

# PICKING UP SPEED IN THE CITY OF BAZAARS

MAUSOLEUM OF AKHUND  
ABDUL GHAFOOR  
(RAWALPINDI)






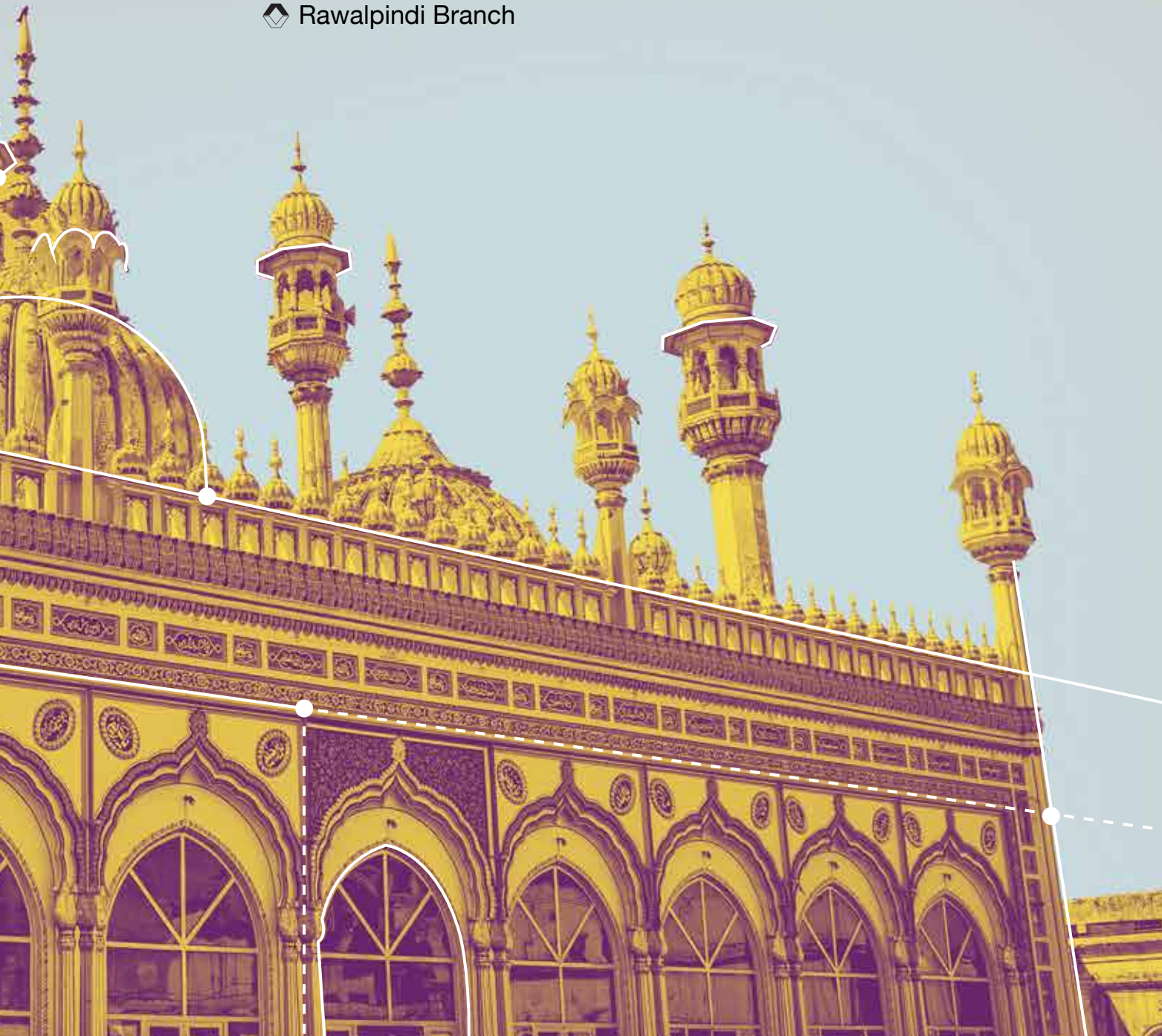


# Meezan Balanced Fund

## MEEZAN BALANCED FUND (MBF)

Meezan Balanced Fund is Pakistan's first Shariah compliant balanced scheme. It seeks to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested in both high quality Shariah compliant equity securities and income instruments such as TFC's, COI's, Certificates of Musharika, Islamic Sukuks, Ready-future hedges and other Shariah compliant instruments.

 Rawalpindi Branch



# 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](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

## RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	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

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C,  
I.I. Chundrigar Road, Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Al Baraka Islamic Bank B.S.C (E.C)	MCB Islamic Bank Limited
Askari Bank Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan - Islamic Banking
Bank Islami Pakistan Limited	Samba Bank Limited
Dubai Islamic Bank Pakistan Limited	Sindh Bank Limited
Faysal Bank Limited - Islamic Banking	UBL Ameen - Islamic Banking

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank 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) 34326021 - 23  
URL: www.cdcpakistan.com  
Email: info@cdcpak.com



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**MEEZAN BALANCED FUND**

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Balanced 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 six months period ended December 31, 2019 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.

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020





**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Balanced Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

  
Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 26, 2020

Karachi

**MEEZAN BALANCED FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2019**



**Meezan**  
Balanced Fund

		<b>December 31, 2019 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2019 (Audited)</b>
<b>Assets</b>			
Balances with banks	5	561,881	357,560
Investments	6	4,155,329	4,945,739
Receivables against conversion of units		4,453	673
Dividend receivable		5,411	14,704
Receivable against sale of investments		13,251	75,910
Deposits and other receivables		69,655	73,510
<b>Total assets</b>		<u>4,809,980</u>	<u>5,468,096</u>
<b>Liabilities</b>			
Payable to AI Meezan Investment Management Limited - the Management Company		15,015	16,770
Payable to Central Depository Company of Pakistan Limited - the Trustee		566	615
Payable to the Securities and Exchange Commission of Pakistan	8	490	5,831
Payable to Meezan Bank Limited		8	1
Payable against purchase of investments - net		5,500	-
Payable on redemption and conversion of units		499	2,247
Dividend payable		7,498	7,490
Accrued expenses and other liabilities	9	98,860	85,052
<b>Total liabilities</b>		<u>128,436</u>	<u>118,006</u>
<b>Net assets</b>		<u>4,681,544</u>	<u>5,350,090</u>
<b>Contingencies and commitments</b>	7		
<b>Unit holders' fund (as per statement attached)</b>		<u>4,681,544</u>	<u>5,350,090</u>
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<u>303,871,317</u>	<u>397,457,351</u>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<u>15.4063</u>	<u>13.4608</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Note	Six months period ended		Quarter ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised gain / (loss) on sale of investments		32,762	(41,185)	59,954	(34,666)
Dividend income		92,568	116,227	52,487	66,403
Profit on sukuk certificates		100,370	88,898	48,876	47,791
Profit on saving accounts with banks		41,924	39,506	22,372	20,477
Other income		-	1,037	-	750
		267,624	204,483	183,689	100,755
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6	442,070	(593,902)	633,355	(417,597)
<b>Total income / (loss)</b>		<b>709,694</b>	<b>(389,419)</b>	<b>817,044</b>	<b>(316,842)</b>
<b>Expenses</b>					
Remuneration of Al Meezan Investment Management Limited - the Management Company		48,028	74,961	24,292	36,208
Sindh Sales Tax on remuneration of the management company		6,244	9,745	3,158	4,707
Allocated expenses	11	2,401	3,748	1,214	1,810
Selling and marketing expenses	14	9,606	9,365	4,859	1,615
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		2,904	4,252	1,466	2,062
Sindh Sales Tax on remuneration of the Trustee		378	553	191	269
Annual fee to the Securities and Exchange Commission of Pakistan	8	490	3,186	243	1,539
Auditors' remuneration		349	339	214	175
Charity expense		2,447	1,705	1,350	1,064
Fees and subscription		213	451	68	212
Brokerage expense		1,728	1,210	1,414	937
Bank and settlement charges		392	310	282	122
Printing expenses		-	27	-	-
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	12,690	-	12,690	-
<b>Total expenses</b>		<b>87,870</b>	<b>109,852</b>	<b>51,441</b>	<b>50,720</b>
<b>Net income/ (loss) for the period before taxation</b>		<b>621,824</b>	<b>(499,271)</b>	<b>765,602</b>	<b>(367,562)</b>
Taxation	13	-	-	-	-
<b>Net income/ (loss) for the period after taxation</b>		<b>621,824</b>	<b>(499,271)</b>	<b>765,602</b>	<b>(367,562)</b>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		621,824	-		
Income already paid on units redeemed		(35,513)	-		
		<b>586,311</b>	<b>-</b>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		474,832	-		
- Excluding capital gains		111,479	-		
		<b>586,311</b>	<b>-</b>		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**



**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	<u>Six months period</u>		<u>Quarter ended,</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>(Rupees in '000)</u>		<u>(Rupees in '000)</u>	
<b>Net income / (loss) for the period after taxation</b>	621,824	(499,271)	765,602	(367,562)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income/ (loss) for the period</b>	<u>621,824</u>	<u>(499,271)</u>	<u>765,602</u>	<u>(367,562)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN BALANCED FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended December 31, 2019			Six months period ended December 31, 2018				
	Capital Value	(Accumulated loss) / Undistrib-uted income	Unrealised appreciation/ (diminution) 'available for sale' investments	Total	Capital Value	(Accumulated loss) / Undistrib-uted income	Unrealised appreciation/ (diminution) 'available for sale' investments	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----				
<b>Net assets at the beginning of the period as previously reported (Audited)</b>	5,405,175	(55,085)	-	5,350,090	7,010,292	770,770	61,943	7,843,005
Change in accounting policy	-	-	-	-	-	61,943	(61,943)	-
<b>Net assets at the beginning of the period</b>	<b>5,405,175</b>	<b>(55,085)</b>	<b>-</b>	<b>5,350,090</b>	<b>7,010,292</b>	<b>832,713</b>	<b>-</b>	<b>7,843,005</b>
Issue of 11,741,729 units (2018: 40,272,181 units)								
- Capital value (at net asset value per unit at the beginning of the period)	158,053	-	-	158,053	621,666	-	-	621,666
- Element of income / (loss)	8,652	-	-	8,652	(18,076)	-	-	(18,076)
Total proceeds on issuance of units	166,705	-	-	166,705	603,590	-	-	603,590
Redemption of 105,327,763 units (2018: 83,106,976 units)								
- Capital value (at net asset value per unit at the beginning of the period)	1,417,796	-	-	1,417,796	1,282,889	-	-	1,282,889
- Element of loss / (income)	3,766	35,513	-	39,279	(35,280)	-	-	(35,280)
Total payments on redemption of units	1,421,562	35,513	-	1,457,075	1,247,609	-	-	1,247,609
Total comprehensive income / (loss) for the period	-	621,824	-	621,824	-	(499,271)	-	(499,271)
Distribution during the period	-	-	-	-	-	-	-	-
Net income / (loss) for the period less distribution	-	621,824	-	621,824	-	(499,271)	-	(499,271)
<b>Net assets at the end of the period</b>	<b>4,150,318</b>	<b>531,226</b>	<b>-</b>	<b>4,681,544</b>	<b>6,366,273</b>	<b>333,442</b>	<b>-</b>	<b>6,699,715</b>
<b>Undistributed income brought forward (as previously reported (Audited))</b>								
- Realised income		819,542				1,498,522		
- Unrealised income		(874,627)				(727,752)		
Change in accounting policy		-				61,943		
<b>Undistributed income brought forward</b>		<b>(55,085)</b>				<b>832,713</b>		
Accounting income available for distribution								
- Relating to capital gains		474,832				-		
- Excluding capital gains		111,479				-		
		586,311				-		
Net loss for the period after taxation		-				(499,271)		
Distribution during the period		-				-		
Undistributed income carried forward		<b>531,226</b>				<b>333,442</b>		
<b>Undistributed income carried forward</b>								
- Realised income		89,156				927,344		
- Unrealised gain / (loss)		442,070				(593,902)		
		<b>531,226</b>				<b>333,442</b>		
Net assets value per unit at the beginning of the period				(Rupees) 13.4608				(Rupees) 15.4366
Net assets value per unit at the end of the period				<u>15.4063</u>				<u>14.4004</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN BALANCED FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	<b>Six months period ended</b>	
	<b>December 31,</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	621,824	(499,271)
<b>Adjustments for:</b>		
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(442,070)	593,902
	179,754	94,631
<b>Decrease / (Increase) in assets</b>		
Investments - net	1,232,480	(118,453)
Dividend receivable	9,293	990
Receivable against sale of investments - net	62,659	-
Deposits and other receivables	3,855	(13,244)
	1,308,287	(130,707)
<b>Increase in liabilities</b>		
Payable to AI Meezan Investment Management Limited - Management Company	(1,755)	7,821
Payable to Central Depository Company of Pakistan Limited - Trustee	(49)	(72)
Payable to Securities and Exchange Commission of Pakistan	(5,341)	(3,980)
Payable to Meezan Bank Limited	7	(262)
Payable against purchase of investments - net	5,500	2,521
Accrued expenses and other liabilities	13,808	3,383
	12,170	9,411
<b>Net cash generated from / (used in) operating activities</b>	1,500,211	(26,665)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	162,925	615,405
Payment against redemption and conversion of units	(1,458,823)	(1,246,632)
Dividend paid	8	(947)
<b>Net cash used in financing activities</b>	(1,295,890)	(632,174)
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>	204,321	(658,839)
Cash and cash equivalents at the beginning of the period	357,560	1,682,989
<b>Cash and cash equivalents at the end of the period</b>	561,881	1,024,150

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN BALANCED FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** Meezan Balanced Fund (the Fund) was initially established as a closed-end scheme under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on June 15, 2004 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 8, 2004 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.

Subsequently, on May 3, 2013, SECP vide its letter No. SCD/AMCW/MBF /512/2013 had approved the conversion of the closed end structure into an open end scheme through the establishment of the Unit Trust Scheme under the name of Meezan Balanced Fund (MBF). On June 27, 2013, SECP vide its letter No SCD/AMCW/MBF/613/2013 registered MBF (the open-end scheme) as a notified entity and had withdrawn the registration of MBF as a closed end scheme with effect from the effective date i.e. July 1, 2013 and therefore from July 1, 2013, the Fund had been converted into an open end scheme and, accordingly, the certificate holders of the closed end scheme at June 30, 2013 were converted to unitholders of the open end scheme.

**1.2** The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP.

**1.3** The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity securities and Islamic income instruments such as Islamic Sukuks (certificates of Islamic investment), musharaka certificates, Government Securities, cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, Term Deposits Receipts, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the SECP. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited 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 has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

**1.5** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. The Fund is categorised as Shariah Compliant Balanced Fund in accordance with Circular 7 of 2009 issued by the SECP.

**1.6** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund.

**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 earlier referred guidelines. This practice is being followed to comply with the requirements of the accounting and reporting standards as applicable in Pakistan.

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- 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) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the International Accounting Standard (IAS) 34, Interim Financial Reporting, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT**

**4.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

**4.2** The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2019.

#### **4.3 Standards and amendments to published accounting and reporting standards that are effective in the current period**

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### **4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective**

The following amendments would be effective from the dates mentioned below against the respective amendment:

<b>Amendments</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.



5. BALANCES WITH BANKS	Note	December 31, 2019	June 30, 2019
		(Unaudited)	(Audited)
		(Rupees in '000)	
In saving accounts	5.1	543,456	339,909
In current accounts		18,425	17,651
		<u>561,881</u>	<u>357,560</u>

5.1 The balance in saving accounts have an expected profit ranging from 3.82% to 13.50% per annum (June 30, 2019: 3.20% to 12.50% per annum).

6. INVESTMENTS	Note	December 31, 2019	June 30, 2019
		(Unaudited)	(Audited)
		(Rupees in '000)	
Investments - 'at fair value through profit or loss'	6.1	<u>4,155,329</u>	<u>4,945,739</u>
		<u>4,155,329</u>	<u>4,945,739</u>
6.1 Investments - 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	6.1.1	2,747,036	2,966,177
Sukuk certificates	6.1.2	1,253,134	1,508,261
Commercial papers	6.2.3	155,160	471,301
		<u>4,155,329</u>	<u>4,945,739</u>

6.1.1 Shares of listed companies 'ordinary shares'

Name of the investee company	As at July 1, 2019	Purchases during the period	Right / Bonus issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments
	----- Number of shares -----					----- (Rupees in '000) -----			----- % -----		

Sectors / companies

Commercial Banks

Meezan Bank Limited (note 6.2.1.2)

(an associate company of the Fund)

Meezan Bank Limited (note 6.2.1.2)	1,212,885	-	-	148,000	1,064,885	92,815	101,303	8,487	2.16	0.08	2.44
BankIslami Pakistan Limited	875	950,087	-	75,000	875,962	9,417	9,714	297	0.21	0.08	0.23
									<b>2.37</b>	<b>0.16</b>	<b>2.68</b>

Automobile assemblers

Ghandhara Industries Limited (note 6.2.1.2)

Millat Tractors Company Limited

Indus Motor Company Limited

Honda Atlas Cars (Pakistan) Limited

Ghandhara Industries Limited (note 6.2.1.2)	67,600	-	-	65,500	2,100	183	280	96	0.01	-	0.01
Millat Tractors Company Limited	33,800	-	3,256	7,750	29,306	22,465	20,644	(1,821)	0.44	0.06	0.50
Indus Motor Company Limited	-	13,700	-	-	13,700	16,368	15,915	(453)	0.34	0.02	0.38
Honda Atlas Cars (Pakistan) Limited	800	6,000	-	800	6,000	1,318	1,314	(4)	0.03	-	0.03
									<b>0.82</b>	<b>0.08</b>	<b>0.92</b>

Automobile parts and accessories

Agriauto Industries Limited

Agriauto Industries Limited	-	40,200	-	-	40,200	8,383	8,040	(343)	0.17	0.28	0.19
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Chemicals

Engro Polymer & Chemicals Limited

ICI Pakistan Limited

Lotte Chemical Pakistan Limited

Sitara Chemical Industries Limited

Engro Polymer & Chemicals Limited	2,398,954	-	-	977,000	1,421,954	38,336	47,223	8,887	1.01	0.16	1.14
ICI Pakistan Limited	169,316	-	-	5,700	163,616	87,121	110,416	23,296	2.36	0.18	2.66
Lotte Chemical Pakistan Limited	89,000	-	-	89,000	-	-	-	-	-	-	-
Sitara Chemical Industries Limited	2,100	-	-	-	2,100	642	627	(16)	0.01	0.01	0.02
									<b>3.38</b>	<b>0.35</b>	<b>3.81</b>

Name of the investee company	As at July 1, 2019	Purchases during the period	Right / Bonus issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments
----- Number of shares -----						----- (Rupees in '000) -----			----- % -----		
<b>Cement</b>											
Attock Cement Pakistan Limited (note 6.2.1.2)	727	-	-	-	727	52	75	23	-	-	0.00
Cherat Cement Company Limited	-	350,000	10,000	250,000	110,000	4,296	5,836	1,539	0.12	0.06	0.14
Dew an Cement Limited	-	-	-	-	-	-	-	-	-	-	-
DG Khan Cement Company Limited	355,409	250,000	-	605,409	-	-	-	-	-	-	-
Fauji Cement Company Limited	-	752,500	-	752,500	-	-	-	-	-	-	-
Kohat Cement Limited (note 6.2.1.2)	505,520	-	-	-	505,520	26,555	39,127	12,572	0.84	0.25	0.94
Lucky Cement Limited	552,951	18,900	-	188,500	383,351	146,162	164,228	18,066	3.51	0.12	3.96
Maple Leaf Cement Limited	3,125	2,656	-	-	5,781	107	134	27	-	-	0.00
									<b>4.47</b>	<b>0.43</b>	<b>5.05</b>
<b>Fertilizers</b>											
Daw ood Hercules Corporation Limited	-	8,800	-	-	8,800	1,010	1,357	347	0.03	-	0.03
Engro Fertilizers Limited	2,705,000	25,000	-	1,001,000	1,729,000	110,736	126,960	16,224	2.71	0.36	3.06
Engro Corporation Pakistan Limited (note 6.1.1.4)	1,084,490	40,000	-	304,500	819,990	219,955	283,102	63,147	6.05	0.14	6.82
									<b>8.79</b>	<b>0.50</b>	<b>9.92</b>
<b>Technology &amp; Communication</b>											
Avanceon Limited	240,800	-	-	200,000	40,800	2,001	1,532	(469)	0.03	0.02	0.04
Netsol Technologies Limited	3,600	-	-	-	3,600	237	237	(0)	0.01	-	0.01
Systems Limited	187,550	-	-	25,000	162,550	15,600	20,205	4,605	0.43	0.13	0.49
									<b>0.47</b>	<b>0.15</b>	<b>0.53</b>
<b>Paper &amp; Board</b>											
Cherat Packaging Limited	52,400	-	3,540	17,000	38,940	2,855	4,728	1,874	0.10	0.09	0.11
Packages Limited	273,923	-	-	100,000	173,923	52,274	69,350	17,076	1.48	0.19	1.67
									<b>1.58</b>	<b>0.28</b>	<b>1.79</b>
<b>Miscellaneous</b>											
Shifa International Hospitals Limited	84	-	-	-	84	18	28	10	-	-	0.07
<b>Oil &amp; Gas Exploration</b>											
Oil and Gas Development Company Limited	2,453,000	-	-	645,900	1,807,100	237,616	257,186	19,571	3.22	0.04	6.20
Pakistan Oilfields Limited (note 6.2.1.2)	449,010	37,000	-	85,600	400,410	160,662	178,871	18,209	2.11	0.14	4.31
Pakistan Petroleum Limited (note 6.2.1.2)	1,977,835	-	353,167	742,200	1,588,802	191,226	217,888	26,663	1.03	0.06	5.25
Mari Petroleum Company Limited (note 6.2.1.2)	152,461	4,540	15,246	-	172,247	158,532	225,661	67,129	1.63	0.13	5.44
									<b>7.99</b>	<b>0.37</b>	<b>21.20</b>
<b>Oil and Gas Marketing</b>											
Attock Petroleum Limited (note 6.2.1.2)	12,000	-	-	-	12,000	3,462	4,438	975	3.22	0.04	0.11
Pakistan State Oil Company Limited (note 6.2.1.2)	771,492	50,000	111,898	567,000	366,390	52,596	70,215	17,619	2.11	0.14	1.69
Hascol Petroleum Limited (note 6.2.1.2)	282,544	809,180	1,188,176	703,000	1,576,900	27,355	42,419	15,063	1.03	0.06	1.02
Sui Northern Gas Pipeline Limited	2,211,500	-	-	708,500	1,503,000	104,443	114,484	10,040	1.63	0.13	2.76
									<b>7.99</b>	<b>0.37</b>	<b>5.58</b>
<b>Pharmaceuticals</b>											
Abbott Laboratories (Pakistan) Limited	2,350	-	-	100	2,250	1,068	1,005	(63)	0.02	-	0.02
AGP Limited	626,000	-	-	100,000	526,000	36,047	52,258	16,211	1.12	0.19	1.26
GlaxoSmithKline Consumer Healthcare Limited	153,800	-	-	-	153,800	29,683	39,437	9,754	0.84	0.13	0.95
The Searle Company Limited (note 6.2.1.2)	338,470	-	-	123,000	215,470	31,579	40,668	9,088	0.87	0.10	0.98
Highnoon Laboratories Limited	1,598	-	-	-	1,598	405	859	454	0.02	0.01	0.02
									<b>2.87</b>	<b>0.43</b>	<b>3.24</b>
<b>Food &amp; Personal Care Products</b>											
Engro Foods Limited	3,800	-	-	3,800	-	-	-	-	-	-	-
At-Tahur Limited	64,311	-	6,431	-	70,742	1,268	1,482	214	0.03	0.04	0.04
Al-Shaheer Corporation Limited	7,225	-	-	-	7,225	91	102	11	-	0.01	0.00
									-	<b>0.05</b>	<b>0.04</b>
<b>Power Generation &amp; Distribution</b>											
Hub Power Company Limited	2,432,143	225,000	-	487,000	2,170,143	169,368	202,583	33,213	4.33	0.17	4.88
K-Electric Limited (note 6.2.1)	19,272,000	-	-	530,000	18,742,000	82,277	81,903	(374)	1.75	0.19	1.97
									<b>6.08</b>	<b>0.36</b>	<b>6.86</b>

Name of the investee company	As at July 1, 2019	Purchases during the period	Right / Bonus issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments
Number of shares						Rupees in '000			%		
<b>Real Estate Investment Trust</b>											
Dolmen City RET	1,909,000	-	-	-	1,909,000	19,415	23,843	4,429	0.51	0.09	0.57
<b>Textile composite</b>											
Nishat Mills Limited	680,800	50,000	-	457,800	273,000	25,614	28,976	3,362	0.62	0.08	0.70
Feroze1888 Mills Limited	250,000	13,000	-	-	263,000	26,366	24,196	(2,170)	0.55	0.07	0.58
									<b>1.17</b>	<b>0.15</b>	<b>1.28</b>
<b>Engineering</b>											
Anreli Steels Limited	-	200,000	-	100,000	100,000	3,000	3,612	612	0.08	0.03	0.09
International Industries Limited	200	71,000	20	-	71,220	6,746	7,894	1,148	0.17	0.05	0.19
International Steel Limited	800	150,000	-	135,000	15,800	654	915	260	0.02	-	0.02
K.S.B. Pumps	5,000	-	-	-	5,000	505	850	345	0.02	0.04	0.02
Mughal Iron & Steels Ind Ltd	-	125,000	-	50,000	75,000	2,472	3,073	600	0.07	0.03	0.07
									<b>0.36</b>	<b>0.15</b>	<b>0.39</b>
<b>Vanaspati &amp; Allied Industries</b>											
Unity Foods Limited	742,838	-	-	242,000	500,838	5,158	8,069	2,911	0.17	0.09	0.19
<b>Glass &amp; Ceramics</b>											
Tariq Glass Industries	5,000	-	-	5,000	-	-	-	-	-	-	-
<b>Textiles and Apparel</b>											
Interloop Limited	1,438,222	-	-	29,500	1,408,722	62,364	81,776	19,412	1.75	0.16	1.97
<b>December 31, 2019</b>						<b>2,298,879</b>	<b>2,747,036</b>	<b>448,155</b>			
<b>June 30, 2019</b>						<b>3,824,719</b>	<b>2,966,177</b>	<b>(858,542)</b>			

**6.1.1.1** All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited which have a nominal value of Rs. 3.50 each and Agriauto Industries limited having a nominal value of Rs. 5 each.

**6.1.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had 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 also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

**6.1.1.3** Investments include 150,000 shares of Engro Corporation Limited, having market value of Rs 51.788 million as at December 31, 2019 (June 30, 2019: Rs. 39.84 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

## 6.1.2 Sukuk Certificates

### 6.1.2.1 Corporate Sukuks

Name of the investee company	Maturity	Profit rate	As at July 1, 2019	Purchases during the period	Sales / Redemptions / matured during the period	As at December 31, 2019	Carrying value as at December 31, 2019*	Market value as at December 31, 2019*	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to				
										Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments		
						Number of certificates			(Rupees in '000)			%		
<b>Secured</b>														
Engro Fertilizer Pakistan Limited - II (AA, PACRA, traded) (note 6.2.2.2.1)	July 9, 2019	6 months KIBOR plus base rate of 1.75%	2,644	-	2,644	-	-	-	-	-	-	-		
K Electric Limited - (7 years) (note 6.2.2.2.1) (AA+, VIS, non-traded)	June 17, 2022	3 months KIBOR plus base rate of 1%	104,704	-	8,725	95,979	210,676	210,494	(182)	4.50	0.01	5.07		
Security Leasing Corporation Limited II* (note 6.2.2.2.1 & 6.2.2.2.2)	January 19, 2022	Nil	1,540	-	-	1,540	-	-	-	-	-	-		
Eden Housing Limited* (note 6.2.2.2.1 & 6.2.2.2.2)	September 29, 2014	6 months KIBOR plus base rate of 2.5%	5,000	-	-	5,000	-	-	-	-	-	-		
Arzoo Textile Mills Limited* (note 6.2.2.2.1 & 6.2.2.2.2)	April 15, 2014	6 months KIBOR plus base rate of 2%	5,000	-	-	5,000	-	-	-	-	-	-		
Hascol Petroleum Limited - Sukuk (AA, VIS, non-traded) (note 6.2.2.2.1)	January 7, 2022	3 months KIBOR plus base rate of 1.50%	27,500	-	5,000	22,500	113,344	112,574	(770)	2.40	0.01	2.71		
Fatima Fertilizer Company Limited - Sukuk (AA-, PACRA, traded) (note 6.2.2.2.1)	November 28, 2021	6 months KIBOR plus base rate of 1.10%	7,356	-	1,471	5,885	29,650	29,654	4	0.63	-	0.71		
Dubai Islamic Bank Pakistan Limited - Sukuk (A+, VIS, non-traded) (note 6.2.2.2.1)	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	143,637	141,141	(2,496)	3.01	-	3.40		
International Brands Limited (AA, VIS, non-traded) (note 6.2.2.2.1)	November 15, 2021	12 months KIBOR plus base rate of 0.50%	3,000	-	-	3,000	54,481	54,898	417	1.17	-	1.32		
K-Electric Limited (sukuk 5) (AA+, VIS traded) (note 6.2.2.2.1)	December 27, 2026	3 months KIBOR plus base rate of 1.70%	-	40,000	-	40,000	200,000	200,000	-	4.27	-	4.82		



Name of the investee company	Maturity	Profit rate	As at July 1, 2019	Purchases during the period	Sales / Redemptions / matured during the period	As at December 31, 2019	Carrying value as at December 31, 2019*	Market value as at December 31, 2019*	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to				
										Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments		
						Number of certificates			(Rupees in '000)			%		
Meezan Bank Limited (AA, VIS, traded) (note 6.2.2.2.1)	September 22, 2026	6 months KIBOR plus base rate of 0.5%	200	-	-	200	199,995	198,930	(1,065)	4.25	-	4.79		
Shakarganj Food Products Limited (A, VIS) (note 6.2.2.2.1)	July 10, 2024	3 months KIBOR plus base rate of 1.75%	-	82	-	82	76,214	75,005	(1,209)	1.60	-	1.81		
Javedan Corporation Limited (AA-, VIS) (note 6.2.2.2.1)	October 4, 2026	6 months KIBOR plus base rate of 1.75%	-	750	-	750	74,651	73,421	(1,230)	1.57	-	1.77		
Agha Steel Industries Limited (A+, VIS) (note 6.2.2.2.1)	October 9, 2024	3 months KIBOR plus base rate of 0.80%	-	100	-	100	100,000	100,000	-	2.14	-	2.41		
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded)	October 9, 2024	3 months KIBOR plus base rate of 0.80%	-	150	-	150	15,070	15,206	136	0.32	-	0.37		
Hub Power Company Limited (A+, PACRA, non traded)	November 27, 2019	3 months KIBOR plus base rate of 1.0%	20,000	-	20,000	-	-	-	-	-	-	-		
AGP Limited (A+, PACRA, non-traded) (note 6.1.2.1)	December 9, 2022	3 months KIBOR plus base rate of 1.3%	498	-	83	415	41,500	41,811	311	0.89	-	1.01		
<b>Total</b>	<b>December 31, 2019</b>						<b>1,259,218</b>	<b>1,253,134</b>	<b>(6,085)</b>			<b>30.19</b>		
<b>Total</b>	<b>June 30, 2019</b>						<b>1,524,346</b>	<b>1,508,261</b>	<b>(16,085)</b>					

\* In case of debt securities against which provision has been made, these are carried at carrying value less provision.

**6.1.2.1.1** The nominal value of these sukuk certificates is Rs 5,000 each except for the sukuk certificates of Dubai Islamic Bank Pakistan Limited, Eden Housing Limited, International Brands Limited, Meezan Bank Limited, Shakarganj Food Products Limited, AGP Limited, Javedan Corporation Limited, Agha Steel Industries Limited and Engro Polymer and Chemicals Limited having nominal value of Rs 1,000,000, Rs 984,375, Rs 100,000, Rs. 1,000,000, Rs. 1,000,000, Rs. 100,000, Rs. 100,000 Rs. 1,000,000 and Rs. 100,000 respectively.

**6.1.2.1.2** The Securities and Exchange Commission (SECP), vide its circular no. 16 dated July 7, 2010 prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The SECP vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Balanced Fund as a 'Balanced Scheme' in accordance with the said circular. As at December 31, 2019, the Fund is compliant with all the requirements of the said circular except clause 2(iv) which requires the rating of any debt security in the portfolio shall not be lower than A- (A Minus).

The following are the details of the non-compliant investments held by the Fund:

Name of the investee company	Type of investments	Value of investments before provision	Provision held as at December 31, 2019	Value of investments after provision	Percentage of net assets	Percentage of total assets
				------(Rupees in '000)-----		-----%-----
Arzoo Textile Mills Limited	Non-traded sukuk certificates	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	7,701	7,701	-	-	-
		<b>37,623</b>	<b>37,623</b>	-		

### 6.1.3 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2019	Purchases during the period	Sales / redemptions / maturity during the period	As at December 31, 2019	* Carrying value as at December 31, 2019	* Market value as at September 30, 2019	Total market value of investment
			(Number of certificates)			(Rupees in '000)		---- % ----	
Hascol Petroleum Limited CP-3 (note 6.2.3.1)	July 15, 2019	6 months KIBOR plus base rate of 1.50%	300	-	300	-	-	-	-
K-Electric Limited CP-2 (note 6.2.3.1)	September 2, 2019	6 months KIBOR plus base rate of 0.90%	176	-	176	-	-	-	-
K-Electric Limited CP-3 (note 6.2.3.1)	March 19, 2020	6 months KIBOR plus base rate of 1.13%	-	160	-	160	155,160	155,160	3.74%
<b>Total</b>	<b>December 31, 2019</b>						<b>155,160</b>	<b>155,160</b>	
<b>Total</b>	<b>June 30, 2019</b>						<b>471,301</b>	<b>471,301</b>	

6.1.3.1 The nominal value of these commercial papers is Rs 1,000,000 each.

## 7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

## 8. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to balanced fund was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

9. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31, 2019	June 30, 2019
		(Unaudited)	(Audited)
(Rupees in '000)			
Withholding tax payable		286	629
Capital gain tax payable		436	-
Provision for Sindh Workers' Welfare Fund (SWWF)	9.1	51,346	38,656
Provision for Federal Excise Duty and related Sindh Sales Tax on Management Fee	9.2	31,961	31,961
Provision for Federal Excise Duty and related Sindh Sales Tax on Sales load		6,838	6,838
Brokerage expenses payable		2,483	1,578
Charity payable		4,797	4,351
Shariah advisory fee		385	488
Auditors' remuneration payable		296	369
Zakat Payable		32	182
		<b>98,860</b>	<b>85,052</b>

- 9.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, MUFAP recommended that, as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements of the Fund for the period from May 21, 2015 to December 31, 2019, the net asset value of the Fund as at December 31, 2019 would have been higher by Re. 0.17 per unit (June 30, 2019: Re 0.10 per unit).

- 9.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 38.799 million is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision not been made, the NAV per unit of the Fund would have been higher by Re 0.13 (June 30, 2019: Re 0.10) per unit.

## **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, directors and executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and Al Meezan Investment Management Limited - Employees Gratuity Fund and unitholders holding 10 percent or more units 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 the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.

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

	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration payable	8,366	9,227
Sales load payable	251	70
Allocated expenses payable	419	462
Sindh Sales Tax on management fee payable	1,088	1,200
Sindh Sales Tax on sales load payable	33	9
Selling and Marketing expenses payable	4,858	5,802
Investment of 900,638 units (June 30, 2019: 900,638 units)	13,876	12,123
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	501	544
Sindh Sales Tax on trustee fee payable	65	71
Security deposit	300	300
<b>Meezan Bank Limited</b>		
Bank balance	26,418	26,870
Sales load payable	7	0,838
Sindh Sales Tax on sales load payable	1	0,109
Investment in 1,064,885 shares (June 30, 2019: 1,212,885 shares)	101,303	105,715
Investment in 200 sukuk certificates (June 30, 2019: 200 sukuk certificates)	198,930	199,995
Investment of 18,886,746 units (June 30, 2019: 18,886,746 units)	290,975	254,231
<b>AI Meezan Investment Management Limited - Employees Gratuity Fund</b>		
Investment of 445,734 units (June 30, 2019: 445,734 units)	6,867	6,000
<b>Directors and Executives of the Management Company</b>		
Investment of 6,233,929 units (June 30, 2019: 6,395,216 units)	96,042	86,085
<b>For the six months period ended December 31</b>		
	2019 (Unaudited)	2018
<b>(Rupees in '000)</b>		
<b>AI Meezan Investment Management Limited - Management Company</b>		
Remuneration for the period	48,028	74,961
Sindh Sales Tax on management fee	6,244	9,745
Selling and Marketing expenses	9,606	9,365
Allocated expenses	2,401	3,748
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	2,904	4,252
Sindh Sales Tax on trustee fee	378	553
CDS charges	48	57
<b>Meezan Bank Limited</b>		
Profit on saving account	989	857
Shares sold: 148,000 shares (December 31, 2018: 348,500)	13,946	31,531
Shares purchased: nil shares (December 31, 2018: 1,117,500 shares)	-	98,078
Bonus shares: nil shares (December 31, 2018: 20,031)	-	-
Profit on sukuk certificates	13,620	8,092
Dividend income	2,426	300
<b>Directors and Executives of the Management Company</b>		
Units issued: 4,248 units (December 31, 2018: 103,214 units)	58	1,591
Units redeemed: 165,536 units (December 31, 2018: 21,070 units)	2,215	313



**11. ALLOCATED EXPENSES**

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

**12. TOTAL EXPENSE RATIO**

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 3.66% which include 0.83% representing government levy and SECP fee.

**13. TAXATION**

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute atleast 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 period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**14. SELLING AND MARKETING EXPENSES**

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

**15. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradeable in an open market are revalued at market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

**15.1. Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: Fair value measurements using 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: Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2019 and June 30, 2019, the Fund held the following financial instruments measured at fair value:

As at December 31, 2019				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>ASSETS</b>				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	2,747,036	-	-	2,747,036
Sukuk certificates	-	1,253,134	-	1,253,134
Commercial papers*	-	148,707	-	148,707
As at June 30, 2019				
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
<b>ASSETS</b>				
<b>Financial assets 'at fair value through profit or loss'</b>				
Shares of listed companies - 'ordinary shares'	2,966,177	-	-	2,966,177
Sukuk certificates	-	1,508,261	-	1,508,261
Commercial papers	-	471,301	-	471,301

\* The valuation of commercial papers has been done based on amortisation of commercial paper to its fair value as per the guidelines given in Circular 33 of 2012 since the residual maturity of this investment is less than six months and are placed with counterparties which have high credit rating.

**16. GENERAL**

**16.1** Figures have been rounded off to the nearest thousand rupees.

**16.2** Corresponding figures have been reclassified and rearranged in these condensed interim financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

**17. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**Meezan**  
Asset Allocation Fund

## **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.

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# 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](http://www.almeezangroup.com)  
E-mail: [info@almeezangroup.com](mailto:info@almeezangroup.com)

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	Chairman
Mr. Mohammad Shoaib, CFA	Chief Executive Officer
Mr. Muhammad Abdullah Ahmed	Nominee Director - MBL
Mr. Mohammad Furquan R Kidwai	Independent Director
Mr. Ijaz Farooq	Nominee Director - MBL
Mr. Moin M. Fudda	Independent Director
Ms. Saima Kamila Khan	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

## CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

## AUDIT COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Arshad Majeed	Member
Mr. Naeem Abdul Sattar	Member

## RISK MANAGEMENT COMMITTEE

Mr. Muhammad Abdullah Ahmed	Chairman
Syed Amir Ali Zaidi	Member
Mr. Naeem Abdul Sattar	Member

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	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

A. F. Ferguson & Co.  
Chartered Accountants  
State Life Building# 1-C, I.I. Chundrigar Road , Karachi-74000

## SHARIAH ADVISER

Meezan Bank Limited

## BANKERS TO THE FUND

Al Baraka Islamic Bank B.S.C (E.C)	Habib Metropolitan Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking	Meezan Bank Limited
Bank Islami Pakistan Limited	UBL Ameen - Islamic Banking
Dubai Islamic Bank Pakistan Limited	
Faysal Bank Limited - Islamic Banking	

## LEGAL ADVISER

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

## TRANSFER AGENT

Meezan Bank Limited  
Meezan House  
C-25, Estate Avenue, SITE, Karachi.  
Phone: 38103538 Fax: 36406017  
Website: [www.meezanbank.com](http://www.meezanbank.com)

## DISTRIBUTORS

Al Meezan Investment Management Limited  
Meezan Bank 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) 34326021 - 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) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2019 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.

  
**Badiuddin Akber**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 25, 2020



**AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE UNIT HOLDERS**

**Introduction**


We have reviewed the accompanying condensed interim statement of assets and liabilities of **Meezan Asset Allocation Fund** (the Fund) as at December 31, 2019 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the six months period ended December 31, 2019. The Management Company (Al Meezan Investment Management Limited) is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2019.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

  
Chartered Accountants  
Engagement Partner: Salman Hussain  
Dated: February 26, 2020  
Karachi



**MEEZAN ASSET ALLOCATION FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2019**

	<b>December 31, 2019 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2019 (Audited)</b>
<b>Assets</b>		
Balances with banks	5 303,446	421,539
Investments	6 1,355,616	1,448,626
Dividend receivable	124	5,288
Receivable against sale of investments	9,292	-
Receivable against conversion of units	807	-
Deposits, profit accrued and other receivable	8,468	9,794
Preliminary expenses and floatation costs	235	326
<b>Total assets</b>	<u>1,677,988</u>	<u>1,885,573</u>
<b>Liabilities</b>		
Payable to Al Meezan Investment Management Limited - the Management Company	4,340	4,914
Payable to Central Depository Company of Pakistan Limited - the Trustee	225	533
Payable to the Securities and Exchange Commission of Pakistan	8 170	2,380
Payable to Meezan Bank Limited	30	35
Payable against purchase of investments	92	-
Payable against redemption and conversion of units	5,313	9,113
Accrued expenses and other liabilities	7 24,272	14,587
<b>Total liabilities</b>	<u>34,442</u>	<u>31,562</u>
<b>Net assets</b>	<u>1,643,546</u>	<u>1,854,011</u>
<b>Contingencies and commitments</b>	9	
<b>Unit holders' fund (as per statement attached)</b>	<u>1,643,546</u>	<u>1,854,011</u>
	<b>(Number of units)</b>	
<b>Number of units in issue</b>	<u>38,686,728</u>	<u>52,324,763</u>
	<b>(Rupees)</b>	
<b>Net asset value per unit</b>	<u>42.4834</u>	<u>35.4328</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**

	Note	Six months period ended		Quarter ended	
		December 31,		December 31,	
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
<b>Income</b>					
Net realised gain / (loss) on sale of investments		17,090	(34,089)	36,486	(33,833)
Dividend income		46,911	60,440	26,482	36,003
Profit on saving accounts with banks		18,287	14,863	7,576	8,281
		<u>82,288</u>	<u>41,214</u>	<u>70,544</u>	<u>10,451</u>
Net unrealised appreciation / (diminution) on re-measurement of investments classified 'as financial assets at fair value through profit or loss'	6.1	242,322	(328,448)	330,318	(231,912)
<b>Total income / (loss)</b>		<u>324,610</u>	<u>(287,234)</u>	<u>400,862</u>	<u>(221,461)</u>
<b>Expenses</b>					
Remuneration of AI Meezan Investment Management Limited - the Management Company		12,494	20,820	6,244	10,026
Sindh Sales Tax on remuneration of the Management Company		1,624	2,707	811	1,304
Allocated expenses	11	833	1,388	416	668
Selling and marketing expenses	14	3,332	5,552	1,665	2,674
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		1,336	1,892	668	920
Sindh Sales Tax on remuneration of the Trustee		174	246	87	120
Annual fee to the Securities and Exchange Commission of Pakistan	8	170	1,319	83	635
Auditors' remuneration		201	211	125	114
Brokerage expenses		1,307	515	1,038	385
Charity expense		1,228	932	711	636
Bank and settlement charges		349	260	202	148
Amortisation of preliminary expenses and floatation costs		91	91	45	45
Fees and subscription		281	297	141	135
Provision for Sindh Worker's Welfare Fund (SWWF)	7.1	6,024	-	6,024	-
Printing expenses		-	10	-	10
<b>Total expenses</b>		<u>29,444</u>	<u>36,240</u>	<u>18,260</u>	<u>17,820</u>
<b>Net income / (loss) for the period before taxation</b>		<u>295,166</u>	<u>(323,474)</u>	<u>382,602</u>	<u>(239,281)</u>
Taxation	12		-		-
<b>Net income / (loss) for the period after taxation</b>		<u>295,166</u>	<u>(323,474)</u>	<u>382,602</u>	<u>(239,281)</u>
<b>Allocation of net income for the period</b>					
Net income for the period after taxation		295,166	-		
Income already paid on units redeemed		(26,415)	-		
		<u>268,751</u>	<u>-</u>		
<b>Accounting income available for distribution</b>					
- Relating to capital gains		259,412	-		
- Excluding capital gains		9,339	-		
		<u>268,751</u>	<u>-</u>		

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
**Chief Executive**

\_\_\_\_\_  
**Chief Financial Officer**

\_\_\_\_\_  
**Director**

**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019**



	Six months period		Quarter ended,	
	December 31,		December 31,	
	2019	2018	2019	2018
	(Rupees in '000)		(Rupees in '000)	
<b>Net income / (loss) for the period after taxation</b>	295,166	(323,474)	382,602	(239,281)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<u>295,166</u>	<u>(323,474)</u>	<u>382,602</u>	<u>(239,281)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
 Chief Executive

\_\_\_\_\_  
 Chief Financial Officer

\_\_\_\_\_  
 Director

**MEEZAN ASSET ALLOCATION FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

	Six months period ended December 31, 2019			Six months period ended December 31, 2018		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
	----- Rupees in 000-----			----- Rupees in 000-----		
<b>Net assets at the beginning of the period</b>	2,862,681	(1,008,670)	1,854,011	3,339,382	(462,218)	2,877,164
Issuance of 2,024,063 units (2018: 10,453,999 units)						
- Capital value (at net asset value per unit at the beginning of the period)	71,718		71,718	465,518	-	465,518
- Element of income / (loss)	5,411		5,411	(16,721)	-	(16,721)
Total proceeds on issuance of units	77,129	-	77,129	448,797	-	448,797
Redemption of 15,662,098 units (2018: 15,125,480 units)						
- Capital value (at net asset value per unit at the beginning of the period)	554,952		554,952	673,539	-	673,539
- Element of loss / (income)	1,393	26,415	27,808	(33,281)	-	(33,281)
Total payments on redemption of units	556,345	26,415	582,760	640,258	-	640,258
Total comprehensive income / (loss) for the period		295,166	295,166		(323,474)	(323,474)
Distribution during the period			-			-
Net loss for the period less distribution		295,166	295,166		(323,474)	(323,474)
<b>Net assets at the end of the period</b>	<b>2,383,465</b>	<b>(739,919)</b>	<b>1,643,546</b>	<b>3,147,921</b>	<b>(785,692)</b>	<b>2,362,229</b>
Accumulated loss brought forward						
- Realised loss		(593,083)			(109,140)	
- Unrealised loss		(415,587)			(353,078)	
		<u>(1,008,670)</u>			<u>(462,218)</u>	
Accounting income available for distribution						
- Relating to capital gains	259,412				-	
- Excluding capital gains	9,339				-	
	<u>268,751</u>				<u>-</u>	
Net loss for the period after taxation		-			(323,474)	
Distribution during the period		-			-	
Accumulated loss carried forward		<u>(739,919)</u>			<u>(785,692)</u>	
Accumulated loss carried forward						
- Realised loss		(982,241)			(457,244)	
- Unrealised gain / (loss)		242,322			(328,448)	
		<u>(739,919)</u>			<u>(785,692)</u>	
Net assets value per unit at the beginning of the period			(Rupees) 35.4328			(Rupees) 44.5301
Net assets value per unit at the end of the period			<u>42.4834</u>			<u>39.4098</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ASSET ALLOCATION FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**



**Meezan**  
Asset Allocation Fund

	<b>Six months period ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Note</b>	<b>(Rupees in '000)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income / (loss) for the period before taxation	295,166	(323,474)
<b>Adjustments for:</b>		
Amortisation of preliminary expenses and floatation costs	91	91
Net unrealised (appreciation) / diminution on re-measurement of investments classified 'as financial assets at fair value through profit or loss'	6.1 (242,322)	328,448
	<u>52,935</u>	<u>5,065</u>
<b>Decrease in assets</b>		
Investments	335,332	143,428
Dividend receivable	5,164	422
Receivable against sale of investments	(9,292)	(5,906)
Deposits, profit accrued and other receivable	1,326	(432)
	<u>332,530</u>	<u>137,512</u>
<b>Increase / (decrease) in liabilities</b>		
Payable to Al Meezan Investment Management Limited - the Management Company	(574)	786
Payable to Central Depository Company of Pakistan Limited - the Trustee	(308)	(32)
Payable to the Securities and Exchange Commission of Pakistan	(2,210)	(1,577)
Payable to Meezan Bank Limited	(5)	(12)
Payable against purchase of investments - net	92	(2,190)
Accrued expenses and other liabilities	9,685	1,067
	<u>6,680</u>	<u>(1,958)</u>
<b>Net cash generated from operating activities</b>	<u>392,145</u>	<u>140,619</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts against issuance and conversion of units	76,322	458,472
Payment against redemption and conversion of units	(586,560)	(639,947)
<b>Net cash used in financing activities</b>	<u>(510,238)</u>	<u>(181,475)</u>
<b>Net decrease in cash and cash equivalents during the period</b>	<u>(118,093)</u>	<u>(40,856)</u>
Cash and cash equivalents at the beginning of the period	421,539	454,128
<b>Cash and cash equivalents at the end of the period</b>	<u><u>303,446</u></u>	<u><u>413,272</u></u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director



**MEEZAN ASSET ALLOCATION FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019**

**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 Limited as the Management Company and the 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 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) on November 16, 2015. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instruments as permitted by the SECP and the Shariah Advisor. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah Compliant Asset Allocation Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Management Company has been assigned a quality rating of AM1 by VIS Credit Rating Company Limited dated December 31, 2019 (2018: AM1 dated December 28, 2018) and by PACRA dated December 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 Title to the assets of the Fund are held in the name of CDC as the 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 the accounting and reporting standards as applicable in Pakistan.

**3. BASIS OF PREPARATION**

**3.1 STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2019.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors. In compliance with Schedule V of the NBFC Regulations, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at December 31, 2019.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

4.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2019.

4.2 The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2019. The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2019.

#### 4.3 Amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the published accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on July 1, 2019. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### 4.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following amendments would be effective from the dates mentioned below against the respective amendment:

Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendment)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendment)	January 1, 2020

These amendments may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these amendments on the financial statements of the Fund.

There are certain new standards and amendments to the accounting and reporting standards that are mandatory for the Fund's annual accounting period beginning on or after July 1, 2020. However, these do not have any significant impact on the Fund's operations and, therefore, have not been detailed in these condensed interim financial statements.

5. BALANCES WITH BANKS	Note	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited)
In saving accounts	5.1	300,388	419,654
In current accounts		3,058	1,885
		<u>303,446</u>	<u>421,539</u>

- 5.1 The balance in saving accounts have an expected profit ranging from 3.82% to 13.25% per annum (June 30, 2019: 3.32% to 12.35% per annum).

6. INVESTMENTS	Note	December 31,	June 30,
		2019 (Un-audited)	2019 (Audited)
		(Rupees in '000)	
<b>Investments at 'fair value through profit or loss'</b>			
Shares of listed companies 'ordinary shares'	6.1	<u>1,355,616</u>	<u>1,448,626</u>
<b>6.1 Shares of listed companies 'ordinary shares'</b>			

Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / right issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to		
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
(Number of shares)						(Rupees in '000)			%		

#### Sectors/ Companies

##### Automobile Assembler

Ghandhara Industries Limited	55,000	-	-	55,000	-	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	1,800	12,300	-	1,800	12,300	2,720	2,693	(27)	0.16	0.01	0.20	
Indus Motor Company Limited	-	7,960	-	-	7,960	9,512	9,247	(265)	0.56	0.01	0.68	
Milat Tractors Limited	5,000	-	-	5,000	-	-	-	-	-	-	-	
									<b>0.73</b>	<b>0.02</b>	<b>0.88</b>	

##### Automobile Parts & Accessories

Agriauto Industries Limited (note 6.1.1)	-	40,000	-	-	40,000	8,355	8,000	(355)	<b>0.49</b>	<b>0.14</b>	<b>0.59</b>
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##### Chemicals

Engro Polymer & Chemicals Limited	1,110,761	300,000	-	898,000	512,761	14,001	17,029	3,028	1.04	0.06	1.26
ICI Pakistan Limited	80,650	1,000	-	2,750	78,900	41,929	53,246	11,317	3.24	0.09	3.93
									<b>4.28</b>	<b>0.15</b>	<b>5.18</b>

##### Cement

Cherat Cement Company Limited	-	240,000	6,500	160,000	86,500	3,384	4,589	1,205	0.28	0.05	0.34
D.G. Khan Cement Company Limited	129,000	150,000	-	279,000	-	-	-	-	-	-	-
Fauji Cement	-	187,500	-	187,500	-	-	-	-	-	-	-
Kohat Cement Company Limited	225,000	-	-	-	225,000	11,819	17,415	5,596	1.06	0.11	1.28
Lucky Cement Limited	304,700	-	-	74,000	230,700	87,774	98,832	11,058	6.01	0.07	7.29
Maple Leaf Cement Limited	11,112	95	-	11,000	207	4	5	1	-	-	-
Pioneer Cement Limited	500	-	-	-	500	11	15	4	-	-	-
									<b>7.35</b>	<b>0.23</b>	<b>8.91</b>

##### Commercial Banks

Meezan Bank Limited	528,446	50,000	-	25,000	553,446	47,824	52,649	4,825	3.20	0.04	3.88
Bank Islami Pakistan Limited	-	550,000	-	50,000	500,000	5,375	5,545	170	0.34	0.05	0.41
									<b>3.54</b>	<b>0.09</b>	<b>4.29</b>

##### Engineering

Amreli Steels limited	-	150,000	-	75,000	75,000	2,253	2,709	456	0.16	0.03	0.20
International Industries Limited	107,500	25,000	9,600	86,500	55,600	4,193	6,163	1,970	0.37	0.04	0.45
International Steels Limited	105,000	525,000	-	617,500	12,500	471	724	253	0.04	-	0.05
Mughal Iron and Steel Industries Limited	-	125,000	-	25,000	100,000	3,297	4,097	800	0.25	0.04	0.30
									<b>0.83</b>	<b>0.11</b>	<b>1.01</b>

##### Fertilizer

Engro Corporation Limited (note 6.1.2)	609,400	26,700	-	216,500	419,600	113,075	144,867	31,792	8.81	0.07	10.69
Engro Fertilizers Limited	1,745,000	25,000	-	808,000	962,000	61,663	70,640	8,977	4.30	0.07	5.21
									<b>13.11</b>	<b>0.14</b>	<b>15.90</b>

##### Food and Personal Care Products

Al-Shaheer Corporation Limited (Note 6.2)	3,750	-	-	-	3,750	47	53	6	-	-	-
Frieslandcampina Engro Foods Limited	700	-	-	700	-	-	-	-	-	-	-
									-	-	-

##### Glass and Ceramics

Tariq Glass Industries Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
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Name of the investee company	As at July 1, 2019	Purchases during the period	Bonus / right issue	Sales during the period	As at December 31, 2019	Carrying value as at December 31, 2019	Market value as at December 31, 2019	Unrealised gain / (loss) as at December 31, 2019	Percentage in relation to					
									Net assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments			
						(Number of shares)			(Rupees in '000)			%		
<b>Oil and Gas Exploration Companies</b>														
Attock Petroleum Limited	-	25,000	-	-	25,000	7,625	9,245	1,620	0.56	0.03	0.68			
Oil and Gas Development Company Limited	1,319,800	350,000	-	784,500	885,300	114,476	125,996	11,520	7.67	0.02	9.29			
Mari Petroleum Company Limited	60,720	1,500	6,072	-	68,292	62,906	89,469	26,563	5.44	0.05	6.60			
Pakistan Oilfields Limited	93,950	50,000	-	-	143,950	55,659	64,305	8,646	3.91	0.05	4.74			
Pakistan Petroleum Limited	1,161,390	25,000	193,238	625,200	754,428	90,866	103,462	12,596	6.30	0.03	7.63			
									<b>23.88</b>	<b>0.18</b>	<b>28.95</b>			
<b>Oil and Gas Marketing Companies</b>														
Hascol Petroleum Limited (Note 6.2)	301,675	3,169,435	-	1,080,500	2,390,610	27,583	64,307	36,724	3.91	1.20	4.74			
Pakistan State Oil Company Limited (Note 6.2)	323,348	55,800	55,830	254,500	180,478	25,704	34,587	8,883	2.10	0.04	2.55			
Sui Northern Gas Pipelines Limited	1,317,400	-	-	520,500	796,900	55,377	60,700	5,323	3.69	0.13	4.48			
									<b>9.71</b>	<b>1.36</b>	<b>11.77</b>			
<b>Paper and Board</b>														
Cherat Packaging Limited	21,752	-	825	13,500	9,077	665	1,102	437	0.07	0.02	0.08			
Packages Limited	51,350	-	-	-	51,350	15,434	20,475	5,041	1.25	0.06	1.51			
									<b>1.31</b>	<b>0.08</b>	<b>1.59</b>			
<b>Pharmaceuticals</b>														
Abbott Laboratories (Pakistan) Limited	50	-	-	-	50	24	22	(2)	-	-	-			
AGP Limited	289,000	-	-	101,500	187,500	12,849	18,628	5,779	1.13	0.07	1.37			
GlaxoSmithKline Consumer Healthcare Limited	47,000	7,400	-	-	54,400	11,195	13,949	2,754	0.85	0.05	1.03			
The Searle Company Limited (Note 6.2)	132,849	-	-	35,000	97,849	14,341	18,468	4,127	1.12	0.05	1.36			
									<b>3.11</b>	<b>0.16</b>	<b>3.77</b>			
<b>Power Generation and Distribution</b>														
K-Electric Limited (note 6.1.1)	11,955,000	-	-	730,000	11,225,000	49,278	49,053	(225)	2.98	0.04	3.62			
The Hub Power Company Limited	942,512	471,500	-	313,500	1,100,512	83,493	102,733	19,240	6.25	0.08	7.58			
									<b>9.24</b>	<b>0.13</b>	<b>11.20</b>			
<b>Technology and Communication</b>														
Avanceon Limited	147,000	-	-	147,000	-	-	-	-	-	-	-			
Pakistan Telecommunication Company Limited	100,000	-	-	100,000	-	-	-	-	-	-	-			
Systems Limited	79,200	25,000	-	25,000	79,200	8,027	9,845	1,818	0.60	0.06	0.73			
									<b>0.60</b>	<b>0.06</b>	<b>0.73</b>			
<b>Textile Composite</b>														
Interloop Limited	724,712	-	-	50,000	674,712	29,870	39,167	9,297	2.38	0.08	2.89			
Nishat Mills Limited	398,400	25,000	-	242,400	181,000	16,674	19,211	2,537	1.17	0.05	1.42			
									<b>3.55</b>	<b>0.13</b>	<b>4.31</b>			
<b>Textile Weaving</b>														
Feroze1888 Mills Limited	131,000	3,500	-	-	134,500	13,541	12,374	(1,167)	0.75	0.04	0.91			
<b>Rights Certificates</b>														
<b>Oil And Gas Marketing Companies</b>														
Hascol Petroleum Limited *	-	-	150,000	150,000	-	-	-	-	-	-	-			
<b>Total</b>						<b>1,113,294</b>	<b>1,355,616</b>	<b>242,322</b>	<b>100%</b>					
<b>Total as at June 30, 2019</b>						<b>1,864,213</b>	<b>1,448,626</b>	<b>(415,587)</b>						

\*The right certificates were exercised during the period and the shares are included in the investment in Hascol Petroleum Limited.

- 6.1.1** All shares have a nominal value of Rs 10 each except for the shares of K-Electric Limited which have a nominal value of Rs 3.5 each and Agriauto Industries Limited which have a nominal value of Rs 5 each.
- 6.1.2** Investments include 150,000 shares (June 30, 2019: 150,000 shares) of Engro Corporation Limited, having market value of Rs 36.25 million (June 30, 2019: Rs 27.89 million) as at December 31, 2019, which have been pledged with National Clearing Company of Pakistan for guaranteeing settlement of Fund's trades in accordance with Circular 11 dated October 23, 2007 by SECP.
- 6.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.



In this regard, a constitutional petition had 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 also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the year ended June 30, 2019. During the period ended December 31, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019. In this regard, on July 15, 2019, the Honourable High of Sindh has issued notices to the relevant parties and has ordered that no third party interest on bonus shares issued to the Funds in lieu of their investments be created in the meantime. The matter is still pending adjudication and the Funds have included these shares in their portfolio, as the management is confident that the decision of the constitutional petition will be in favour of the CISs.

Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 requiring every company quoted on stock exchange issuing bonus shares to the shareholders of the company, to withhold five percent of the bonus shares to be issued. Therefore, bonus shares issued to the Fund during the period were not withheld by the investee companies.

As at December 31, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.612 million (June 30, 2019: Rs. 1.209 million).

7.	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>December 31, 2019 (Unaudited)</b>	<b>June 30, 2019 (Audited)</b>
			<b>(Rupees in '000)</b>	
	Charity payable		3,162	1,933
	Brokerage payable		3,892	1,455
	Auditors' remuneration payable		172	195
	Withholding tax payable		-	26
	Capital gain tax payable		38	1
	Provision for Sindh Workers' Welfare Fund (SWWF)	7.1	16,104	10,080
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	7.2	482	482
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	7.2	145	145
	Shariah advisory fee payable		264	266
	Zakat payable		13	4
	Others			
			<b>24,272</b>	<b>14,587</b>

- 7.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP had recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in the condensed interim financial statements, the NAV per unit of the Fund would have been higher by Re 0.42 per unit as at December 31, 2019 (June 30, 2019 : 0.19 per unit).

- 7.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, as a matter of abundant caution the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 0.627 million (June 30, 2019: Rs 0.627 million) is being retained in the condensed interim financial statements as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the Net Asset Value per unit of the Fund as at December 31, 2019 would have been higher by Re 0.02 (June 30, 2019: Re 0.01) per unit.

## **8. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)**

In accordance with the NBFC Regulations, a Collective Investment Scheme (CIS) is required to pay annual fee to the Securities and Exchange Commission of Pakistan (SECP).

Effective from July 1, 2019, the SECP vide SRO No. 685(I)/2019 dated June 28, 2019, revised the rate of annual fee to 0.02% of net assets, applicable on all categories of CISs. Previously, the rate of annual fee applicable to equity funds was 0.095%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

## **9. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at December 31, 2019 and June 30, 2019.

## **10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, others Funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company, Al Meezan Investment Management Limited - Employees Gratuity Fund and Unit holders 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 the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.

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

	<b>December 31, 2019 (Unaudited) (Rupees in '000)</b>	<b>June 30, 2019 (Audited)</b>
<b>Al Meezan Investment Management Limited - the Management Company</b>		
Remuneration payable	2,067	2,383
Sindh Sales Tax on management fee payable	269	310
Sales load payable	177	16
Sindh sales tax on sales load payable	24	2
Allocated expense payable	138	159
Selling & marketing expense payable	1,665	2,044

	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited) (Rupees in '000)
<b>Meezan Bank Limited</b>		
Sales load payable	27	47
Sindh Sales Tax on sales load payable	3	6
Bank balance	132,237	6,620
Profit receivable on saving account	67	37
Investment in 553,446 shares (June,30 2019: 528,446 shares)	52,649	46,059
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Trustee fee payable	199	472
Sindh Sales Tax on trustee fee payable	26	61
Security deposit	100	100
<b>Directors and Executives of the Management Company</b>		
Investments as at December 31, 2019: 43,552 units (June 30, 2019: 30,242 units)	1,850	1,072
<b>For the six months period ended December 31,</b>		
	<b>2019</b>	<b>2018</b>
	<b>(Rupees in '000)</b>	
	<b>(Unaudited)</b>	
<b>AI Meezan Investment Management Limited - the Management Company</b>		
Remuneration for the period	12,494	20,820
Sindh Sales Tax on management fee for the period	1,624	2,707
Allocated expenses	833	1,388
Selling and marketing expense	3,332	5,552
<b>Meezan Bank Limited</b>		
Shares purchased during the period: 50,000 shares (December 31, 2018: 651,000 shares)	3,925	56,898
Shares disposed off during the period: 25,000 shares (December 31, 2018: 275,000 shares)	2,100	24,873
Bonus shares issued: nil shares (December 31, 2018: 12,541 shares)	-	1,053
Profit on saving account	2,102	661
Dividend income	1,082	188
<b>Central Depository Company of Pakistan Limited - the Trustee</b>		
Remuneration for the period	1,336	1,892
Sindh Sales Tax on trustee fee for the period	174	246
CDS charges	45	23
<b>Directors and Executives of the Management Company</b>		
Units issued: 20,696 units (December 31, 2018: 1,626 units)	843	72
Units redeemed: 7,386 units (December 31, 2018: Nil units)	260	-

## 11. ALLOCATED EXPENSES

In accordance with Regulation 60 of the NBFC Regulations, the Management Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a Collective Investment Scheme (CIS).

Until June 19, 2019 there was a maximum cap of 0.1% of the average annual net assets of the scheme or actual whichever is less, for allocation of such expense to the Fund. However, the SECP vide its SRO 639 dated June 20, 2019 removed the maximum cap of 0.1%.

The management company based on its own discretion has currently fixed a maximum capping of 0.1% of the average annual net assets of the scheme for allocation of such expenses to the Fund.

## 12. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, as per regulation 63 of the NBFC Regulations, the Fund is required to distribute 90 percent of the net accounting income other than capital gains to the unit holders. The Fund has not recorded any tax liability in respect of income relating to the current period as the Management Company intends to distribute at least 90 percent of the Fund's accounting income for the year ending June 30, 2020 as reduced by capital gains (whether realised or unrealised) to its unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## 13. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the period ended December 31, 2019 is 3.54% which include 0.98% representing government levy, Sindh Workers' Welfare Fund and SECP fee.

## 14. SELLING AND MARKETING EXPENSES

The SECP has allowed the Asset Management Companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense was 0.4% per annum of the net assets of the Fund or actual expenses whichever is lower.

During the current period, the SECP through its circular 11 dated July 5, 2019 has revised the conditions for charging of selling and marketing expenses to a Fund. As per the revised guidelines, the maximum cap of 0.4% per annum has been lifted and now the asset management company is required to set a maximum limit for charging of such expense to the Fund and the same should be approved by the Board as part of annual plan. Furthermore, the time limit of three years has also been removed in the revised conditions.

Accordingly, the management company based on its own discretion has currently determined a capping of 0.4% of the average annual net assets of the fund for charging of selling and marketing expenses to the Fund which has also been approved by the Board.

## 15. 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. Consequently, differences can arise between carrying values and the fair value estimates.

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

### Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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



As at December 31, 2019, the Fund held the following financial instruments measured at fair values:

As at December 31, 2019			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

**ASSETS**

**Financial assets 'at fair value through profit or loss'**

Shares of listed companies 'ordinary shares'	1,355,616	-	-	1,355,616
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As at June 30, 2019			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

**ASSETS**

**Financial assets 'at fair value through profit or loss'**

Shares of listed companies 'ordinary shares'	1,448,626	-	-	1,448,626
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**16. GENERAL**

16.1 Figures have been rounded off to the nearest thousand rupees.

16.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these condensed interim financial statements during the period.

**17. DATE OF AUTHORISATION FOR ISSUE**

17.1 These condensed interim financial statements were authorised for issue on 10-Feb-2020 by the Board of Directors of the Management Company.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director