

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

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Meezan Gold Fund



The background of the page is a photograph of the interior of a mosque. It features several white, ornate columns with intricate carvings. The floor is covered in a large, colorful, patterned carpet with floral and geometric designs in shades of green, gold, and red. The ceiling is high and decorated with gold accents. A large, dark blue, semi-transparent geometric shape is overlaid on the upper right portion of the image, containing the text.

MEEZAN GOLD FUND (MGF):

Meezan Gold Fund is Pakistan's first Shariah Compliant Gold Fund. It invests in gold instruments in the most efficient manner, to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner. This is done by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on the Pakistan Mercantile Index (PMEX).



REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2017

Type of Fund

Shariah compliant commodity fund that invests in physical gold to earn a return based on the commodity's price fluctuation in the international market.

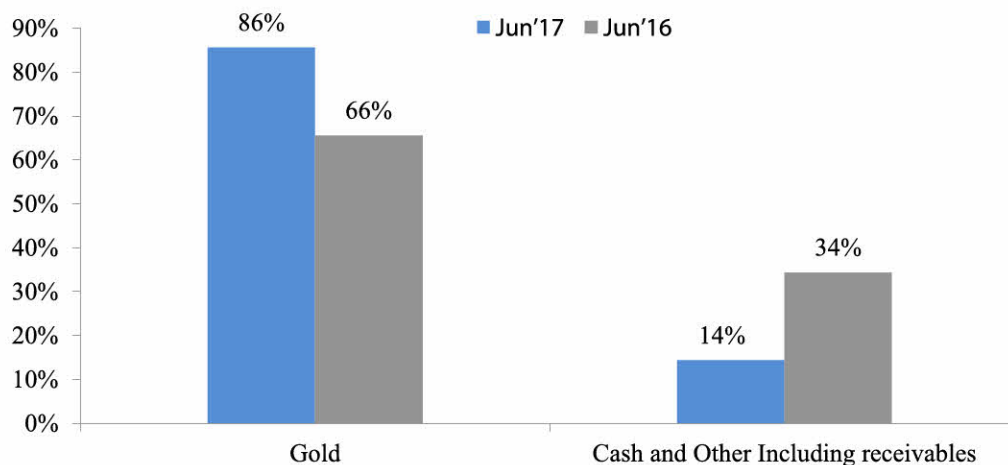
Investment Policy and Strategy

The objective of MGF is to provide maximum exposure to prices of Gold in a Shariah Compliant manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX). The fund aims to earn a potentially high return by taking advantage of price fluctuations of Gold in the international market. The fund has a long-term time horizon whereby the investors are advised to invest for a tenor of three to five years.

To meet the Fund's investment objective, at least seventy percent (70%) of Fund's net assets, will remain invested in deliverable gold based contracts while the remaining net assets of the Fund shall be invested in cash and near cash instruments which include cash in bank accounts of Islamic banks and licensed Islamic banking windows of conventional banks (excluding TDR). However, at least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times.

Asset Allocation

As on June 30, 2017, the fund's gold exposure was 86.30%, while 13.51% of the Net Assets was invested in cash.



Performance Review

Meezan Gold Fund posted a total loss of Rs. 23 million during FY17 as compared to total income Rs. 24 million last year. Total loss comprised of realized and unrealized loss on investments in gold of Rs. 3 million and Rs. 22 million respectively while profit on saving accounts with bank of Rs. 1 million. After accounting for expenses of Rs. 10 million and an element of loss and capital losses included in prices of units issued and less those in units redeemed of Rs. 3 million, the fund posted a net loss of Rs. 37 million. The net assets of the Fund as at June 30, 2017 were Rs. 457 million as compared to Rs. 321 million at the end of last year depicting a rise of 42.40%.

During the fiscal year 2017, Meezan Gold Fund provided a negative return (7.20%) to its investors due to fall in international gold prices.

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 Sultan Trust Building No.2, Beaumont Road, Karachi - 75530.

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Sindh Bank Limited
United Bank Limited
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

NAV (Dividend Adjusted)	30-Jun-17	30-Jun-16	Change
Meezan Gold Fund	50.46	54.53	-7.20%
Benchmark Return			-2.94%
Outperformance			-4.26%

Distribution

There is no distribution in the fund during the year.

Breakdown of unit holdings by size:

(As on June 30, 2017)

Range (Units)	No. of Investors
1 - 9,999	318
10,000 - 49,999	48
50,000 - 99,999	5
100,000 - 499,999	9
500,000 and above	4
Total	384



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Gold Fund

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

Alhamdulillah, the period from July 1, 2016 to June 30, 2017 was the second year of operations of Meezan Gold Fund (MGF) under management of Al Meezan Investment Management Limited (Al Meezan). We Meezan Bank Limited are the *Shari'ah* Advisor of the Fund and are issuing the report in accordance with clause 3.7.1 of the Offering document of Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, we have prescribed criteria and procedure to be followed in ensuring *Shari'ah* compliance in every investment.

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.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MGF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MGF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MGF for the year ended June 30, 2017 have been in compliance with *Shari'ah* principles.

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 GOLD 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 Gold Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 NBFIs 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 Gold 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 AI 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.
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 Gold 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., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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

Date: 24 August 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Aamn Malik


STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2017

	Note	2017 (Rupees in '000)	2016
Assets			
Balances with banks	4	61,757	126,315
Investment in gold	5	394,636	280,244
Receivable on issuance and conversion of units		4,419	20,197
Profit receivable on saving accounts		73	142
Total assets		460,885	426,898
Liabilities			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	6	447	994
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	7	68	48
Payable to Securities and Exchange Commission of Pakistan (SECP)	8	292	106
Payable on redemption and conversion of units		1,090	101,318
Accrued expenses and other liabilities	9	1,725	2,406
Dividend payable		-	912
Total liabilities		3,622	105,784
Net assets		457,263	321,114
Contingencies and commitments	14		
Unitholders' fund (as per statement attached)		457,263	321,114
(Number of units)			
Number of units in issue	12	9,061,225	5,889,254
(Rupees)			
Net assets value per unit		50.46	54.53

The annexed notes 1 to 25 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director



INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

		For the year ended June 30, 2017	For the period from August 18, 2015 to June 30, 2016
	Note	(Rupees in '000)	
Income			
Profit on saving accounts with banks		1,159	1,156
Unrealised (diminution) / appreciation on re-measurement of investments	5.1	(21,686)	22,866
Net realised loss on sale of investments		(2,860)	-
Other income		61	-
Total income		(23,326)	24,022
Expenses			
Remuneration to AI Meezan Investment Management Limited (AI Meezan) - Management Company	6.1	3,742	2,127
Sindh Sales Tax and Federal Excise Duty on management fee	6.2 & 9.2	513	685
Allocated expenses	6.3	389	106
Remuneration to Central Depository Company of Pakistan Limited (CDC) - Trustee	7	662	241
Sindh Sales Tax on trustee fee	7.1	86	34
Annual fee to Securities and Exchange Commission of Pakistan (SECP)	8	292	106
Auditors' remuneration	11	314	162
Brokerage expense		35	47
Fees and subscription		410	175
Provision for Sindh Workers' Welfare Funds (SWWF)	10	533	-
Legal and professional charges		103	-
Printing expenses		12	-
Bank and settlement charges		100	124
Custodian expense		3,216	1,144
Total expenses		10,407	4,951
Net (loss) / income from operating activities		(33,733)	19,071
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed (net)		(3,085)	7,581
Net (loss) / gain for the year before taxation		(36,818)	26,652
Taxation	19	-	-
Net (loss) / income for the year after taxation		(36,818)	26,652
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(36,818)	26,652

The annexed notes 1 to 25 form an integral part of these financial statements.

**For AI 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 ended June 30, 2017 (Rupees in '000)	For the period from August 18, 2015 to June 30, 2016
Undistributed income carried forward			
- Realised		224	-
- Unrealised		22,866	-
		23,090	-
Net (loss) / income for the year / period		(36,818)	26,652
Interim distribution for the period ended June 30, 2017			
- cash dividend: nil (June 30, 2016: @ 1.40% i.e. 0.70 per unit)		-	(3,562)
Undistributed (loss) / income carried forward		(13,728)	23,090
Undistributed (loss) / income carried forward			
- Realised		7,958	224
- Unrealised	5.1	(21,686)	22,866
		(13,728)	23,090

The annexed notes 1 to 25 form an integral part of these financial statements.

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



**Mohammad Shoaib, CFA
Chief Executive**



**Mazhar Sharif
Director**



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

	For the year ended June 30, 2017	For the period from August 18, 2015 to June 30, 2016
	(Rupees in '000)	
Net assets at beginning of the year / period	321,114	-
Issuance of 9,478,805 units (June 30, 2016: 10,096,089 units)	534,212	523,453
Redemption of 6,306,834 units (June 30, 2016: 4,206,835 units)	(364,330)	(217,848)
	169,882	305,605
Element of loss / (income) and capital losses / (gains) included prices of units issued less those in units redeemed (net)	3,085	(7,581)
Net realised loss on sale of investments	(2,860)	-
Unrealised (diminution) / appreciation on re-measurement of investments	(21,686)	22,866
Other net (loss) / income for the year / period	(12,272)	3,786
Total comprehensive (loss) / income for the year / period	(36,818)	26,652
Interim distribution for the period ended June 30, 2017 - cash dividend: nil (June 30, 2016: @ 1.40% i.e. 0.70 per unit)	-	(3,562)
	-	(3,562)
Net (loss) / income for the year / period less distribution	(36,818)	23,000
Net assets at end of the year / period	457,263	321,114
	(Rupees)	
Net assets value per unit at beginning of the year / period	54.53	-
Net assets value per unit at end of the year / period	50.46	54.53

The annexed notes 1 to 25 form an integral part of these financial statements.

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



**Mohammad Shoaib, CFA
Chief Executive**



**Mazhar Sharif
Director**


CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	For the year ended June 30, 2017	For the period from August 18, 2015 to June 30, 2016
Note	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) / income for the year / period	(36,818)	26,652
Adjustments for:		
Unrealised diminution / (appreciation) on re-measurement of investments	21,686	(22,866)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed (net)	3,085	(7,581)
	(12,047)	(3,795)
(Increase) / decrease in assets		
Investments (net)	(136,078)	(257,378)
Profit receivable on saving accounts	69	(142)
	(136,009)	(257,520)
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	(547)	994
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	20	48
Payable to Securities and Exchange Commission of Pakistan (SECP)	186	106
Accrued expenses and other liabilities	(681)	2,406
	(1,022)	3,554
Net cash used in operating activities	(149,078)	(257,761)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	549,990	503,256
Payment against redemption and conversion of units	(464,558)	(116,530)
Dividend paid	(912)	(2,650)
Net cash generated from financing activities	84,520	384,076
Net increase / (decrease) in cash and cash equivalents during the year / period	(64,558)	126,315
Cash and cash equivalents at beginning of the year / period	126,315	-
Cash and cash equivalents at end of the year / period	4	126,315

The annexed notes 1 to 25 form an integral part of these financial statements.

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


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Gold 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 October 15, 2014 and was approved by 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 Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The Fund commenced its operations from August 18, 2015. 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 Fund is an open-ended Shariah Compliant Commodity Fund that aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner, by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange (PMEX). Furthermore, all investments of the Fund's property shall be in accordance with the Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency. The investments in Gold contracts listed at the Commodity Exchange shall be subject to the PMEX Regulations and /or rules and regulations of the pertinent Commodity Exchange, if the Commodity Exchange is other than PMEX. All pertinent contracts, agreements and documents of PMEX shall be approved by Shariah Advisor. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as Commodity Scheme.
- 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 Central Depository Company of Pakistan Limited as trustee of the Fund. The fund is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the 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, 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 June 30, 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 the basis of historical cost convention except for investment in gold which is stated at its fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund and are 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 (note 3.1);
- (b) Recognition of provision for Sindh Workers' Welfare Fund (note 10);
- (c) Impairment (note 3.3);
- (d) Taxation (note 19); and
- (e) Provision for Federal Excise Duty and related Sindh Sales Tax on management fee and sales load (note 9)

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 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'. The amendments are not likely to have an impact on Fund's financial statements.
 - 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. The amendments are not likely to have an impact on Fund's financial statements.
 - 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 periods presented, unless otherwise stated.

3.1 Financial instruments

3.1.1 Classification

The Fund classifies its financial assets in the following category:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

3.1.2 Regular way contracts

All purchases and sales of financial asset 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 and derecognition

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

3.1.4 Measurement

All financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

All financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

3.1.5 Offsetting of financial instruments

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



3.2 Investment in gold

Investment in gold is initially recognised at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate (i.e. immediately next day after expired contract) fixed by Pakistan Mercantile Exchange (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognised in Income Statement in the period of change.

3.3 Impairment

Financial assets (including receivables)

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit and loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss account.

Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

3.4 Unitholders' Fund

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

3.5 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 on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

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

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

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed' is created, in order to prevent the dilution of per unit income 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 in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) held by the Fund in unitholders' fund is recorded in a separate reserve account and any amount remaining in this reserve account at end of the 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.

3.7 Provisions

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

3.8 Net asset value per unit

The net asset value per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.9 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.



3.9.1 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 period, 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 fund (Section 4B of Income Tax Ordinance, 2001).

3.10 Revenue recognition

- (i) Gains / (losses) arising on sale of gold are included in the Income Statement on the date at which the transaction takes place.
- (ii) Unrealised gains / (losses) arising on revaluation of gold are included in the Income Statement in the period in which they arise.
- (iii) Profit on bank deposits is recognised on time proportion basis using effective yield method.

3.11 Expenses

All expenses including Management Fee, custody fee, trustee fee and SECP fee are recognised in the Income Statement as and when incurred.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances maintained 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 investments and other purposes.

3.13 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.

3.14 Distribution

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

4. BALANCES WITH BANKS

	Note	2017 (Rupees in '000)	2016
Current account		1,702	-
Saving accounts	4.1	60,055	126,315
		61,757	126,315

4.1 The balance in saving accounts have an expected profit ranging from 2.00% to 2.4% (2016: 2.50% per annum).

5. INVESTMENTS

	Note	2017 (Rupees in '000)	2016
Investment in gold	5.1	394,636	280,244

5.1 Investment in gold

Commodity	As at July 1, 2016	Purchases during the year	Sales during the year	As at June 30, 2017 (note 5.1.3)	Carrying value as at June 30, 2017	Market value as at June 30, 2017	Unrealised (loss) as at June 30, 2017	Percentage in relation to net assets of the Fund on the basis of investments (note 5.1.1)
	(Tola)				(Rupees in '000)			Percentage
TOLAGOLD	5,200	3,317	776	7,741	416,322	394,636	(21,686)	86.30
					416,322	394,636	(21,686)	

5.1.1 Net Assets are as defined in Regulation 66 of NBFC Regulations, 2008.

5.1.2 The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.

5.1.3 The investment in gold of Rs. 394.64 million (2016: Rs. 280.24 million) has been measured at fair value based on the quoted market price in active markets.

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

	Note	2017 (Rupees in '000)	2016
Management fee	6.1	364	366
Sindh Sales Tax on management fee	6.2	47	51
Sales load payable		-	485
Sindh Sales Tax on sales load	6.2	-	68
Allocated expense	6.3	36	24
		447	994

6.1 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 13 percent (June 30, 2016: 14 percent) on the remuneration of the Management Company and sales load through Sindh Sales Tax on Services Act, 2011, effective from July 1, 2015 (refer note 9.2 for Sindh Sales Tax applied on Federal Excise Duty).

6.2 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.

6.3 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.

7. 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 has been calculated as per the following applicable tariff:

Net assets	Tariff
Upto Rs. 1 Billion	0.17% p.a. of net assets of the Fund
Above Rs. 1 Billion to Rs. 5 Billion	Rs. 1.7 million plus 0.085% of net assets of the Fund on amount exceeding Rs. 1 Billion.
Above Rs. 5 Billion	Rs. 5.1 million plus 0.070% p.a. of net assets of the Fund on amount exceeding Rs. 5 Billion

- 7.1** 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. During the year, SST at the rate of 13 percent (June 30, 2016: 14 percent) was charged on the remuneration of trustee.

8. 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 income scheme is required to pay an annual fee to the SECP, an amount equal to 0.075 percent 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 percent of net assets are held by individual investors, provided that the maximum investment by a single retail investor (considered eligible for calculating the threshold of 1,000) does not exceed 1 percent of the net asset shall pay the annual fee at the rate 0.06% for the next three years from the date of notification of these regulations.

During the year, fees charged at the rate of 0.075 percent (June 30, 2016: 0.075 percent). The fee is payable to the SECP within three months of the close of the financial year.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2017 (Rupees in '000)	2016
Custodian fee payable	9.1	103	302
Auditors' remuneration		174	110
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	9.2	414	414
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	9.2	297	297
Sindh Workers' Welfare Fund payable	10	533	-
Withholding tax payable		21	33
Capital gains tax payable		10	1,089
Brokerage payable		11	-
Shariah advisory fee payable		162	161
		1,725	2,406

- 9.1** Vault custody services are provided by Pakistan Mercantile Exchange (PMEX), including Insurance / Takaful of physical gold contained in commercial bank's vaults. The Pakistan Mercantile Exchange (PMEX) is entitled to a remuneration of 1 percent of market value of average investment on daily basis of the Fund.

- 9.2** 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 on management fee with effect from August 18, 2015, till June 30, 2016, aggregating to Rs. 0.71 million (June 30, 2016: Rs. 0.71 million). Had the provision not been made, the Net Asset Value per unit of the Fund would have been higher by Re. 0.08 (June 30, 2016: Re. 0.12) per unit.

10. 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 SWWF 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, SWWF is payable by them. MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from SWWF.

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 the period from August 18, 2015 to January 12, 2017 amounted to Rs. 0.53 million. This has resulted in a decrease in NAV per unit of Re. 0.07 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 August 18, 2015 to June 30, 2017, amounting to Rs. 0.53 million (June 30, 2016: nil). Had the SWWF not been provided, the NAV per unit of the Fund would have been higher by Re. 0.06 (June 30, 2016: nil).



11. AUDITORS' REMUNERATION

For the year ended June 30, 2017	For the period from August 18, 2015 to June 30, 2016
(Rupees in '000)	

Statutory audit fee	135	72
Half yearly review	75	50
Other certification and services	60	40
Out of pocket expenses	44	-
	314	162

12. NUMBER OF UNITS IN ISSUE

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

For the year ended June 30, 2017	For the period from August 18, 2015 to June 30, 2016
(Rupees in '000)	

Total units in issue at beginning of the year / period	5,889,254	-
Units issued during the year / period	9,478,805	10,096,089
Units redeemed during the year / period	(6,306,834)	(4,206,835)
Total units in issue at end of the year / period	9,061,225	5,889,254

12.2 All units carry equal rights and are entitled to divided and share in the Net Asset Value of the fund.

13. 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 Islamic Income Fund, Meezan Sovereign Fund, Meezan Cash Fund, Meezan Financial Planning Fund of Funds, Meezan Strategic Allocation Fund, Meezan Balanced Fund and Meezan Tahaffuz Pension Fund being the Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, 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
	(Rupees in '000)	
AI Meezan Investment Management Limited		
- Management Company		
Remuneration payable	364	366
Sindh Sales Tax on management fee payable	47	51
Sales load payable	-	485
Sindh sales tax on sales load payable	-	68
Allocated expenses payable	36	24
Investments as at June 30, 2017: 702,463 units (June 30, 2016: 384,001 units)	35,446	20,940
Meezan Bank Limited		
Bank balance	61,569	126,315
Investments as at June 30, 2017: 1,000,000 units (June 30, 2016: 1,000,000 units)	50,460	54,530
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	61	42
Sindh Sales Tax on trustee fee payable	7	6
Directors and executives of the Management Company		
Investments as at June 30, 2017: 167,781 units (2016: 167,824 units)	8,466	9,151
Unitholders holding 10% or more of the Fund		
Investments as at June 30, 2017: 3,590,387 units (June 30, 2016: nil units)	181,674	-
	For the year ended June 30, 2017	For the period from August 18, 2015 to June 30, 2016
(Rupees in '000)		
AI Meezan Investment Management Company Limited		
- Management Company		
Remuneration for the year / period	3,742	2,127
Sindh Sales Tax and Federal Excise Duty on management fee for the year / period	513	685
Allocated expenses	389	106
Units issued: 1,040,545 units (2016: 1,739,370 units)	58,000	104,743
Units redeemed: 722,083 units (2016: 1,355,369 units)	40,000	85,122
Dividend paid	-	743
Meezan Bank Limited		
Profit on saving account	824	1,156
Units issued: nil (2016: 1,000,000 units)	-	50,000
Dividend paid	-	700
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year / period	662	241
Sindh Sales Tax on trustee fee for the year / period	86	34
Directors and executives of the Management Company		
Units issued: 81,871 units (2016: 198,737 units)	4,239	10,451
Units redeemed: 102,979 units (2016: 30,913 units)	5,442	1,607
Dividend paid	-	421



14. CONTINGENCIES AND COMMITMENTS

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

15. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies:

The risk management policy of the Fund aims to maximise the return attributable to the 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:

15.1 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, profit receivable on bank deposits and receivable on issuance and conversion of units.

Credit risk arising on financial assets is monitored through a regular analysis of financial position of brokers and other parties. In accordance with the risk management policy of the Fund, the Investment Committee monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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 along with comparative is tabulated below:

Financial Assets	2017	2016
	(Rupees in '000)	
Balances with banks	61,757	126,315
Profit receivable on saving accounts	73	142
Receivable on issuance and conversion of units	4,419	20,197
	66,249	146,654

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

	Rating agency	2017		2016	
		(Rs. in '000)	(Percentage)	(Rs. in '000)	(Percentage)
AA	PACRA / JCR-VIS	61,578	99.71	126,315	100
AAA	PACRA / JCR-VIS	179	0.29	-	-
		61,757	100.00	126,315	100.00

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.

15.2 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 unitholders' redemptions at any time. 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. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's asset in highly liquid financial assets.

In accordance with the regulation 58(1)(k) of the NBFC Regulations, 2008, the Fund has the ability to borrow funds for meeting redemption requests, with the approval of the Trustee, for a period not exceeding three months to the extent of fifteen percent of its 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 request to next dealing day, had such requests exceeded ten percent of the total number of units in issue. However, no such defer redemption request has been exercised by the Fund during the year.

In accordance with the risk management policy of the Fund, the Fund's Investment Committee reviews the liquidity position on a daily basis, which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2017				Total
	Three months	Six months	One year	More than one year	
	(Rupees in '000)				
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	447	-	-	-	447
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	68	-	-	-	68
Payable on redemption and conversion of units	1,090	-	-	-	1,090
Accrued expenses and other liabilities	1,161	-	-	-	1,161
	2,766	-	-	-	2,766
	2016				
	Three months	Six months	One year	More than one year	Total
	(Rupees in '000)				
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	994	-	-	-	994
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee	48	-	-	-	48
Payable on redemption and conversion of units	101,318	-	-	-	101,318
Accrued expenses and other liabilities	1,284	-	-	-	1,284
Dividend payable	912	-	-	-	912
	104,556	-	-	-	104,556

Units of the Fund are redeemable on demand at the option of the unitholder, however, the Fund does not anticipate significant redemption of units.



15.3 Market risk

15.3.1 Price risk

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The primary objective of the Fund is to provide the maximum return to the unitholders by investing a significant portion of the Fund's net assets in deliverable gold based contracts in a Shariah compliant manner available on Pakistan Mercantile Exchange (PMEX). The Fund's market risk is managed on a daily basis by the investment committee in accordance with the policies and procedures laid down by the SECP. Further, it is managed by monitoring exposure to gold 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.

15.3.2 Interest rate risk

The interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates which affect cash flows pertaining to debt instruments and their fair values. The Fund does not hold any debt instruments, therefore its net assets are not exposed to these risks.

Cash flow interest rate risk

The Fund's interest risk arises from the balances in saving accounts.

During the year ended June 30, 2017, the net income would have increased / (decreased) by Rs. 0.6 million (June 30, 2016: Rs.1.26 million) had the interest rates on profit and loss saving accounts increased / (decreased) by 100 basis points.

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 reprising or maturity date and for off-balance sheet 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 2.4%	60,055	-	-	1,702	61,757
Profit receivable on saving accounts		-	-	-	73	73
Receivable on issuance and conversion of units		-	-	-	4,419	4,419
		60,055	-	-	6,194	66,249
Financial liabilities						
Payable to AI Meezan Investment Management Limited (AI Meezan) - Management Company		-	-	-	447	447
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	-	68	68
Payable on redemption and conversion of units		-	-	-	1,090	1,090
Accrued expenses and other liabilities		-	-	-	1,161	1,161
		-	-	-	2,766	2,766
On-balance sheet gap		60,055	-	-	3,428	63,483
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total interest rate sensitivity gap		60,055	-	-		
Cumulative interest rate sensitivity gap		60,055	60,055	60,055		

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%	126,315	-	-	126,315
Profit receivable on saving accounts		-	-	142	142
Receivable on issuance and conversion of units		-	-	20,197	20,197
		126,315	-	20,339	146,654
Financial liabilities					
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company		-	-	994	994
Payable to Central Depository Company of Pakistan Limited (CDC) - Trustee		-	-	48	48
Payable on redemption and conversion of units		-	-	101,318	101,318
Accrued expenses and other liabilities		-	-	1,284	1,284
Dividend payable		-	-	912	912
		-	-	104,556	104,556
On-balance sheet gap		126,315	-	(84,217)	42,098
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap		-	-	-	-
Total interest rate sensitivity gap		126,315	-	-	-
Cumulative interest rate sensitivity gap		126,315	126,315	126,315	-

15.3.3 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.

16. FAIR VALUE 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.

- Level 1: Quoted market price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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:

June 30, 2017	Note	Carrying amount				Total	Fair value			Total
		Investments	Other receivables	Cash and cash equivalents	Other payables		Level 1	Level 2	Level 3	
(Rupees in '000)										
Financial assets										
- measured at fair value										
Financial assets										
- not measured at fair value										
				61,757		61,757				
	16.1	-	-	61,757	-	61,757				
			73			73				
	16.1	-	4,419			4,419				
			4,492	61,757		66,249				
Financial liabilities										
- not measured at fair value										
					447	447				
	16.1	-	-	-	447	447				
					68	68				
	16.1	-	-	-	68	68				
	16.1	-	-	-	1,090	1,090				
	16.1	-	-	-	1,161	1,161				
					2,766	2,766				

June 30, 2016	Note	Carrying amount				Total	Fair value			Total
		Investments	Other receivables	Cash and cash equivalents	Other payables		Level 1	Level 2	Level 3	
(Rupees in '000)										
Financial assets										
- measured at fair value										
Financial assets										
- not measured at fair value										
				126,315		126,315				
	16.1	-	-	126,315	-	126,315				
			142			142				
	16.1	-	20,197			20,197				
			20,339	126,315		146,654				
Financial liabilities										
- not measured at fair value										
					994	994				
	16.1	-	-	-	994	994				
					48	48				
	16.1	-	-	-	48	48				
	16.1	-	-	-	101,318	101,318				
	16.1	-	-	-	1,284	1,284				
	16.1	-	-	-	912	912				
					104,556	104,556				

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

16.2 Investment in gold are non-financial assets, therefore, the fair value are disclosed in note 5.1.3 to these financial statements.

17. COMMODITY RISK MANAGEMENT

17.1 Commodity risk

Commodity risk represent the accounting loss that would be recognised at the reporting date due to change in future market values and the size of the future income, caused by fluctuation in the prices of commodities.

Commodity risk arises on the fair value or future cash flows of a commodity will fluctuate because of the decrease / increase in the price of the gold contract quoted on Pakistan Mercantile Exchange (PMEX).

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's objectives when managing unitholders funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to unit holders and to maintain a strong base of assets under management. The Fund has no restrictions on the subscription and redemption of units.

The Fund meets the requirement of sub-regulation 54(3a) of the 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, 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. 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 the Fund incurred a loss before taxation.

20. PERFORMANCE TABLE

	2017	2016
Net assets (Rs in '000) (ex-distribution)	457,263	321,114
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	50.46	54.53
Offer price per unit as at 30 June (Rs.) (ex-distribution)	-	54.54
Highest offer price per unit (Rs.)	57.29	54.68
Lowest offer price per unit (Rs.)	49.24	47.17
Highest redemption price per unit (Rs.)	56.02	54.54
Lowest redemption price per unit (Rs.)	48.17	47.68
Distribution (%)		
- Interim	-	1.40
Date of distribution		
- Interim	-	23-Jun-16
Income distribution (Rupees in '000)	-	3,562
Total return (%)	(7.20)	10.50
	One year	Two years
Average annual return as at June 30, 2017 (%)	(7.20)	1.26

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.



21. EXPENSE RATIO

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 2.67% which include 0.37% representing government levy, Workers' Welfare Fund and SECP fee.

22. 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 Mohammad	Director	Yes	Yes	No	Yes	Yes
Mr. Ijaz Farooq*	Director	-	-	-	-	Yes

* Mr. Tasnimul Haq resigned and the Board in his place subject to the approval of the SECP, co-opted.

** Mr. Ijaz as Director on the Board of Al Meezan Investment Management Limited for its remaining term.

23. INVESTMENT COMMITTEE MEMBERS

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	VP Product Development	CFA, FRM, MBA	Seven years
Mr. Zain Malik	VP Investments	CFA / BBA	Eight years
Mr. Asif Imtiaz	Senior Manger	CFA / MBA - Finance	Nine years
Mr. Asmar Hamoodi	AVP Investments	BBA - Finance / CFA / ACCA	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

The Fund Manager of the Fund is Mr. Ali Khan.

24. PATTERN OF UNIT HOLDING

	As at June 30, 2017		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment %
Individuals	373	146,507	32.04
Associated companies / directors	1	35,446	7.75
Bank / DFIs	1	50,460	11.04
Insurance companies	3	195,576	42.77
Retirement fund	1	6,137	1.34
Private limited companies	1	20,380	4.46
Others	4	2,757	0.60
	384	457,263	100.00

	As at June 30, 2017		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment %
Individuals	350	191,390	59.60
Associated companies / directors	2	75,463	23.50
Others	6	54,261	16.90
	<u>358</u>	<u>321,114</u>	<u>100.00</u>

25. GENERAL

25.1 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" and "Bank and settlement charges" to "Custodian expenses". 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)		
<i>Liabilities</i>			
Payable to Al Meezan Investment Management Limited (Al Meezan) - Management Company	<u>1,676</u>	<u>(682)</u>	<u>994</u>
Accrued expenses and other liabilities	<u>1,724</u>	<u>682</u>	<u>2,406</u>
Effects on income statement and statement of comprehensive income			
<i>Expenses</i>			
Bank and settlement charges	<u>1,268</u>	<u>(1,144)</u>	<u>124</u>
Custodian expense	<u>-</u>	<u>1,144</u>	<u>1,144</u>


There are no effects in the Cash Flow Statement for the aforementioned reclassification.

- 25.2** 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.

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

For Al Meezan Investment Management Limited (Management Company)


Mohammad Shoaib, CFA
Chief Executive


Mazhar Sharif
Director



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

AS AT JUNE 30, 2017

UNITS HELD BY	UNITS HELD	%
Associated Companies		
Al Meezan Investment Management Limited	702,463	7.75
Meezan Bank Limited	1,000,000	11.04
Executives	167,781	1.85
Individuals	2,734,968	30.18
Insurance Companies	3,875,876	42.77
Retirement funds	121,625	1.34
Other corporate sector entities	175,978	1.94
Non-Profit Organization	282,534	3.12
Total	9,061,225	100.00



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(AM1 rating by JCR-VIS)

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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

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