




Meezan Gold Fund

MEEZAN GOLD FUND (MGF)

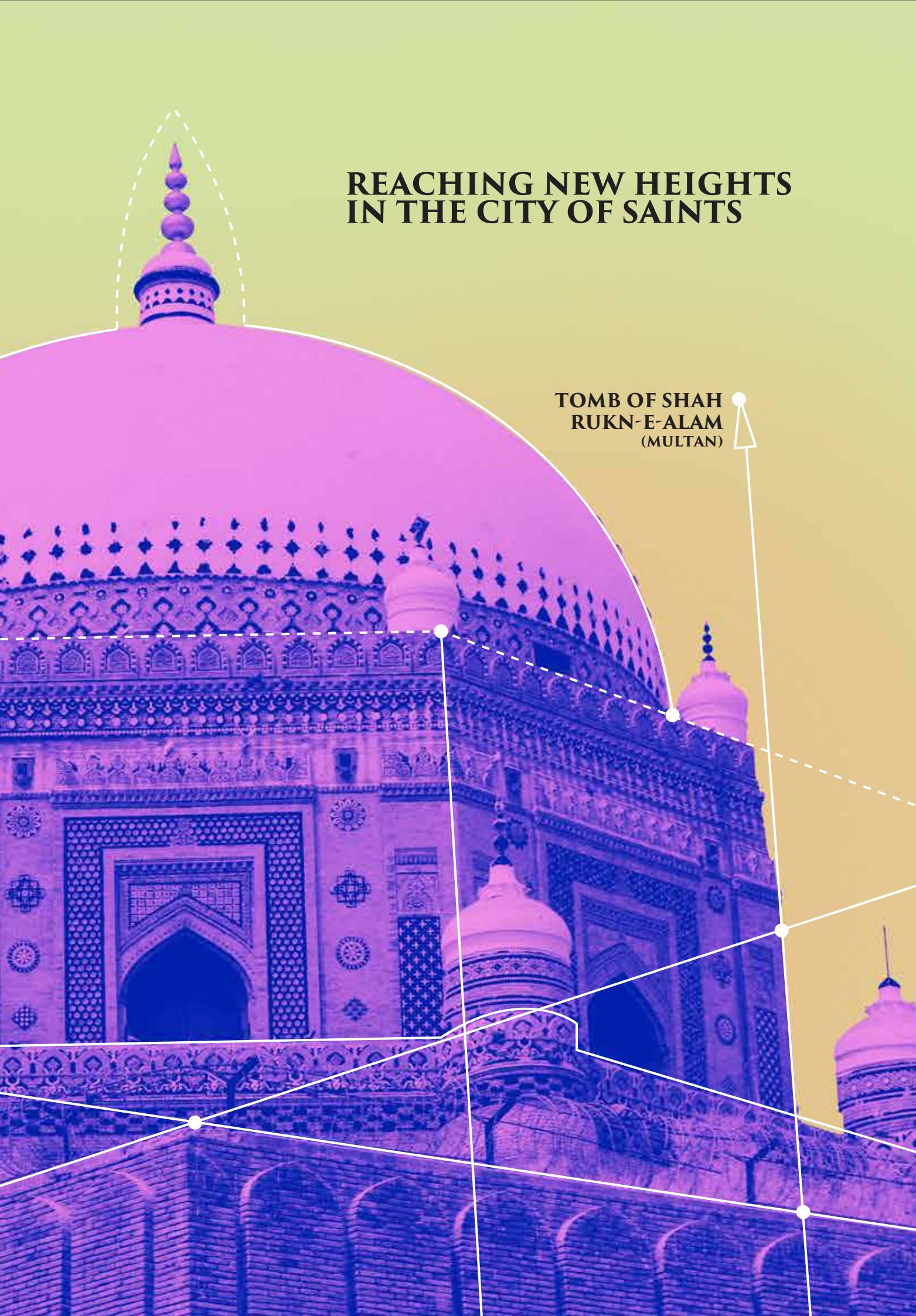
Meezan Gold Fund is Pakistan's first Shariah compliant Gold Fund. It invests in gold instruments in the most efficient manner, to provide maximum exposure to prices of Gold in a Shariah compliant (Islamic) manner. This is done by investing a significant portion of the Fund's net assets in deliverable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

 Multan Branch



REACHING NEW HEIGHTS IN THE CITY OF SAINTS

TOMB OF SHAH
RUKN-E-ALAM
(MULTAN)



FUND INFORMATION

MANAGEMENT COMPANY

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Mr. Ariful Islam	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

Bank Al Habib Limited- Islamic Banking
Meezan Bank Limited
Sindh Bank Limited
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

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 GOLD 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 Gold Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the 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 Gold 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 GOLD FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2019

	December 31, 2019 (Unaudited) (Rupees in '000)	June 30, 2019 (Audited) (Rupees in '000)
Assets		
Balances with banks	5 46,895	86,014
Investment in gold	6 323,293	364,344
Profit receivable on saving accounts	429	227
Receivable against sale of investments - net	875	3,065
Receivable against conversion of units	182	18,716
Deposits and prepayments	14	11,850
Total assets	<u>371,688</u>	<u>484,216</u>
Liabilities		
Payable to AI Meezan Investment Management Limited - the Management Company	870	776
Payable to Central Depository Company of Pakistan Limited - the Trustee	61	131
Payable to the Securities and Exchange Commission of Pakistan	50	224
Payable against conversion and redemption of units	3,438	288
Payable against purchase of investments - net	-	684
Payable to Meezan Bank Limited	11	6
Accrued expenses and other liabilities	10 6,405	4,546
Total liabilities	<u>10,835</u>	<u>6,655</u>
Net assets	<u>360,853</u>	<u>477,561</u>
Contingencies and commitments	8	
Unit holders' fund (as per statement attached)	<u>360,853</u>	<u>477,561</u>
	(Number of units)	
Number of units in issue	<u>4,998,947</u>	<u>7,008,422</u>
	(Rupees)	
Net asset value per unit	<u>72.1858</u>	<u>68.1410</u>

The annexed notes 1 to 18 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 GOLD FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019

	Note	Six months period ended, December 31,		Quarter ended, December 31,	
		2019	2018	2019	2018
		(Rupees in '000)		(Rupees in '000)	
Income					
Realised gain on sale of investments		6,122	1,812	5,703	2,453
Profit on saving accounts with banks		3,531	772	1,570	395
Price adjustment charges	12	5,183	3,485	2,769	1,838
		14,836	6,069	10,042	4,686
Unrealised appreciation / (diminution) on re-measurement of investment in gold	6	19,331	31,605	(4,991)	36,078
Total income		34,167	37,674	5,051	40,764
Expenses					
Remuneration of AI Meezan Investment Management Limited - the Management Company		2,486	1,340	1,132	691
Sindh Sales Tax on remuneration of Management Company		323	174	147	90
Allocated expenses	9	249	134	114	69
Selling and marketing expenses	15	994	357	452	98
Remuneration of Central Depository Company of Pakistan Limited - the Trustee		423	228	193	118
Sindh Sales Tax on remuneration of the Trustee		55	30	25	16
Annual fee to the Securities and Exchange Commission of Pakistan	7	50	101	22	52
Auditors' remuneration		189	198	117	106
Brokerage expense		43	28	26	20
Fees and subscription		174	175	87	87
Bank and settlement charges		548	439	327	286
Custodian expense		2,194	1,190	1,013	621
Provision for Sindh Workers' Welfare Fund (SWWF)	10	529	666	28	666
Printing expenses		-	1	-	1
Total expenses		8,257	5,061	3,683	2,921
Net income for the period before taxation		25,910	32,613	1,368	37,843
Taxation	14	-	-	-	-
Net income for the period after taxation		25,910	32,613	1,368	37,843
Allocation of net income for the period					
Net income for the period after taxation		25,910	32,613		
Income already paid on units redeemed		(10,883)	(926)		
		15,027	31,687		
Accounting income available for distribution					
- Relating to capital gains		25,453	33,417		
- Excluding capital gains		(10,426)	(1,730)		
		15,027	31,687		

The annexed notes 1 to 18 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 GOLD FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED DECEMBER 31, 2019

	Six months period December 31,		Quarter ended, December 31,	
	2019 (Rupees in '000)	2018 (Rupees in '000)	2019 (Rupees in '000)	2018 (Rupees in '000)
Net income for the period after taxation	25,910	32,613	1,368	37,843
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	25,910	32,613	1,368	37,843

The annexed notes 1 to 18 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 GOLD 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	Undistributed income	Total	Capital Value	Accumulated loss	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Net assets at the beginning of the period	434,630	42,931	477,561	233,180	9,904	243,084
Issue of 2,646,366 units (2018: 3,339,979 units)						
- Capital value (at net asset value per unit at the beginning of the period)	180,326	-	180,326	189,269	-	189,269
- Element of income	11,788	-	11,788	7,287	-	7,287
Total proceeds on issuance of units	192,114	-	192,114	196,556	-	196,556
Redemption of 4,655,841 units (2018: 2,609,569 units)						
- Capital value (at net asset value per unit at the beginning of the period)	317,254	-	317,254	147,878	-	147,878
- Element of loss	6,595	10,883	17,478	1,417	926	2,343
Total payments on redemption of units	323,849	10,883	334,732	149,295	926	150,221
Total comprehensive income for the period	-	25,910	25,910	-	32,613	32,613
Distribution during the period	-	-	-	-	-	-
Net income for the period less distribution	-	25,910	25,910	-	32,613	32,613
Net assets at the end of the period	302,895	57,958	360,853	280,441	41,591	322,032
Undistributed income brought forward						
- Realised (loss)		(23,741)			(19,027)	
- Unrealised income		66,672			28,931	
		42,931			9,904	
Accounting income available for distribution (after adjusting income already paid on units redeemed)						
- Relating to capital gains		25,453			33,417	
- Excluding capital gains		(10,426)			(1,730)	
		15,027			31,687	
Distribution for the period		-			-	
Undistributed income carried forward		57,958			41,591	
Undistributed income carried forward						
- Realised income		38,627			9,986	
- Unrealised income		19,331			31,605	
		57,958			41,591	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the period		68.1410			56.6676	
Net assets value per unit at the end of the period		72.1858			64.1490	

The annexed notes 1 to 18 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 GOLD FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019



Meezan
Gold Fund

	Six months period ended, December 31,	
	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	25,910	32,613
Adjustments for:		
Unrealised appreciation on re-measurement of investment in gold	(19,331)	(31,605)
	6,579	1,008
Decrease / (Increase) in assets		
Investments - net	60,382	(27,272)
Receivable against sale of investments - net	2,190	1,927
Profit receivable on saving accounts	(202)	(44)
Deposits and prepayments	11,836	(14)
	74,206	(25,403)
Increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	94	438
Payable to Central Depository Company of Pakistan Limited - Trustee	(70)	10
Payable to the Securities and Exchange Commission of Pakistan	(174)	(173)
Payable against purchase of investments - net	(684)	5,304
Payable to Meezan Bank Limited	5	19
Accrued expenses and other liabilities	1,859	626
	1,030	6,224
Net cash generated from / (used in) operating activities	81,815	(18,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	210,648	199,842
Payment against conversion and redemption of units	(331,582)	(150,318)
Net cash (used in) / generated from financing activities	(120,934)	49,524
Net (decrease) / increase in cash and cash equivalents during the period	(39,119)	31,353
Cash and cash equivalents at the beginning of the period	86,014	29,332
Cash and cash equivalents at the end of the period	5 46,895	60,685

The annexed notes 1 to 18 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 GOLD 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 Gold Fund is an open ended mutual fund constituted under a Trust Deed entered into on October 15, 2014 between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Management Company of the Fund has been licensed to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The Fund commenced its operations from August 18, 2015. The registered office of the Management Company is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund is an open-ended Shariah Compliant (Islamic) Commodity Fund that aims to provide maximum exposure to prices of Gold in a Shariah Compliant (Islamic) manner by investing a significant portion of the Fund's net assets in deliverable gold based contracts available on Pakistan Mercantile Exchange Limited (PMEX). Furthermore, all investments of the Fund's property shall be in accordance with the Shariah as advised by the Shariah Advisor. The Fund shall also be subject to the rules and regulations framed by the State Bank of Pakistan with regard to the foreign investments made by the Fund and investments made in the Fund from outside Pakistan in foreign currency. The investments in Gold contracts listed at the Commodity Exchange shall be subject to the PMEX Regulations and / or rules and regulations of the pertinent Commodity Exchange, if the Commodity Exchange is other than PMEX. All pertinent contracts, agreements and documents of PMEX shall be approved by Shariah advisor. Under the Trust Deed, all the conducts and acts of the fund are based on Shariah. The management company has appointed Meezan Bank Limited as its Shariah advisor to ensure that the activities of the fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's Offering document.
- 1.3** The Fund has been categorised as a Shariah compliant Commodity Scheme by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 50 per unit. Thereafter, the units are being offered for public subscription on a continuous basis from August 13, 2015 and are transferable and redeemable by surrendering them to the Fund.
- 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 Central Depository Company of Pakistan Limited as trustee of the Fund. The fund is listed on Pakistan Stock Exchange Limited.

2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor and are accounted for on substance rather than the form prescribed by the 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 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 requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgements 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 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:

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, interpretations 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) (Rupees in '000)	(Audited)
In saving accounts	5.1	46,801	85,920
In current accounts		94	94
		<u>46,895</u>	<u>86,014</u>

- 5.1 The balance in saving accounts have an expected profit ranging from 3.7% to 13.25% per annum (June 30, 2019: 6.30% to 11.85% per annum).

6. INVESTMENTS	Note	December 31, 2019	June 30, 2019
		(Unaudited) (Rupees in '000)	(Audited)
Investment in gold	6.1	<u>323,293</u>	<u>364,344</u>

6.1 Investment in gold

Commodity	As at July 1, 2019	Purchases during the period	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	Percentage in relation to Net assets of the Fund
	----- (Tola) -----				----- (Rupees in '000) -----			--- (%) ---
TOLAGOLD	4,400	1,254	2,032	3,622	302,724	321,960	19,235	89.22%
MITOLA	15,000	-	-	15,000	1,238	1,333	95	0.37%
Total as at December 31, 2019					<u>303,962</u>	<u>323,293</u>	<u>19,331</u>	
Total as at June 30, 2019					<u>297,672</u>	<u>364,344</u>	<u>66,672</u>	

- 6.1.1 The Pakistan Mercantile Exchange (PMEX) delivers refined Gold in 10 TOLA Bars. These are physically held by PMEX under their custody in the vaults of a commercial bank.
- 6.1.2 The investment in gold of Rs 323.293 million (June 30, 2019: Rs 364.344 million) has been measured at fair value based on the quoted market price in active markets.

7. 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 has 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 a Commodity Fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current period.

8. CONTINGENCIES AND COMMITMENTS

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

9. 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.

10. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	December 31,	June 30,
		2019 (Unaudited)	2019 (Audited)
		(Rupees in '000)	
Auditor's remuneration		163	175
Custodian fee payable		-	257
Provision for Sindh Worker's Welfare Fund (SWWF)	10.1	3,695	3,166
Withholding tax payable		10	21
Capital gain tax payable		1,667	51
Shariah advisory fee payable		159	159
Zakat payable		-	6
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	10.2	414	414
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	10.2	297	297
		6,405	4,546

- 10.1** 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 per unit of the Fund as at December 31, 2019 would have been higher by Re 0.74 per unit (June 30, 2019: Re 0.45 per unit)

- 10.2** 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% 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 July 01, 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 June 30, 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 0.71 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2019 would have been higher by Re 0.14 (June 30, 2019: Re 0.10) per unit.

11. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at December 31, 2019 is 3.32% which includes 0.39% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, annual fee to the SECP, etc. (June 30, 2019: 3.78% and 0.80%). This ratio is within the maximum limit of 3% (excluding government levies) prescribed under the NBFC Regulations for a collective investment scheme categorised as a Commodity Scheme.

12. PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide Circular no.40 SCD/AMCW/ MGF/63/2017 dated June 14, 2017, allowed the fund to charge price adjustment charges. Price adjustment charge is a difference between the offer price and the bid price from the closing price of the Gold transactions (contract) available at PMEX, which is added to and deducted from the NAV to determine Offer and Redemption prices respectively. Such charges form part of Fund Property.

Currently, price adjustment charges added / deducted to form NAV of the fund to determine offer / redemption price is 1% of NAV.

13. 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, 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 Regulations and the Trust Deed.

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

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees in '000)	
Al Meezan Investment Management Limited - the Management Company		
Remuneration payable	321	297
Sindh Sales Tax on management fee payable	42	39
Sales load payable	20	29
Sindh Sales Tax on sales load payable	3	4
Selling and marketing expenses payable	452	373
Allocated expenses payable	32	30
Meezan Bank Limited		
Bank balance	13,868	38,321
Sales load payable	10	5
Sindh sales tax on sales load payable	1	1
Profit receivable on saving account	106	11
Investment of 1,084,712 units (June 30, 2019: 1,084,712 units)	78,301	75,548
Central Depository Company of Pakistan Limited - the Trustee		
Trustee fee payable	54	116
Sindh Sales Tax on trustee fee payable	7	15
Directors and Executives of the Management Company		
Investment of 322,918 units (June 30, 2019: 284,312 units)	23,310	19,374
Unitholders holding 10% or more units of the Fund		
Investment of 1,245,353 units (June 30, 2019: 1,236,347 units)	89,897	84,246



**Six months period ended,
December 31,**
2019 **2018**
(Unaudited)
(Rupees in '000)

AI Meezan Investment Management Limited - the Management Company

Remuneration for the period	2,486	1,340
Sindh Sales Tax on management fee for the period	<u>323</u>	<u>174</u>
Allocated expenses	<u>249</u>	<u>134</u>
Selling and marketing expense	<u>994</u>	<u>357</u>

Meezan Bank Limited

Profit on saving account	<u>977</u>	<u>197</u>
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Central Depository Company of Pakistan Limited - the Trustee

Remuneration for the period	<u>423</u>	<u>228</u>
Sindh Sales Tax on trustee fee for the period	<u>55</u>	<u>30</u>

Directors and Executives of the Management Company

Units issued: 146,550 units (December 31, 2018: 57,616 units)	<u>10,665</u>	<u>3,608</u>
Units redeemed: 107,944 units (December 31, 2018: 27,814 units)	<u>7,698</u>	<u>1,564</u>

14. TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unit holders. No provision for taxation has been made in these condensed interim financial statements during the period since the net income of the fund only pertains to capital gains (realised and unrealised).

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. Moreover, super tax introduced in Finance Act, 2015 is also not applicable on funds as Section 4B of Income Tax Ordinance, 2001.

15. 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

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.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Investments in gold are non-financial assets and the fair value is disclosed in note 6.1 to these financial statements.

As at December 31, 2019, the Fund does not hold any asset which required fair valuation.

17. GENERAL

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

17.2 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.

18. DATE OF AUTHORISATION FOR ISSUE

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

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

Chief Executive

Chief Financial Officer

Director