

IN HARMONY
WITH GROWTH



ANNUAL REPORT
2017



Meezan
Islamic Fund



Al Meezan
Mutual Fund



KSE-Meezan
Index Fund



Meezan
Energy Fund



Meezan
Balanced Fund



Meezan
Asset Allocation Fund



Meezan
Gold Fund



ANNUAL REPORT
2017

CONTENT

Who we are	06
Core Values	10
The Financial Year at Al Meezan FY 2017	14
Report of the Directors of the Management Company of the Funds - English	22

Vision Mission	08
Pride of the Year FY 2017	12
Board of Directors	16
Report of the Directors of the Management Company of the Funds - Urdu	32



Meezan Islamic Fund

Fund Information	48
Report of the Fund Manager	49
Report of the Shari'ah Advisor	52
Trustee Report to the Unitholders	54
Statement of Compliance with the Code of Corporate Governance	55
Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance	57
Independent Auditors' Report to the Unitholders	58
Statement of Assets and Liabilities	60
Income Statement and Statement of Comprehensive Income	61
Distribution Statement	62
Statement of Movement in Unitholders' Fund	63
Cash Flow Statement	64
Notes to the Financial Statements	65
Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance	95



Al Meezan Mutual Fund

Fund Information	98
Report of the Fund Manager	99
Report of the Shari'ah Advisor	102
Trustee Report to the Unitholders	104
Statement of Compliance with the Code of Corporate Governance	105
Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance	107
Independent Auditors' Report to the Unitholders	108
Statement of Assets and Liabilities	110
Income Statement and Statement of Comprehensive Income	111
Distribution Statement	112
Statement of Movement in Unitholders' Fund	113
Cash Flow Statement	114
Notes to the Financial Statements	115
Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance	142

CONTENT



KSE-Meezan Index Fund

Fund Information	◀ 146
Report of the Fund Manager	◀ 147
Report of the Shari'ah Advisor	◀ 149
Trustee Report to the Unitholders	◀ 151
Statement of Compliance with the Code of Corporate Governance	◀ 152
Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance	◀ 154
Independent Auditors' Report to the Unitholders	◀ 155
Statement of Assets and Liabilities	◀ 157
Income Statement and Statement of Comprehensive Income	◀ 158
Distribution Statement	◀ 159
Statement of Movement in Unitholders' Fund	◀ 160
Cash Flow Statement	◀ 161
Notes to the Financial Statements	◀ 162
Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance	◀ 187



Meezan Energy Fund

190 ▶	Fund Information
191 ▶	Report of the Fund Manager
193 ▶	Report of the Shari'ah Advisor
195 ▶	Trustee Report to the Unitholders
196 ▶	Statement of Compliance with the Code of Corporate Governance
198 ▶	Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance
199 ▶	Independent Auditors' Report to the Unitholders
201 ▶	Statement of Assets and Liabilities
202 ▶	Income Statement and Statement of Comprehensive Income
203 ▶	Distribution Statement
204 ▶	Statement of Movement in Unitholders' Fund
205 ▶	Cash Flow Statement
206 ▶	Notes to the Financial Statements
227 ▶	Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance

CONTENT



Meezan
Balanced Fund

Fund Information	◀ 230
Report of the Fund Manager	◀ 231
Report of the Shari'ah Advisor	◀ 234
Trustee Report to the Unitholders	◀ 236
Statement of Compliance with the Code of Corporate Governance	◀ 237
Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance	◀ 239
Independent Auditors' Report to the Unitholders	◀ 240
Statement of Assets and Liabilities	◀ 242
Income Statement and Statement of Comprehensive Income	◀ 243
Distribution Statement	◀ 244
Statement of Movement in Unitholders' Fund	◀ 245
Cash Flow Statement	◀ 246
Notes to the Financial Statements	◀ 247
Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance	◀ 280



Meezan
Asset Allocation Fund

284 ▶	Fund Information
285 ▶	Report of the Fund Manager
287 ▶	Report of the Shari'ah Advisor
289 ▶	Trustee Report to the Unitholders
290 ▶	Statement of Compliance with the Code of Corporate Governance
292 ▶	Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance
293 ▶	Independent Auditors' Report to the Unitholders
295 ▶	Statement of Assets and Liabilities
296 ▶	Income Statement and Statement of Comprehensive Income
297 ▶	Distribution Statement
298 ▶	Statement of Movement in Unitholders' Fund
299 ▶	Cash Flow Statement
300 ▶	Notes to the Financial Statements
326 ▶	Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance

CONTENT



Meezan Gold Fund

- 330 ▶ Fund Information
- 331 ▶ Report of the Fund Manager
- 333 ▶ Report of the Shari'ah Advisor
- 334 ▶ Trustee Report to the Unitholders
- 335 ▶ Statement of Compliance with the Code of Corporate Governance
- 337 ▶ Review Report to the Unitholders' on Statement of Compliance with Best Practices of Code of Corporate Governance
- 338 ▶ Independent Auditors' Report to the Unitholders
- 340 ▶ Statement of Assets and Liabilities
- 341 ▶ Income Statement and Statement of Comprehensive Income
- 342 ▶ Distribution Statement
- 343 ▶ Statement of Movement in Unitholders' Fund
- 344 ▶ Cash Flow Statement
- 345 ▶ Notes to the Financial Statements
- 365 ▶ Pattern of Holdings (Units) as per the Requirement of Code of Corporate Governance

The background features a wall with intricate floral wallpaper in shades of green, yellow, and orange. A large, dark purple geometric shape, resembling a stylized 'M' or a series of overlapping triangles, is superimposed over the top half of the image. The floor is a light, reflective surface.

MEEZAN ASSET ALLOCATION FUND (MAAF):

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

FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Non-Executive	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive	
Mr. P. Ahmed	Independent	
Mr. Moin M. Fudda	Independent	
Mr. Atif Azeem	Independent	
Mr. Mazhar Sharif	Non-Executive	
Mr. Ijaz Farooq	Non-Executive	
Mr. Abdullah Ahmed Mohammad	Non-Executive	
Syed Amir Ali	Non-Executive	
Syed Amir Ali Zaidi	Non-Executive	

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCES & REMUNERATION COMMITTEE

Mr. Ariful Islam	Chairman
Mr. Ijaz Farooq	Member
Mr. Mazhar Sharif	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited



REPORT OF THE FUND MANAGER

FOR THE YEAR ENDED JUNE 30, 2017

Objective

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

Investment Policy and Strategy

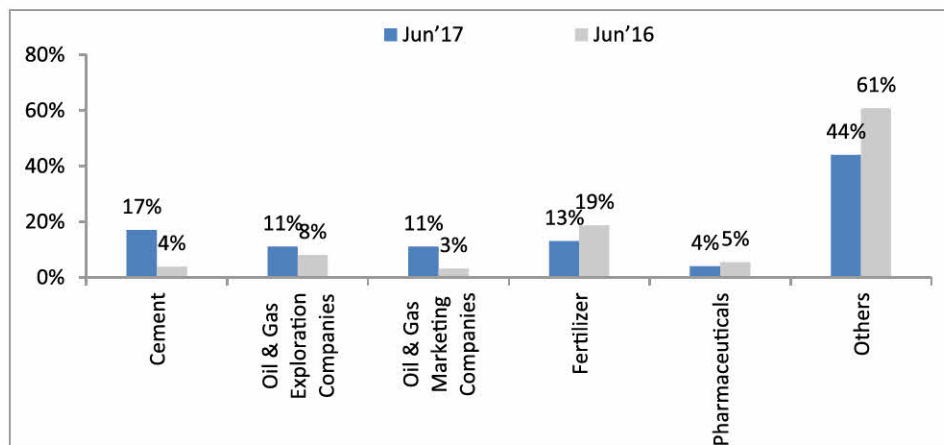
Based on the Fund Manager's outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall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

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

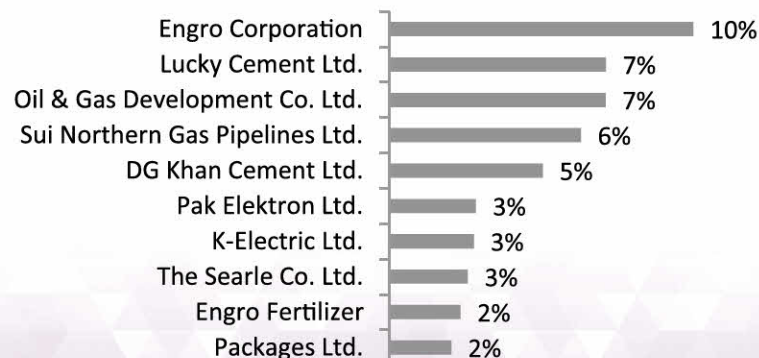
The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

Asset Allocation

As on June 30, 2017, the fund's equity exposure was 76.2%, while 23.3% of the Net Assets was invested in bank deposits.



Top Holdings



Performance Review

Meezan Asset Allocation Fund posted a total income of Rs. 15 million during FY17 as compared to Rs. 11 million last year. Total income comprised of dividend income, realized gain on investments and profit on saving accounts with banks of Rs. 39 million, Rs. 37 million and Rs. 12 million respectively. Unrealized loss on investments was Rs. 73. After accounting for expenses of Rs. 50 million and an element of income and capital gains included in prices of units issued and less those in units redeemed of Rs. 516 million, the fund posted a net income of Rs. 482 million. The net assets of the Fund as at June 30, 2017 were Rs. 3,251 million as compared to Rs. 460 million at the end of last year depicting a rise of 606.73%.

During the fiscal year 2017, Meezan Asset Allocation Fund provided a return of 18.10% to its investors.

NAV (Dividend Adjusted)	Change (%)
Meezan Asset Allocation Fund	18.10%
Benchmark Return	15.17%
Out performance	2.93%

Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2017 an amount of Rs. 0.55 million was accrued as charity payable.

Distributions

The interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2017 was Rs. 9.5 per unit (19.00%). Total distribution made by the fund was Rs. 493 million.

Breakdown of unit holdings by size:

(As on June 30, 2017)

Range (Units)	No. of Investors
1 - 9,999	1,344
10,000 - 49,999	655
50,000 - 99,999	129
100,000 - 499,999	92
500,000 and above	11
Total	2,231



Meezan Bank
The Premier Islamic Bank

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

August 21, 2017/ Dhu Al-Qi'dah 28, 1438

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 MAAF in light of *Shari'ah* requirements. Following is the list of the top investments of MAAF as on June 30, 2017 and their evaluation according to the screening criteria established by us. (December 31, 2016 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	23.5%	22.29%	0.73%	63%	(28.82)	
Lucky Cement	Cement	7.81%	15.66%	2.87%	67%	1.64	866
Oil & Gas Development Company***	Oil & Gas Exploration Companies	0.00%	25.07%	6.21%	39%	59.07	165.35
Sui Northern Gas Company	Oil & Gas Marketing Companies	20.70%	0.00%	1.39%	58%	(231.74)	
DGKC	Cement	11.90%	3.29%	4.76%	90%	(37.70)	

Page 1 of 2



	(i)	(ii)**	(iii)	(iv)	(v)	(vi)	
K-Electric	Power Generation & Distribution	10.06%	0.00%	1.19%	63%	(7.65)	
Engro Fertilizer	Fertilizer	31%	1.01%	0.18%	84%	(33.58)	
Packages Ltd.	Paper & Board	16.42%	5.85%	0.13%	84%	(95.24)	

* 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.

*** OGDC scrip has been considered compliant due to circular debt issue and restriction on selling government securities.

- ii. On the basis of information provided by the management, all operations of MAAF for the year ended June 30, 2017 have been in compliance with the *Shari'ah* principles.

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

During the year a provision of Rupees 0.55 million was created and an amount of Rupees 0.01 million was available for disbursement as of June 30, 2017.

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

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



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shakra-e-Faisal,
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 UNIT HOLDERS

MEEZAN ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that AI Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2017 in accordance with the provisions of the following:

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

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 14, 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

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

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the board includes:

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the Board on June 14, 2017 was filled up the directors within 30 days.
5. The Management Company has prepared a "Code of conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman, and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board of Directors of the Management Company meets the requirements of the Directors' Training Program as per proviso to clause 5.19.7 of the Code of Corporate Governance.



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

Mohammad Shoaib, CFA
Chief Executive

Dated: August 24, 2017
Karachi.



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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of Al Meezan Investment Management Limited (“Management Company”) of the Fund for the year ended 30 June 2017 to comply with the requirements contained in Clause No. 5.19 of Rule Book of the Pakistan Stock Exchange Limited (formerly Listing Regulation No. 35 of Islamabad Stock Exchange Limited) where the Fund is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2017.

Date: 24 August 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

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



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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Independent Auditors' Report to the Unitholders

Report on the Financial Statements

We have audited the accompanying financial statements of **Meezan Asset Allocation Fund** ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2017, and the related income statement and statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unitholders' fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2017, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.



KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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

Date: 24 August 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Aryn Malik



STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2017

	Note	2017 (Rupees in '000)	2016
Assets			
Balances with banks	4	569,028	95,752
Investments	5	2,599,168	274,328
Dividend receivable		10,545	780
Receivable on issuance and conversion of units		224,341	96,144
Deposits and other receivables	6	7,076	3,352
Preliminary expenses and flotation costs	7	687	867
Total assets		3,410,845	471,223
Liabilities			
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	8	10,736	2,449
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	392	70
Payable to Securities and Exchange Commission of Pakistan (SECP)	10	1,350	50
Payable to Meezan Bank Limited (MBL)		2,341	159
Payable against investments - (net)		-	5,894
Payable on redemption and conversion of units		25,594	799
Accrued expenses and other liabilities	11	76,676	1,559
Dividend payable		42,321	451
Total liabilities		159,410	11,431
Net assets		3,251,435	459,792
Contingencies and commitments	13		
Unitholders' fund (as per statement attached)		3,251,435	459,792
(Number of units)			
Number of units in issue	14	63,897,322	9,005,322
(Rupees)			
Net assets value per unit		50.89	51.06

The annexed notes 1 to 27 form an integral part of these financial statements.

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



Mohammad Shoab, CFA
Chief Executive



Mazhar Sharif
Director

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

		For the year ended June 30, 2017	For the period from April 21, 2016 to June 30, 2016
	Note	(Rupees in '000)	
Net realised gain / (loss) on sale of investments		37,275	(305)
Dividend income		38,721	780
Profit on saving accounts with banks		12,038	1,075
Other income		8	-
		88,042	1,550
Unrealised (diminution) / appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	(72,677)	9,530
Total income		15,365	11,080
Expenses			
Remuneration to Al Meezan Investment Management Limited (Al Meezan) - Management Company	8.1	21,315	893
Sindh Sales Tax on management fee	8.2	2,771	256
Allocated expenses	8.3	1,421	59
Selling and marketing expense	8.4	3,518	-
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	9	2,277	142
Sindh Sales Tax on trustee fee	9.1	296	17
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	10	1,350	50
Auditors' remuneration	15	287	120
Brokerage expenses		3,416	412
Charity expense		555	6
Bank and settlement charges		1,144	157
Amortisation of preliminary expenses and flotation costs	7	180	37
Fees and subscription		749	49
Legal and professional charges		238	-
Printing expenses		21	-
Provision for Sindh Workers' Welfare Fund (SWWF)	12	10,080	-
Total expenses		49,618	2,198
Net (loss) / income from operating activities		(34,253)	8,882
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		516,227	3,318
Net income for the year / period before taxation		481,974	12,200
Taxation	20	-	-
Net income for the year / period after taxation		481,974	12,200
Other comprehensive income for the year / period		-	-
Total comprehensive income for the year / period		481,974	12,200

The annexed notes 1 to 27 form an integral part of these financial statements.

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


Mohammad Shoaib, CFA

Chief Executive


Mazhar Sharif

Director



DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

Note	For the year	For the period
	ended June 30, 2017	from April 21, 2016 to June 30, 2016
	(Rupees in '000)	
Undistributed income brought forward		
- Realised	(5)	-
- Unrealised	9,530	-
	9,525	-
Interim distribution for the year ended June 30, 2017		
- cash dividend @ 19.00% (Rs. 9.5 per unit)	(493,117)	(2,675)
(June 30, 2016: @ 0.64% (Re. 0.32 per unit))	(493,117)	(2,675)
Total distribution		
	481,974	12,200
Net income for the year / period		
	(1,618)	9,525
Undistributed (loss) / income carried forward		
Undistributed (loss) / income carried forward		
- Realised	71,059	(5)
- Unrealised	(72,677)	9,530
	(1,618)	9,525

5.1

The annexed notes 1 to 27 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)



Mohammad Shoaib, CFA
Chief Executive



Mazhar Sharif
Director

STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND FOR THE YEAR ENDED JUNE 30, 2017

	Note	For the year ended June 30, 2017	For the period from April 21, 2016 to June 30, 2016
		(Rupees in '000)	
Net assets at beginning of the year / period		459,792	-
Issuance of 70,010,805 units (June 30, 2016: 11,645,411 units)		4,254,314	588,167
Redemption of 15,118,805 units (June 30, 2016: 2,640,089 units)		(935,301)	(134,582)
		3,319,013	453,585
Element of income and capital gains included in prices of units issued less those in units redeemed (net)		(516,227)	(3,318)
Net realised gain / (loss) on sale of investments		37,275	(305)
Unrealised (diminution) / appreciation on re-measurement of investments 'at fair value through profit or loss' (net)	5.1	(72,677)	9,530
Other net income for the year / period		517,376	2,975
Total comprehensive income for the year / period		481,974	12,200
Interim distribution for the year ended June 30, 2017 - cash dividend @ 19.00% (Rs. 9.5 per unit) (June 30, 2016: @ 0.64% (Re. 0.32 per unit))		(493,117)	(2,675)
Total distribution		(493,117)	(2,675)
Net (loss) / income for the year / period less distribution		(11,143)	9,525
Net assets at end of the year / period		3,251,435	459,792
		(Rupees)	
Net assets value per unit at beginning of the year / period		51.06	-
Net assets value per unit at end of the year / period		50.89	51.06

The annexed notes 1 to 27 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)



Mohammad Shoaib, CFA
Chief Executive



Mazhar Sharif
Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

Note	For the year	For the period
	ended June 30, 2017	from April 21, 2016 to June 30, 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
	481,974	12,200
	Adjustments for:	
	180	37
5.1	72,677	(9,530)
	(516,227)	(3,318)
	38,604	(611)
	Increase in assets	
	(2,397,517)	(264,798)
	(9,765)	(780)
	(3,724)	(3,352)
	-	(904)
	(2,411,006)	(269,834)
	Increase / (decrease) in liabilities	
	8,287	3,095
	322	70
	1,300	50
	2,182	159
	(5,894)	5,894
	75,117	913
	81,314	10,181
	(2,291,088)	(260,264)
	CASH FLOWS FROM FINANCING ACTIVITIES	
	4,126,117	492,023
	(910,506)	(133,783)
	(451,247)	(2,224)
	2,764,364	356,016
	473,276	95,752
	95,752	-
4	569,028	95,752

The annexed notes 1 to 27 form an integral part of these financial statements.

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


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Asset Allocation Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The objective of the Fund is to earn potentially high return through asset allocation between Shariah Complaint Equity Instruments, Shariah Complaint Fixed Income Instruments, Shariah Complaint Money Market Instruments and any other Shariah Complaint instrument as permitted by the SECP and Shariah Advisor.
- 1.3** The Fund is an open - end Fund listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) The Fund is categorized as Shariah Compliant Asset Allocation Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.4** The Management Company of the Fund has been given quality rating of AM1 by JCR-VIS Credit Rating Company Limited.
- 1.5** Title to the assets of the Fund are held in the name of CDC as a Trustee of the Fund.

2. BASIS OF PRESENTATION

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

2.1 Statement of compliance

- 2.1.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and the requirements of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations 2008) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirement of the Companies Ordinance, 1984, NBFC Rules, the NBFC Regulations and the said directives differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, NBFC Rules, the NBFC Regulations, and the said directives shall prevail.
- 2.1.2** The Companies Act, 2017 was enacted on May 30, 2017 and is applicable with immediate effect. The Securities and Exchange Commission of Pakistan through press release and vide circular no 17 of 2017 dated July 20, 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after June 30, 2017.



2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Amortisation of preliminary expenses and floatation costs (notes 3.6 and 7);
- c) Recognition of provision for Sindh Workers' Welfare Fund (note 12);
- d) Taxation (note 3.8 and 20); and
- e) Provision for Federal Excise Duty and related Sindh Sales Tax on management fee and sales load (note 11)

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

The following standards, amendments and interpretations of approved accounting standards and requirements of Companies Act, 2017 will be effective for accounting periods beginning on or after July 01, 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Fund's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after January 01, 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 01, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Fund's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after January 01, 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Fund's financial statements.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after January 01, 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'.
 - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 01, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity \ method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.
 - IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after January 01, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
 - IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- As disclosed in note 2.1.2, the new requirements of the Companies Act, 2017 shall be applicable to the financial statements issued on or after June 30, 2017. The Act included mutual funds in Third Schedule, accordingly certain additional requirements / disclosures in Fifth Schedule are also applicable to the financial statements of mutual funds. Significant disclosures / requirements, which are relevant to the funds includes but not limited to: name of associated companies or related parties or undertakings along with the basis of relationship describing common directorship and/or percentage of shareholding; summary of significant transactions and events that have affected the financial position and performance during the year; additional disclosure in respect of contingencies, name of the Court, the date case was instituted, principal parties and factual basis of proceedings; management assessment of sufficiency of tax provision including comparisons of tax provision as per accounts with tax assessment for last three years and items such as, long term deposits and prepayment, unpaid dividend and unclaimed dividend shall be disclosed as a separate line items on the face of the financial statements.



The above amendments are not likely to have an impact on Fund's financial statements except for additional disclosures and reclassifications mentioned above.

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 consistently applied to all the period presented, 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 and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets, at the time of initial recognition and re-evaluates this classification on a regular basis.

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

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

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

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

b) Loans and receivables

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

3.1.2 Regular way contract

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

3.1.3 Recognition

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

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

3.1.4 Measurement

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

Subsequent to initial recognition, instruments classified as financial assets 'at fair value through profit or loss' is 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.

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

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

3.1.5 Fair value measurement principles

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

The fair value of debt securities (other than government securities) is based on the value determined and announced by MUFAP in accordance with the criteria laid down in Circular No.1 of 2009 and Circular No.33 of 2012 issued by the SECP. In the determination of the rates, MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

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

Basis of valuation of government securities:

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

Basis of valuation of equity securities:

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

3.1.6 Impairment

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



3.1.7 Derecognition

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

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

3.1.8 Offsetting of financial instruments

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

3.2 Unitholders' funds

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

3.3 Issuance and redemption of units

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

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

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

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

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

3.5 Provisions

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

3.6 Preliminary expenses and floatation costs

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

3.7 Net assets value per unit

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

3.8 Taxation

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

Current

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

Deferred

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

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

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

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

3.9 Revenue recognition

- i) Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.



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

3.10 Expenses

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

3.11 Earnings per unit

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

3.12 Cash and cash equivalents

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

3.13 Distribution

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

4. BALANCES WITH BANKS

	Note	2017 (Rupees in '000)	2016
On saving accounts	4.1	556,999	95,647
On current accounts		12,029	105
		569,028	95,752

- 4.1 The balances in saving accounts have an expected profit ranging from 2.00% to 5.70% per annum (2016: 2.50% to 6.10% per annum).

5. INVESTMENTS

	Note	2017 (Rupees in '000)	2016
Investments at 'fair value through profit or loss'			
Ordinary shares - Held for trading	5.1	2,599,168	274,328

5.1 Ordinary shares - Held for trading

Name of the investee company	As at July 01, 2016	Purchases during the year	Bonus / right issue	Sales during the year	As at June 30, 2017	Carrying value as at June 30, 2017	Market value as at June 30, 2017	Unrealised gain / (loss) as at June 30, 2017	Percentage of total market value of investment
	(Number of shares)				(Rupees in '000)				%
Sectors / companies									
Automobile assembler									
Honda Atlas Cars (Pakistan) Limited	24,000	50,000	-	-	74,000	47,943	64,209	16,266	2.47
Automobile parts & accessories									
Thal Limited (note 5.1.1)	-	10,000	-	-	10,000	4,200	6,060	1,860	0.23
Cable and electrical goods									
Pak Elektron Limited	125,000	822,000	-	40,000	907,000	78,987	100,060	21,073	3.85
Chemicals									
Engro Polymer & Chemicals Limited	-	1,400,000	-	200,000	1,200,000	37,778	43,800	6,022	1.69
ICI Pakistan Limited	-	55,800	-	-	55,800	48,888	61,076	12,188	2.35
									4.04
Cement									
Cherat Cement Company Limited	40,000	216,000	-	-	256,000	41,658	45,768	4,110	1.76
D.G. Khan Cement Company Limited	25,000	846,000	-	42,000	829,000	192,560	176,710	(15,850)	6.80
Fauji Cement Company Limited	100,000	230,000	-	280,000	50,000	1,887	2,052	165	0.08
Kohat Cement Company Limited	10,000	40,000	-	-	50,000	13,339	11,463	(1,876)	0.44
Lucky Cement Limited	10,000	302,400	-	14,500	297,900	249,551	249,122	(429)	9.58
Maple Leaf Cement Limited	-	692,500	-	134,000	558,500	60,250	62,193	1,943	2.39
Power Cement Limited	-	2,000,000	-	2,000,000	-	-	-	-	-
Pioneer Cement Limited	30,000	290,500	-	-	320,500	42,475	41,665	(810)	1.60
									22.65
Engineering									
Crescent Steel and Allied Products Limited	30,000	177,000	-	30,000	177,000	43,372	42,227	(1,145)	1.62
International Industries Limited	-	65,000	-	-	65,000	22,782	23,957	1,175	0.92
International Steels Limited	-	194,000	-	-	194,000	26,999	24,811	(2,188)	0.95
K.S.B. Pumps Company Limited	6,000	-	-	-	6,000	1,462	1,890	428	0.07
									3.56
Fertilizer									
Dawood Hercules Corporation Limited	30,000	165,000	-	-	195,000	30,026	26,590	(3,436)	1.02
Engro Corporation Limited (note 5.1.2)	90,000	986,000	-	4,000	1,072,000	386,547	349,376	(37,171)	13.44
Engro Fertilizers Limited	835,000	710,000	-	60,000	1,485,000	93,731	82,031	(11,700)	3.16
									17.62
Food and personal care products									
Engro Foods Limited	-	330,700	-	240,000	90,700	14,712	11,019	(3,693)	0.42
Al-Shaheer Corporation Limited	25,000	370,000	3,750	80,000	318,750	15,385	12,785	(2,600)	0.49
									0.91
Oil and gas exploration companies									
Oil and Gas Development Company Limited	60,000	1,918,300	-	210,000	1,768,300	309,290	248,782	(60,508)	9.57
Mari Petroleum Company Limited	-	44,500	-	10,520	33,980	43,035	53,540	10,505	2.06
Pakistan Oilfields Limited	-	56,000	-	-	56,000	27,729	25,656	(2,073)	0.99
Pakistan Petroleum Limited	190,000	80,200	-	7,000	263,200	41,386	38,990	(2,396)	1.50
									14.12
Oil and gas marketing companies									
Hascol Petroleum Limited	-	212,000	-	25,000	187,000	63,355	63,786	431	2.45
Hi-Tech Lubricants Limited	-	242,800	-	-	242,800	29,385	26,468	(2,917)	1.02
Sui Northern Gas Pipelines Limited	-	1,696,500	-	217,000	1,479,500	169,742	220,327	50,585	8.48
Sui Southern Gas Company Limited	-	1,196,500	-	390,000	806,500	34,200	29,365	(4,835)	1.13
Pakistan State Oil Company Limited	40,000	26,000	-	2,800	63,200	24,438	24,481	43	0.94
									14.02
Paper and Board									
Cherat Packaging Limited	10,000	-	-	-	10,000	3,418	2,378	(1,040)	0.09
Packages Limited	29,000	73,900	-	-	102,900	80,211	71,575	(8,636)	2.75
									2.84
Pharmaceuticals									
Abbott Laboratories (Pakistan) Limited	34,050	12,000	-	10,000	36,050	29,294	33,692	4,398	1.30
Ferozsons Laboratories Limited	-	20,000	-	18,150	1,850	1,573	715	(858)	0.03
GlaxoSmithKline Consumer Healthcare Limited	-	135,000	-	13,000	122,000	18,300	25,499	7,199	0.98
GlaxoSmithKline Pakistan Limited	-	57,600	-	57,000	600	153	118	(35)	0.00
The Searle Company Limited	-	168,500	10,420	2,000	176,920	102,753	90,580	(12,173)	3.48
									5.79
Power generation and distribution									
K-Electric Limited (note 5.1.1)	1,075,000	13,195,000	-	115,000	14,155,000	127,306	97,670	(29,636)	3.76
The Hub Power Company Limited	80,000	175,000	-	17,000	238,000	30,340	27,948	(2,392)	1.08
									4.84



Name of the investee company	As at July 01, 2016	Purchases during the year	Bonus / right issue	Sales during the year	As at June 30, 2017	Carrying value as at June 30, 2017	Market value as at June 30, 2017	Unrealised gain / (loss) as at June 30, 2017	Percentage of total market value of investment
	----- (Number of shares) -----				----- (Rupees in '000) -----			----- % -----	
Refinery									
Attock Refinery Limited	20,000	35,000	-	3,000	52,000	20,296	19,894	(402)	0.77
National Refinery Company	-	40,000	-	-	40,000	33,242	29,040	(4,202)	1.12
									1.89
Technology & Communication									
Pakistan Telecommunication Company Limited "A"	700,000	-	-	700,000	-	-	-	-	-
Textile composite									
Nishat Mills Limited	-	289,000	-	122,000	167,000	24,867	26,500	1,633	1.02
Commercial Banks									
Meezan Bank Limited (an associate of the Fund)	-	6,000	-	6,000	-	-	-	-	-
Miscellaneous									
Shifa International Hospital Limited	10,000	-	-	-	10,000	3,000	3,300	300	0.13
Total						2,671,845	2,599,168	(72,677)	

5.1.1 All shares have a nominal value of Rs.10 each except Thal Limited having nominal value of Rs. 5 and K - Electric Limited having nominal value of Rs. 3.5.

5.1.2 105,000 shares of Engro Corporation Limited (June 30, 2016: 30,000), having market value of Rs. 34.22 million as at June 30, 2017 (June 30, 2016: Rs 9.99 million) have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

6. DEPOSITS AND OTHER RECEIVABLES

	Note	2017 (Rupees in '000)	2016
Profit receivable on saving accounts with banks		2,280	752
Security deposits		2,600	2,600
Advance tax		2,196	-
		7,076	3,352

7. PRELIMINARY EXPENSES AND FLOTATION COSTS

	Note	2017	2016
Preliminary expenses and floatation costs	7.1	867	904
Less: Amortisation during the year / period		(180)	(37)
		687	867

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

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

	Note	2017 (Rupees in '000)	2016
Management fee	8.1	3,967	460
Sindh Sales Tax on management fee	8.2	516	64
Sales load payable		2,187	868
Sindh Sales Tax on sales load	8.2	284	122
Formation cost payable		-	904
Allocated expenses	8.3	264	31
Selling and marketing expense	8.4	3,518	-
		10,736	2,449

- 8.1** As per regulation 61 of amended Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Management Company of the fund is entitled to an accrued remuneration equal to an amount not exceeding 2 percent of average annual net assets in case of Asset Allocation Scheme. The remuneration of the Management Company has been charged at the rate of 1.5 percent per annum for the year ended June 30, 2017.
- 8.2** The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from July 1, 2011. During the year, SST at the rate of 13 percent (till June 30, 2016: 14 percent) was charged on the remuneration of Management Company and sales load (refer note 11.2 for Sindh Sales Tax applied on Federal Excise Duty).
- 8.3** A statutory notification no. 1160 (I) / 2015 dated November 25, 2015 was issued by the Securities and Exchange Commission of Pakistan (SECP), which introduced amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008. As a result of these amendments, the Management Company may charge fees and expenses related to registrar services, accounting, operations and valuation services, related to Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the Scheme. Accordingly, such expenses has been charged at the rate of 0.1% of average annual net assets of the Scheme.
- 8.4** Securities and Exchange Commission of Pakistan (SECP) vide a circular no.40 SCD/PRDD/ Circular/361/2016 dated December 30, 2016, allowed the Asset Management Companies to charge selling and marketing expenses to open end equity, asset allocation and index funds, initially for three years (from January 01, 2017 till December 31, 019). Maximum cap of selling and marketing expenses shall be 0.4% per annum of net assets of fund or actual expenses whichever is lower. Accordingly, such expenses have been charged effective from February 27, 2017 at the rate of 0.4% of net assets of the Fund.

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

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

The remuneration of the trustee for the year ended June 30, 2017 has been calculated as per the following applicable tariff:

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

- 9.1** A notification (SRB-3-4/TP/01/2015/86554 dated June 13, 2015) was issued by Sindh Revenue Board (SRB), which introduced amendments in Sindh Sales Tax on Services Act, 2011. These amendments are applicable from July 01, 2015. As a result of these amendments, the Fund recognised sales tax on trustee fee at the rate of 13 percent (June 30, 2016: 14 percent).

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

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



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

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2017 (Rupees in '000)	2016
Charity payable	11.1	551	6
Brokerage payable		2,114	426
Auditors' remuneration		145	120
Withholding tax payable		62,833	312
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.2	145	145
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.2	482	482
Shariah Advisory fee payable		269	49
Sindh Workers' Welfare Fund (SWWF)	12	10,080	-
Zakat Payable		57	-
Others		-	19
		76,676	1,559

11.1 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 0.551 million (June 30, 2016: Rs 0.006 million) is outstanding in this regard. None of the directors of the Management Company were interested in any of donees.

11.2 As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Management Company and sales load has been applied effective from June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Funds Association of Pakistan with the Sindh High Court (SHC) on September 04, 2013.

The SHC while disposing the Constitutional Petition No. D-3184 of 2014 relating to levy of FED on Mutual Funds has declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011, (i.e., the date on which Sindh Sales Tax on Services Act, 2011 came into force). However, the tax authorities subsequently filed appeal against the decision of SHC in the Supreme Court of Pakistan, which is pending for the decision.

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.

Since the appeal is pending in the Supreme Court of Pakistan, the Management Company as a matter of abundant caution has retained a provision on FED and related Sindh Sales Tax on management fee and sales load with effect from April 21, 2016, till June 30, 2016, aggregating to Rs. 0.627 million (June 30, 2016: Rs. 0.627 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.01 (June 30, 2016: Re. 0.07) per unit.

12. SINDH WORKERS' WELFARE FUND (SWWF)

The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. The Honourable Supreme Court of Pakistan vide its judgment dated November 10, 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated November 10, 2016, passed in the Civil Appeal may kindly be reviewed in the interest of justice. After deliberating the position, The Mutual Fund Association of Pakistan (MUFAP) decided that the provision for WWF held for the period from January 1, 2013 to June 30, 2015 be reversed effective from January 12, 2017.

Furthermore, the Sindh Revenue Board (SRB) had written to few mutual funds in January 2016 to register and pay Sindh Workers Welfare Fund (SWWF) for the accounting year closing on or after December 31, 2013. MUFAP reviewed the issue and based on an opinion dated August 2016 decided that SWWF is not applicable on mutual funds as they are not financial institutions as required by SWWF Act, 2014. MUFAP wrote to SRB that mutual funds are not establishments and are pass through vehicles hence, they do not have any worker and no WWF is payable by them. SRB responded back that as mutual funds are included in definition of financial institutions in The Financial Institutions (Recovery of Finance) Ordinance, 2001, WWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from WWF.

MUFAP has also taken a legal opinion that SWWF, if applicable, can only be applied from the date of enactment of SWWF Act, 2014, i.e. May 21, 2015. Accordingly, on January 12, 2017, MUFAP as an abundant caution, has decided to provide for SWWF with effect from May 21, 2015, while the efforts to exclude mutual funds for SWWF continue. The provision made for SWWF on January 12, 2017, for a period from April 21, 2016 to January 12, 2017 amounted to Rs. 3.95 million. This has resulted in a decrease in NAV per unit of Re. 0.25 on January 12, 2017.

On January 12, 2017, the decisions of MUFAP were communicated to Securities and Exchange Commission of Pakistan (SECP). SECP vide their letter no. SCD/AMCW/MUFAP/2017 – 405 dated February 1, 2017, suggested that the matters can be addressed through appropriate disclosure in the financial statements for the information of investors, as the impact of the same is not significant.

The Management Company has recognised SWWF charge for the period from April 21, 2016 to June 30, 2017, amounting to Rs. 10.08 million. Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.16.

13. 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. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should not be applicable on bonus shares received by CISs. On September 8, 2015, the Sindh High Court has dismissed the suit on the basis that bonus shares are included in the definition of income and accordingly are chargeable to tax. An appeal against the judgment has been instituted and a stay order has been granted by the High Court of Sindh in favour of CISs.

In the current year, Al Shaheer Corporation Limited and The Searle Company Limited issued bonus shares after withholding 5 percent shares on account of tax on bonus shares. These have not been deposited with the Government Treasury due to pending adjudication of the constitutional petition and the stay order.

There were no other contingencies and commitments outstanding as at June 30, 2017 and June 30, 2016.



14. NUMBER OF UNITS IN ISSUE

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

	2017 (Number of units)	2016 (Number of units)
Total units in issue at beginning of the year / period	9,005,322	-
Units issued during the year / period	70,010,805	11,645,411
Units redeemed during the year / period	(15,118,805)	(2,640,089)
Total units in issue at end of the year / period	<u>63,897,322</u>	<u>9,005,322</u>

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

15. AUDITORS' REMUNERATION

	For the year ended June 30, 2017	For the period from April 21, 2016 to June 30, 2016
	(Rupees in '000)	
Statutory audit fee	135	60
Half yearly review	75	-
Other certifications and services	60	60
Out of pocket expenses	17	-
	<u>287</u>	<u>120</u>

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

Details of transactions with connected persons and balances with them for the year ended June 30, 2017 are as follows:

	2017	2016
	(Number of units)	
Al Meezan Investment Management Limited		
- (Al Meezan) Management Company		
Remuneration payable	3,967	460
Sindh Sales Tax on management fee payable	516	64
Sales load payable	2,187	868
Sindh Sales Tax on sales load payable	284	122
Allocated expense payable	264	31
Selling & marketing expense payable	3,518	-
Formation cost payable	-	904
Meezan Bank Limited		
Sales load payable	2,072	159
Sindh sales tax on sales load payable	269	-
Bank balance	154,869	2,507
Profit receivable on saving account	685	40
Central Depository Company of Pakistan Limited (CDC)- Trustee		
Trustee fee payable	347	61
Sindh Sales Tax on trustee fee payable	45	9
Deposits	100	100
Directors and executives of the Management Company		
Investment of 21,746 units (2016: nil units)	1,107	-
Unitholders holding 10% or more of the Fund	-	50,747

	For the year ended June 30, 2017	For the period from April 21, 2016 to June 30, 2016
	(Rupees in '000)	
Al Meezan Investment Management Company Limited		
- (Al Meezan) Management Company		
Remuneration for the year / period	21,315	893
Sindh Sales Tax and Federal Excise Duty on management fee for the year / period	2771	256
Allocated expenses	1,421	59
Meezan Bank Limited		
Shares purchased during the year: 6,000 shares (June 30, 2016: nil)	390	-
Shares disposed off during the year: 6,000 shares (June 30, 2016: nil)	476	-
Profit on saving account	3,715	221
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration fee for the year / period	2,277	142
Sindh Sales Tax on trustee fee for the year / period	296	17
CDS charges	133	15
Directors and executives of the Management Company		
Units issued: 66,156 units (2016: 40 units)	4,056	2
Units redeemed: 44,410 units (2016: 40 units)	2,802	2
Dividend paid	177	-



17. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies:

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

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

Risks managed and measured by the Fund are explained below:

17.1 Credit risk

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

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of profit receivable on saving accounts, dividend receivable on equity securities, receivable on issuance and conversion of units and receivable against sale of investments.

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

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

	Rating agency	2017		2016	
		(Rs. in '000)	(Percentage)	(Rs. in '000)	(Percentage)
AA+	PACRA/ JCR-VIS	34,472	6.06	36,575	38.20
AA-	PACRA/ JCR-VIS	62	0.01	-	-
AA	PACRA/ JCR-VIS	154,669	27.19	2,508	2.62
A+	PACRA/ JCR-VIS	379,625	66.74	56,659	59.17
A	JCR-VIS	-	-	10	0.01
		568,828	100.00	95,752	100.00

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

The maximum exposure to credit risk as at June 30, 2017 is tabulated below:

	2017	2016
	(Rupees in '000)	
Financial assets exposed to credit risk		
Balances with banks	569,028	95,752
Receivable on issuance and conversion of units	224,341	96,144
Dividend receivable	10,545	780
Deposits and other receivables	4,880	3,352
	808,794	196,028

None of the financial assets were considered to be past due or impaired as on June 30, 2017.

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

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

17.2 Liquidity risk

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

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

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

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

In addition to unitholders' fund, analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2017 is tabulated below:

	2017				Total
	Maturity upto			More than one year	
	Three months	Six months	One year		
	(Rupees in '000)				
Financial liabilities					
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	10,736	-	-	-	10,736
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	392	-	-	-	392
Payable to Meezan Bank Limited	2,341	-	-	-	2,341
Payable on redemption and conversion of units	25,594	-	-	-	25,594
Accrued expenses and other liabilities	3,706	-	-	-	3,706
Dividend payable	42,321	-	-	-	42,321
	85,090	-	-	-	85,090



2016

	Maturity upto			More than one year	Total
	Three months	Six months	One year		
	(Rupees in '000)				
Financial liabilities					
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	2,449	-	-	-	2,449
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	70	-	-	-	70
Payable to Meezan Bank Limited	159	-	-	-	159
Payable against investments - net	5,894	-	-	-	5,894
Payable on redemption and conversion of units	799	-	-	-	799
Accrued expenses and other liabilities	1,247	-	-	-	1,247
Dividend payable	451	-	-	-	451
	<u>11,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,069</u>

17.3 Market Risk

17.3.1 Price risk

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

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

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

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in these financial statements. As at 30 June 2017, the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the KSE Meezan Index (KMI) 30 index. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

The net assets of the Fund will increase / decrease by Rs. 25.99 million (2016: Rs. 2.74 million) if the prices of equity vary due to increase / decrease in KMI 30 Index by 1% with all other factors held constant.

The Fund manager uses KMI as a reference point in making investment decisions. However, the Fund manager does not manage the Fund's investment strategy to track KMI or any other index or external benchmark. The sensitivity analysis presented is based upon the portfolio composition as at 30 June 2017 and the historical correlation of the securities comprising the portfolio to the KMI. The composition of the Fund's investment portfolio and the correlation thereof to KMI, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2017 is not necessarily indicative of the effect on the Fund's net assets attributed to units of future movements in the level of KMI.

17.3.2 Interest rate risk

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

Cash flow interest rate risk

The Fund's interest rate risk arises from the balances in saving accounts, term deposit receipts and investment in debt securities. At June 30, 2017, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs. 5.57 million (2016: Rs. 0.96 million) mainly as a result of finance income.

Fair value interest rate risk

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

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

Effective yield / interest rate	As at June 30, 2017				Total	
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk		
	Upto three months	More than three months and upto one year	More than one year			
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	2.00% to 5.70%	556,999	-	-	12,029	569,028
Investments		-	-	-	2,599,168	2,599,168
Dividend receivable		-	-	-	10,545	10,545
Receivable on issuance and conversion of units		-	-	-	224,341	224,341
Deposits and other receivables		-	-	-	4,880	4,880
		556,999	-	-	2,850,963	3,407,962
Financial liabilities						
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		-	-	-	10,736	10,736
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	392	392
Payable to Meezan Bank Limited		-	-	-	2,341	2,341
Payable on redemption and conversion of units		-	-	-	25,594	25,594
Accrued expenses and other liabilities		-	-	-	3,706	3,706
Dividend payable		-	-	-	42,321	42,321
		-	-	-	85,090	85,090
On-balance sheet gap		556,999	-	-	2,765,873	3,322,872
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		556,999	-	-		
Cumulative interest rate sensitivity gap		556,999	556,999	556,999		



As at June 30, 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					
Balances with banks	2.50% to 6.10%	95,647	-	105	95,752
Investments	-	-	-	274,328	274,328
Dividend receivable	-	-	-	780	780
Receivable on issuance and conversion of units	-	-	-	96,144	96,144
Deposits and other receivables	-	-	-	3,352	3,352
		95,647	-	374,709	470,356
Financial liabilities					
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	-	-	-	2,449	2,449
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	-	-	-	70	70
Payable to Meezan Bank Limited	-	-	-	159	159
Payable against investments - net	-	-	-	5,894	5,894
Payable on redemption and conversion of units	-	-	-	799	799
Accrued expenses and other liabilities	-	-	-	1,247	1,247
Dividend payable	-	-	-	451	451
		-	-	11,069	11,069
On-balance sheet gap		95,647	-	363,640	459,287
Off-balance sheet financial instruments					
		-	-	-	-
Off-balance sheet gap					
		-	-	-	-
Total interest rate sensitivity gap		95,647	-	-	-
Cumulative interest rate sensitivity gap		95,647	95,647	95,647	-

17.3.3 Currency risk

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

18. UNITHOLDERS' FUND RISK MANAGEMENT

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

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

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

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

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

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the year end date. The quoted market prices used for financial assets held by the Fund is current bid price.

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.

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

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

Level 1: Quoted market price (unadjusted) in active markets for identical assets or liabilities.

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

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

The following table presents assets that are measured at fair value as at June 30, 2017:

Note	Carrying amount					Fair value			
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
June 30, 2017									
----- (Rupees in '000) -----									
Financial assets									
- measured at fair value									
Investments	2,599,168	-	-	-	2,599,168	2,599,168	-	-	2,599,168
Financial assets									
- not measured at fair value									
Balances with banks	19.1	-	569,028	-	569,028				
Dividend receivable	19.1	10,545	-	-	10,545				
Receivable on issuance and conversion of units	19.1	224,341	-	-	224,341				
Deposits and other receivables	19.1	4,880	-	-	4,880				
		2,599,168	241,962	569,028	-				3,407,962
Financial liabilities									
- not measured at fair value									
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	19.1	-	-	10,736	10,736				
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	19.1	-	-	392	392				
Payable to Meezan Bank Limited	19.1	-	-	2,341	2,341				
Payable on redemption and conversion of units	19.1	-	-	25,594	25,594				
Accrued expenses and other liabilities	19.1	-	-	3,706	3,706				
Dividend payable	19.1	-	-	42,321	42,321				
		-	-	85,090	85,090				



Note	Carrying amount					Fair value				
	Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total	
June 30, 2016	(Rupees in '000)									
Financial assets										
- measured at fair value										
Investments	19.1	274,328	-	-	-	274,328	274,328	-	-	274,328
Financial assets										
- not measured at fair value										
Balances with banks	19.1	-	-	95,752	-	95,752				
Dividend receivable	19.1	-	780	-	-	780				
Receivable on issuance and conversion of units	19.1	-	96,144	-	-	96,144				
Deposits and other receivables	19.1	-	3,352	-	-	3,352				
		274,328	100,276	95,752	-	470,356				
Financial liabilities										
- not measured at fair value										
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company	19.1	-	-	-	2,449	2,449				
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	19.1	-	-	-	70	70				
Payable to Meezan Bank Limited	19.1	-	-	-	159	159				
Payable against investments - (net)	19.1	-	-	-	5,894	5,894				
Payable on redemption and conversion of units	19.1	-	-	-	799	799				
Accrued expenses and other liabilities	19.1	-	-	-	1,247	1,247				
Dividend payable	19.1	-	-	-	451	451				
		-	-	-	11,069	11,069				

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

20. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that for the purpose of determining distribution of at least 90 percent of accounting income, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unitholders. The Fund has not recorded any tax liability in respect of income relating to the current year as subsequent to the year end, the Management Company distributed sufficient income of the Fund for the year ended June 30, 2017, as reduced by capital gains (whether realised or unrealised) to its unitholders.

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

21. PERFORMANCE TABLE

	2017	2016
Net assets (Rs in '000) (ex-distribution)	3,251,435	459,792
Net assets value / redemption price per unit as at 30 June (Rs.) (ex-distribution)	50.89	51.06
Offer price per unit as at June 30 (Rs.) (ex-distribution)	52.62	53.09
Highest offer price per unit (Rs.)	70.17	54.09
Lowest offer price per unit (Rs.)	52.62	51.71
Highest redemption price per unit (Rs.)	67.87	52.03
Lowest redemption price per unit (Rs.)	50.89	49.74
Distribution (%)	19.00	0.64
Date of distribution	June 23, 2017	June 29, 2016
Total return (%)	18.10	2.80
	One Year	Two Years
Average annual return (%) as at June 30, 2017	18.10	10.18

Investment portfolio composition of the Fund is described in Note 5.

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

22. EXPENSE RATIO

In the current year, Securities and Exchange Commission of Pakistan (SECP) vide directive no. SCD/PRDD/Direction/18/2016 dated July 20, 2016, requires that collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the year ended June 30, 2017 is 3.51% which include 1.06% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

23. INVESTMENT COMMITTEE MEMBERS

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

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

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

- Al Meezan Mutual Fund
- Meezan Financial Planning Fund of Funds
- Meezan Strategic Allocation Fund
- Meezan Energy Fund



24. DETAILS OF MEETINGS OF BOARD OF DIRECTORS

Name	Designation	Dates of Board of Directors Meetings and Directors' present therein				
		August 31, 2016	October 06, 2016	February 8, 2017	April 13, 2017	June 14, 2017
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive	Yes	Yes	Yes	Yes	Yes
Mr. P. Ahmed	Director	No	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim	Director	Yes	Yes	Yes	Yes	Yes
Mr. Tasnimul Haq Farooqui*	Director	No	Yes	Yes	Yes	Resigned
Mr. Mazhar Sharif	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali	Director	Yes	Yes	Yes	No	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	No	Yes	Yes
Mr. Ijaz Farooq*	Director	-	-	-	-	Yes

* Mr. Tasnimul Haq resigned and in his place Mr. Ijaz Farooq was approved as a Director on the Board of AI Meezan Investment Management Limited for their remaining term, subject to the approval of the SECP.

25. TOP TEN BROKERAGE COMMISSION BY PERCENTAGE

Broker's Name

	2017 (Percentage)
1 JS Global Capital Limited	12.30
2 BMA Capital Management Limited	11.38
3 Invest & Finance Securities Limited	7.47
4 Optimus Capital Management (Private) Limited	7.33
5 AKD Securities Limited	7.30
6 Arif Habib Limited	6.26
7 Alfalah Securities (Private) Limited	6.10
8 Next Capital Limited	4.85
9 Elixir Securities Pakistan (Private) Limited	4.20
10 Fawad Yusuf Securities (Private) Limited	4.14

2016
(Percentage)

Broker's Name

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

26. PATTERN OF UNIT HOLDING

	As at June 30, 2017		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment %
Individuals	2,169	2,059,219	63.34
Insurance companies	1	18,815	0.58
Retirement funds	34	472,820	14.54
Private limited companies	10	72,328	2.22
Public limited companies	1	174,403	5.36
Others	16	453,850	13.96
	2,231	3,251,435	100.00

	As at June 30, 2016		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment %
Individuals	334	372,194	80.95
Retirement funds	12	76,249	16.58
Private limited companies	3	11,349	2.47
	349	459,792	100.00

27. GENERAL

27.1 Reclassification of comparatives

The Fund reclassified provision for Federal Excise Duty and related Sindh Sales Tax on management fee and sales load, included in "Payable to Al Meezan Investment Management Limited" to "Accrued expenses and other liabilities". This has also been made in the prior year's statement of assets and liabilities for better presentation and disclosure. Details are as follows:

	June 30, 2016		
	As previously reported	Impact	As stated
	(Rupees in '000)		
Effects on statement of assets and liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	3,095	(646)	2,449
Accrued expenses and other liabilities	913	646	1,559

There are no effects in the Income Statement and Statement of Comprehensive Income and Cash Flow Statement for the aforementioned reclassification.

- 27.2** The Securities and Exchange Commission of Pakistan (SECP), vide their S.R.O. 756(I)/2017, dated August 03, 2017, changed the definition of accounting income in regulation (63) sub-regulation (I), which now states that accounting income excludes element of income (as defined in the S.R.O.), at the close of the financial year or in case of interim distribution, any interim date at which the financial statements of the fund are drawn up. Moreover, the S.R.O. also deleted 'Distribution Statement' and its contents, along with certain additional break-ups and disclosures, to be included on the face of 'Income Statement' and 'Statement of Movements in Reserves or Unit holders' fund'.



The aforementioned changes will be applied from July 01, 2017, and will affect the charge for Sindh Workers' Welfare Fund (SWWF) and consequently, the Net Asset Value per unit of the fund.

27.3 These financial statements were authorised for issue on August 24, 2017 by the Board of Directors of the Management Company.

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

Mohammad Shoaib, CFA
Chief Executive

Mazhar Sharif
Director

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

AS AT JUNE 30, 2017

UNITS HELD BY	UNITS HELD	%
Executives	21,746	0.03
Individuals	40,451,025	63.31
Insurance Companies	369,718	0.58
Retirement Funds	9,288,243	14.54
Other corporate sector entities	13,766,590	21.54
Total	63,897,322	100.00



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



(AM1 rating by JCR-VIS)

Al Meezan Investment Management Ltd.

A subsidiary of Meezan Bank

Find your *solutions* with faith at
0800 - HALAL (42525)



A Subsidiary of

Meezan Bank
The Premier Islamic Bank

Ground Floor, Block B, Finance and Trade Centre (FTC), Sharah-e-Faisal, Karachi, 74400
UAN: 111-633-926 (Meezan) | info@almeezangroup.com | Fax: (92-21) 35676143

www.facebook.com/almeezangroup www.twitter.com/almeezangroup