605	-	-	-	-
Receivable against change of plan / change of fund manager / issuance of units	17.1	-	181,449	-	181,449	-	-	-	-
		676,000	227,132	543,527	-	-	-	-	-
Total		5,897,147	227,132	543,527	-	3,962,500	1,258,647	-	5,221,147
Financial liabilities - not measured at fair value									
Payable to Al Meezan Investment Management Limited (Al Meezan) - pension fund manager	17.1	-	-	37,713	37,713	-	-	-	-
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	17.1	-	-	571	571	-	-	-	-
Payable to auditors	17.1	-	-	216	216	-	-	-	-
Payable against purchase of investments (net)	17.1	-	-	12,724	12,724	-	-	-	-
Payable against withdrawal / change of plan	17.1	-	-	19,307	19,307	-	-	-	-
Accrued expenses and other liabilities	17.1	-	-	2,056	2,056	-	-	-	-
		-	-	72,587	72,587	-	-	-	-

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

18. PERFORMANCE TABLE

	For the year ended June 30, 2016	For the year ended June 30, 2015	Percentage change	For the year ended June 30, 2014	For the year ended June 30, 2013	For the year ended June 30, 2012
	(Rupees in '000)		(%)	(Rupees in '000)		
EQUITY SUB FUND						
Net income	627,422	575,199	53	376,514	285,228	46,534
Net realised gain on sale of investments	83,000	33,649	(47)	63,710	31,167	15,445
Unrealised appreciation on 're-measurement of investments at 'fair value through profit or loss' (net)	443,793	413,933	98	208,999	167,834	16,977
Dividend income	134,962	83,044	69	49,275	28,192	13,670
Profit on savings accounts with banks	5,324	6,048	(21)	7,659	2,825	1,602
Transactions in securities						
Purchases	3,050,708	1,851,923	32	1,406,804	460,631	162,340
Sales	2,144,252	2,597,064	35	1,917,077	204,999	83,483
Total contribution received	1,390,729	1,171,025	68	697,392	429,339	174,045
Total net asset value	4,099,339	2,740,148	78	1,537,033	804,440	324,443
Net Asset value per unit (Rs.)	491.95	416.67	27	329.21	248.56	160.43
DEBT SUB FUND						
Net income	85,892	86,322	15	74,854	48,871	28,758
Net realised (loss) / gain on sale of investments	(4,885)	(3,568)	(347)	1,442	516	(1,152)
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	10,943	(1,867)	(131)	5,949	(273)	(24)
Profit on savings accounts with banks	15,707	7,077	(60)	17,696	5,098	3,638
Profit on Term Deposit Receipts	17,720	8,147	0	-	-	-
Profit on Sukuk Certificates	66,385	94,122	82	51,853	38,267	18,087
Transactions in securities						
Purchases	2,486,333	486,514	(50)	975,483	320,194	223,000
Sales	1,853,448	688,797	(50)	1,368,847	78,362	34,908
Total contribution received	805,986	642,794	9	588,187	450,163	202,012
Total net asset value	1,997,375	1,398,572	34	1,047,167	640,260	332,267
Net Asset value per unit (Rs.)	204.48	195.69	6	183.87	170.66	157.64
MONEY MARKET SUB FUND						
Net income	17,554	21,721	13	19,295	21,818	20,836
Net realised gain / (loss) on sale of investments	(1,391)	67	(92)	865	32	480
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	1,187	(82)	(109)	867	(337)	(9)
Profit on savings accounts with banks	10,327	4,801	(46)	8,875	10,125	4,110
Profit on Term Deposit Receipts	1,245	-	-	-	-	-
Profit on Sukuk Certificates	11,973	24,278	55	15,664	14,031	9,736
Transactions in securities						
Purchases	465,848	160,141	(63)	432,046	245,924	164,485
Sales	603,601	223,907	(42)	386,348	147,008	41,887
Total contribution received	225,300	156,548	(24)	205,019	155,935	112,772
Total net asset value	453,309	337,801	13	299,126	302,636	210,840
Net Asset value per unit (Rs.)	203.23	195.36	7	182.80	171.01	158.68

Equity sub fund		Debt sub fund		Money market sub fund	
Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
(Rupees in '000)					

For the year ended June 30, 2016	397.17	498.08	195.75	204.48	195.45	203.23
For the year ended June 30, 2015	309.36	424.57	184.44	195.69	183.17	195.36

19. TAXATION

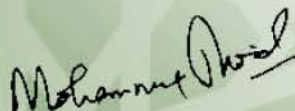
The income of the Fund is exempt from income tax under clause 57(3) (viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in these financial statements.

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 and any other taxes introduced in Finance Act, 2015 is also not applicable on fund.

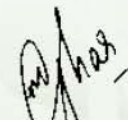
20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 31, 2016 by the Board of Directors of the pension fund manager.

**For Al Meezan Investment Management Limited
(Pension Fund Manager)**



**Mohammad Shoaib, CFA
Chief Executive**



**Mazhar Sharif
Director**



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