



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).

**ONLY SHARIAH
COMPLIANT
GOLD FUND MANAGER**



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. Ariful Islam	Chairman
Mr. Moin M. Fudda	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	Dubai Islamic Bank Limited
Faysal Bank Limited	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

REPORT OF THE FUND MANAGER Meezan Gold Fund (MGF)

Type of Fund

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

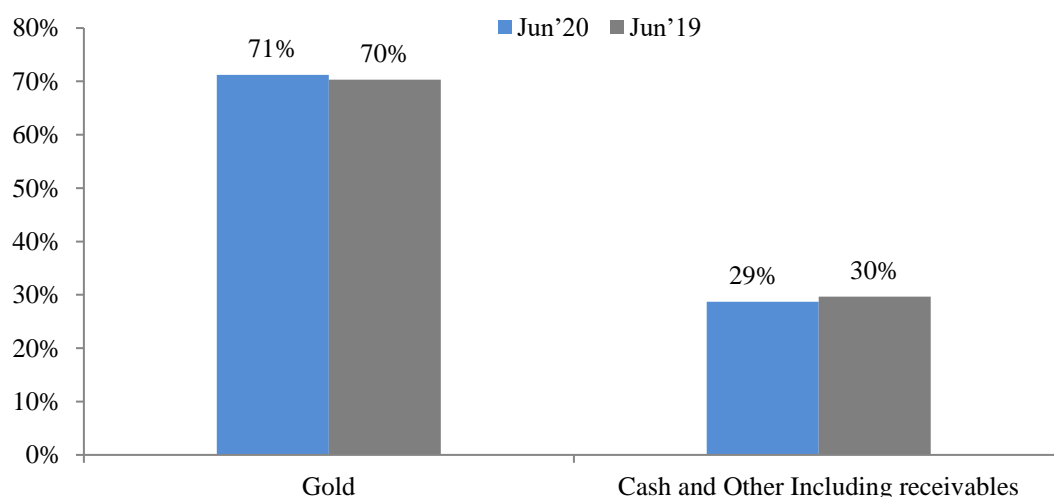
Investment Policy and Strategy

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

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

Asset Allocation

As on June 30, 2020, the fund's gold exposure was 71.21%, while 28.73% of the Net Assets was invested in cash.



Performance Review

Meezan Gold Fund posted a total income of Rs. 108 million during FY19 as compared to total Income Rs. 96 million last year. Total income comprised of realized and unrealized gains on investments in gold of Rs. 8 million and Rs. 79 million respectively while profit on saving accounts with bank of Rs. 9 million. Price Adjustment Charges contributed 13 million in the net income. After accounting for expenses of Rs. 16 million, the fund posted a net income of Rs. 92 million. The net assets of the Fund as at June 30, 2020 were Rs. 548 million as compared to Rs. 478 million at the end of last year depicting an increase of 15%.

During the fiscal year 2020, Meezan Gold Fund provided a return 23.76% to its investors due to rise in international gold prices and PKR depreciation.

	MGF	Benchmark
Net Asset Value as on June 30, 2019	68.14	
Net Asset Value as on June 30, 2020	84.18	
Return During the Period - Net	23.76%	21.31%
Outperformance – Net	2.45%	

Benchmark: Combination of 70% PKR base closing price of physical gold and 30% 3 Month average deposit rates of 3 AA rated Islamic Banks

Distribution

There is NIL distribution by the Fund during the fiscal year ended June 30, 2020.

Breakdown of unit holdings by size:

(As on June 30, 2020)

Range (Units)	No. of Investors
1 - 9,999	762
10,000 - 49,999	73
50,000 - 99,999	9
100,000 - 499,999	8
500,000 and above	2
Total	854

PERFORMANCE TABLE	2020	2019	2018
Net assets (Rs in '000) (ex-distribution)	547,946	477,561	243,084
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	84.183	68.141	56.668
Offer price per unit as at 30 June (Rs.) (ex-distribution)	86.927	70.362	58.515
Highest offer price per unit (Rs.)	86.927	78.011	59.419
Lowest offer price per unit (Rs.)	69.550	54.845	45.990
Highest redemption price per unit (Rs.)	84.183	75.548	56.968
Lowest redemption price per unit (Rs.)	67.354	53.114	44.480
Distribution (%)			
- Interim	-	11.80%	-
Date of distribution			
- Interim	0	June 28, 2019	0
Income distribution (Rs. in '000)	0	38120	0
Total return (%)	23.76	30.4	12
Average annual return as at June 30, 2020 (%)	One year 23.76	Two year 27	Three year 21.81



Meezan Bank
The Premier Islamic Bank

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

August 4, 2020/ Dhu'l-Hijjah 13, 1441

Alhamdulillah, the period from July 1, 2019 to June 30, 2020 was the Fifth year of operations of Meezan Gold Fund (MGF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shariah* advisors of the Fund and are issuing the report in accordance with clause 3.7.1 of the Offering Document of the Fund. The scope of the report is to express an opinion on the *Shariah* compliance of the Fund's activity.

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

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance in line with the *Shari'ah* guidelines. Our responsibility is to express an opinion, based on our review, to the extent where such compliance can be objectively verified. A review is limited primarily to inquiries of the management company's personnel and review of various documents prepared by the management company to comply with the prescribed criteria.

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MGF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MGF by Al Meezan are *Shari'ah* compliant and in accordance with the criteria established.
- iii. On the basis of information provided by the management, all the operation of MGF for the year ended June 30, 2020 have been in compliance with *Shari'ah* principles.

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

Dr. Muhammad Imran Ashraf Usmani

For and on behalf of Meezan Bank
Shariah Advisor

Head Office

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN GOLD FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Gold Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2020 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, September 24, 2020



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Gold Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Gold Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2020, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	Net Asset Value (Refer notes 5 and 6 to the financial statements)	
	Investments and balances with banks constitute the most significant component of the net asset value. Investments of the Fund as at June 30, 2020 amounted to Rs 390.225 million and balances with banks aggregated to Rs 157.431 million. The existence and proper valuation of investments and existence of balances with banks for the determination of NAV of the Fund as at June 30, 2020 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none">Tested the design and operating effectiveness of the key controls for valuation of investments;Obtained independent confirmations for verifying the existence of the investment portfolio and balances with banks as at June 30, 2020 and traced it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed;Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; andObtained bank reconciliation statements and tested reconciling items on a sample basis.

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Management Company for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Board of directors of the management company is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with board of directors of the management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with board of directors of the management company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion the financial statements have been prepared in all material respects in accordance with the relevant provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The engagement partner on the audit resulting in this independent auditor's report is **Salman Hussain**.


Chartered Accountants
Karachi
Date: September 22, 2020



MEEZAN GOLD FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2020

	Note	2020	2019
(Rupees in '000)			
Assets			
Balances with banks	5	157,431	86,014
Investment in gold	6	390,225	364,344
Receivable against conversion of units		397	18,716
Advances and other receivables	7	9,680	15,142
Total assets		557,733	484,216
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	1,431	776
Payable to Central Depository Company of Pakistan Limited - Trustee	9	101	131
Payable to Securities and Exchange Commission of Pakistan	10	99	224
Payable against conversion and redemption of units		311	288
Payable to Meezan Bank Limited		-	6
Accrued expenses and other liabilities	11	7,845	5,230
Total liabilities		9,787	6,655
NET ASSETS		547,946	477,561
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		547,946	477,561
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		6,508,989	7,008,422
		(Rupees)	
NET ASSET VALUE PER UNIT		84.1829	68.1410

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN GOLD FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
Income			
Profit on balances with banks		8,653	2,714
Realised gain on sale of investments - net		7,699	14,271
Price adjustment charges	12	13,243	12,633
		29,595	29,618
Net unrealised appreciation on re-measurement of investments in gold	6.1.3	78,671	66,672
Total income		108,266	96,290
Expenses			
Remuneration of Al Meezan Investment Limited- Management Company	8.1	4,935	2,993
Sindh Sales Tax on remuneration of the Management Company	8.2	642	389
Allocated expenses	16	493	299
Selling and marketing expenses	17	1,974	1,018
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	839	509
Sindh Sales Tax on remuneration of the Trustee		109	66
Annual fees to Securities and Exchange Commission of Pakistan	10	99	224
Brokerage expense		49	60
Auditors' remuneration	14	286	296
Fees and subscription		350	348
Printing expense		-	1
Custodian fee		3,961	2,569
Bank and settlement charges		756	973
Provision for Sindh Workers' Welfare Fund	11.1	1,875	1,731
Total expenses		16,368	11,476
Net income for the year before taxation		91,898	84,814
Taxation	18	-	-
Net income for the year after taxation		91,898	84,814
Allocation of net income for the year			
Net income for the year after taxation		91,898	84,814
Income already paid on units redeemed		(16,025)	(13,667)
		75,873	71,147
Accounting income available for distribution			
- Relating to capital gains		75,873	71,147
- Excluding capital gains		-	-
		75,873	71,147

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN GOLD FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	(Rupees in '000)	
Net income for the year after taxation	91,898	84,814
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>91,898</u>	<u>84,814</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN GOLD FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	2020			2019		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Net assets at beginning of the year	434,630	42,931	477,561	233,180	9,904	243,084
Issue of 8,564,609 units (2019: 10,852,091 units)						
- Capital value (at net asset value per unit at the beginning of the year)	583,601	-	583,601	613,198	-	613,198
- Element of income	74,370	-	74,370	90,794	-	90,794
Total proceeds on issuance of units	657,971	-	657,971	703,992	-	703,992
Redemption of 9,064,042 units (2019: 8,680,649 units)						
- Capital value (at net asset value per unit at the beginning of the year)	617,632	-	617,632	490,148	-	490,148
- Element of loss	45,827	16,025	61,852	50,514	13,667	64,181
Total payments on redemption of units	663,459	16,025	679,484	540,662	13,667	554,329
Total comprehensive income for the year	-	91,898	91,898	-	84,814	84,814
Issue of 547,329 bonus units, for the year ended June 30, 2019	-	-	-	38,120	(38,120)	-
Net income for the year less distribution	-	91,898	91,898	38,120	46,694	84,814
Net assets at end of the year	429,142	118,804	547,946	434,630	42,931	477,561
Undistributed income brought forward						
- Realised income		(23,741)			(19,027)	
- Unrealised income		66,672			28,931	
		42,931			9,904	
Accounting income available for distribution						
- Relating to capital gains		75,873			71,147	
- Excluding capital gains		-			-	
		75,873			71,147	
Interim bonus distribution during the year ended June 30, 2019 at Rs 5.9 per unit i.e. 11.8% of the par value of Rs. 50 each (June 28, 2019)		-			(38,120)	
Undistributed income carried forward		118,804			42,931	
Undistributed income carried forward						
- Realised income/ (loss)		40,133			(23,741)	
- Unrealised income		78,671			66,672	
		118,804			42,931	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year		68.1410			56.6676	
Net assets value per unit at end of the year		84.1829			68.1410	

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director



MEEZAN GOLD FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	91,898	84,814
Adjustments for:		
Unrealised appreciation on re-measurement of investment in gold	(78,671)	(66,672)
	13,227	18,142
Decrease / (increase) in assets		
Investments - net	52,790	(85,807)
Advances and other receivables	5,462	(13,100)
	58,252	(98,907)
Increase / (decrease) in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	655	465
Payable to Central Depository Company of Pakistan Limited - Trustee	(30)	94
Payable to Securities and Exchange Commission of Pakistan	(125)	(50)
Payable to Meezan Bank Limited	(6)	(3)
Accrued expenses and other liabilities	2,615	2,470
	3,109	2,976
Net cash generated from / (used in) operating activities	74,588	(77,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against conversion of units	676,290	688,792
Payment against redemption and conversion of units	(679,461)	(554,321)
Net cash (used in) / generated from financing activities	(3,171)	134,471
Net increase in cash and cash equivalents during the year	71,417	56,682
Cash and cash equivalents at the beginning of the year	86,014	29,332
Cash and cash equivalents at the end of the year	5 157,431	86,014

The annexed notes from 1 to 31 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN GOLD FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 dated December 31, 2019 (2019: AM1 dated December 29, 2018) and PACRA dated June 26, 2020. 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 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 Financial Reporting Standards (IFRSs) 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 from the IFRSs, 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.

3.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

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 financial statements.

3.3 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 other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are therefore not disclosed in these financial statements.

3.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the accounting and reporting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgements and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

The estimates and judgements that have a significant effect on the financial statements of the Fund relate to classification, valuation and impairment of financial assets (notes 4.3 and 6) and taxation (note 18).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments in gold which is stated at its fair values.

3.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates. These financial statements are presented in Pakistani Rupee, which is the Funds' functional and presentation currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts and other short-term highly liquid investments with original maturities of three months or less.

4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.2 Debt instruments

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as:

- amortised cost;
- at fair value through other comprehensive Income (FVOCI);
- at fair value through profit or loss (FVTPL) based on the business model of the Entity.

The financial assets of the Fund which are held for collection are measured at amortised cost.

4.3.3 Impairment

The fund assesses on a forward looking basis the expected credit loss (ECL) associated with its financial assets (other than debt instruments) carried at amortised cost and FVOCI. The fund recognises loss allowances for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.3.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

4.3.5 Initial recognition and measurement

Financial assets are recognised at the time the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the Income Statement.

4.3.6 Derivatives

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the Income Statement.

4.4 Financial liabilities

Financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the Income Statement.

4.5 Offsetting of financial assets and financial liabilities

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

4.6 Investment in Gold

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

4.7 Provisions

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

4.8 Net asset value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

4.9 Issuance and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load, provision for transaction costs and any provision for duties and charges, if applicable. The sales load is payable to the investment facilitators, distributors and the Management Company.

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

4.10 Distributions to unit holders

Distributions to the unit holders are recognised upon declaration and approval by the Board of Directors of the Management Company. Based on the Mutual Funds Association of Pakistan's (MUFAP) guidelines duly consented by the SECP, distribution for the year also includes portion of income already paid on units redeemed during the year.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the year in which such distributions are declared and approved by the Board of Directors of the Management Company.

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

Element of income represents the difference between Net Asset Value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the NAV per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend NAV of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

4.12 Revenue recognition

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

4.13 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the Income Statement on an accrual basis.

4.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxes after taking into account tax credits and rebates, if any. The charge for current tax is calculated using the prevailing tax rates.

Deferred

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

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

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 its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Provided that, for the purpose of determining distribution of at least 90% of the accounting income, the income distributed through bonus units shall not be taken into account.

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

4.15 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income / (loss) of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

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

4.16 Foreign currency translation

Transactions denominated in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
5	BALANCES WITH BANKS		
Balances with banks in:			
Savings accounts	5.1	157,337	85,920
Current account		94	94
		<u>157,431</u>	<u>86,014</u>
5.1	The balance in saving account have expected profit rates ranging from 1.50% to 7.50% per annum (2019: 6.30% to 11.85% per annum).		
6	INVESTMENT IN GOLD		
Investment in gold	6.1	<u>390,225</u>	<u>364,344</u>

6.1 Investment in gold

Commodity	As at July 01, 2019	Purchased during the year	Sold during the year	As at June 30, 2020 (note 6.1.3)	Carrying value as at June 30, 2020	Market value as at June 30, 2020	Unrealised gain note (6.1.3)	Percentage in relation to net assets of the fund on the basis of market value of investments
	-----Tola-----				(Rupees in '000)			%
TOLA GOLD	4,400	1,519	2,244	3,675	310,316	388,639	78,323	70.93
MITOLA	15,000	-	-	15,000	1,238	1,586	348	0.29
Total as at June 30, 2020					<u>311,554</u>	<u>390,225</u>	<u>78,671</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 Limited (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.390.225 million (2019: Rs. 364.344 million) has been measured at fair value based on the quoted market price prevailing in the active markets.

6.1.3 Net unrealised appreciation on re-measurement of investments in gold	Note	2020 (Rupees in '000)	2019
Market value of investments	6.1	390,225	364,344
Carrying value of investments	6.1	<u>311,554</u>	<u>297,672</u>
		<u>78,671</u>	<u>66,672</u>

7 ADVANCES AND OTHER RECEIVABLES

Profit receivable on balances with banks	1,449	227
Receivable against sale of investments	881	3,065
Advance against investment	<u>7,350</u>	<u>11,850</u>
	<u>9,680</u>	<u>15,142</u>

**8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED-
MANAGEMENT COMPANY - RELATED PARTY**

Management fee payable	8.1	528	297
Sindh Sales Tax on remuneration of the Management Company	8.2	69	39
Allocated expenses payable	16	53	30
Selling and marketing expenses payable	17	598	373
Sales load payable		162	33
Sindh Sales Tax on sales load payable		21	4
		<u>1,431</u>	<u>776</u>

8.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the Offering Document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2019: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2020. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs. 0.642 million (2019: Rs 0.389 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 0.612 million (2019: Rs.0.376 million) has been paid to the Management Company which acts as a collecting agent.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY - TRUSTEE	Note	2020 (Rupees in '000)	2019
	Trustee fee payable	9.1	89	116
	Sindh Sales Tax payable on trustee fee		<u>12</u>	<u>15</u>
			<u>101</u>	<u>131</u>

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs 1 billion	0.17% per annum of net assets
- from Rs 1 billion to Rs.5 billion	Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1 billion.
- exceeding Rs.5 billion	Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5 billion.

During the year, an amount of Rs 0.109 million (2019: Rs 0.066 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 0.112 million (2019: Rs.0.056 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, 2008, a collective investment scheme is required to pay annual fee to the Securities and Exchange Commission of Pakistan.

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 commodity fund was 0.075%. Accordingly, the Fund has charged SECP Fee at the rate of 0.02% of net assets during the current year.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2020 (Rupees in '000)	2019
	Auditors' remuneration payable		175	175
	Custodian fee payable		883	257
	Shariah advisor fee payable		159	159
	Payable against purchase of investments		685	684
	Withholding tax payable		7	21
	Capital gain tax payable		184	51
	Provision for Sindh Workers' Welfare Fund	11.1	5,041	3,166
	Zakat payable		-	6
	Provision for Federal Exercise Duty and related			
	Sindh sales tax on management fee	11.2	414	414
	Provision for Federal Exercise Duty and related			
	Sindh sales tax on sales load	11.2	<u>297</u>	<u>297</u>
			<u>7,845</u>	<u>5,230</u>

11.1 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 financial statements of the Fund for the period from May 21, 2015 to June 30, 2020, the net asset value of the Fund as at June 30, 2020 would have been higher by Re. 0.77 per unit (2019: Re 0.45 per unit).

- 11.2** 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 1, 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 0.711 million is being retained in the 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 0.11 (June 30, 2019: Re 0.10) per unit.

12 PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide a 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 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2020 and June 30, 2019.

	2020	2019
	(Rupees in '000)	
14 AUDITORS' REMUNERATION		
Annual audit fee	150	160
Half yearly review of condensed interim financial information	81	80
Fee for other certifications	40	43
Out of pocket expenses	15	13
	286	296

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2020 is 3.32% which includes 0.55% 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 2019: 3.78% and 0.8%). This ratio is within the maximum limit of 3% prescribed under the NBFC Regulations for a collective investment scheme categorised as Commodity Scheme.

16 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 for the year ended June 30, 2020.

17 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 three years (from January 1, 2017 till December 31, 2019). The maximum cap of selling and marketing expense shall be 0.4% per annum of the net assets of the fund or actual expenses whichever is lower.

During the current year, 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.

18 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 unitholders. No provision for taxation has been made in these financial statements during the year since the 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.

19 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 19.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and executives of the Management Company, other collective investment schemes managed by 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.
- 19.2** Transactions with connected persons are executed on an arm's length basis and essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 19.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 19.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

19.5 The details of transactions carried out by the Fund with connected persons during the year and balances with them as at year end are as follows:

Balances	2020	2019
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Management fee payable	528	297
Sindh Sales Tax on remuneration of the Management Company	69	39
Allocated expenses payable	53	30
Selling and marketing expenses payable	598	373
Sales load payable	162	33
Sales tax on sales load	21	4
Meezan Bank Limited		
Sales load payable	-	5
Sindh Sales tax on sales load	-	1
Bank balance	31,954	38,321
Profit on balances with bank	106	11
Investment of 1,084,712 units (June 30, 2019: 1,084,712 units)	91,314	73,060
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	89	116
Sindh Sales Tax payable on trustee fee	12	15
Directors and their close family members and key management personnel of the Management Company		
Investment of 331,325 units (June 30, 2019: 284,327 units)	27,892	19,374
Unitholders holding 10% or more of units of the Fund		
Investment of 1,272,869 units (June 30, 2019: 1,236,347 units)	107,154	84,246
Transactions during the year		
	For the year ended June 30,	
	2020	2019
AI Meezan Investment Management Limited - Management Company		
Remuneration charged	4,935	2,993
Sindh Sales Tax on remuneration of the Management Company	642	389
Allocated expenses	493	299
Selling and marketing expenses	1,974	1,018
Meezan Bank Limited		
Profit on balances with bank	2,429	671
Issue of Nil (2019: 84,712) units	-	5,900
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	839	509
Sindh Sales Tax on remuneration of the Trustee	109	66
Directors and their close family members and key management		
Issue of 300,736 units (2019: 1,432,301 units)	22,892	95,416
Redemption of 253,722 units (2019: 1,345,712 units)	18,990	89,730

19.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.

20 **FINANCIAL INSTRUMENTS BY CATEGORY**

2020		
At amortised cost	At fair value through profit or loss	Total

------(Rupees in '000)-----

Financial assets

Balances with banks	157,431	-	157,431
Receivable against conversion of units	397	-	397
Advances and other receivables	9,680	-	9,680
	<u>167,508</u>	<u>-</u>	<u>167,508</u>

2020		
At fair value through profit or loss	At amortised cost	Total

------(Rupees in '000)-----

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	1,431	1,431
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	101	101
Payable to Meezan Bank Limited	-	-	-
Payable against conversion and redemption of units	-	311	311
Accrued expenses and other liabilities	-	1,902	1,902
	<u>-</u>	<u>3,745</u>	<u>3,745</u>

2019		
At amortised cost	At fair value through profit or loss	Total

------(Rupees in '000)-----

Financial assets

Balances with banks	86,014	-	86,014
Receivable against conversion of units	18,716	-	18,716
Advances and other receivables	15,142	-	15,142
	<u>119,872</u>	<u>-</u>	<u>119,872</u>

2019		
At fair value through profit or loss	At amortised cost	Total

------(Rupees in '000)-----

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	776	776
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	131	131
Payable to Meezan Bank Limited	-	6	6
Payable against conversion and redemption of units	-	288	288
Accrued expenses and other liabilities	-	1,275	1,275
	<u>-</u>	<u>2,476</u>	<u>2,476</u>

21 **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

Risks managed and measured by the Fund are explained below:

21.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risks: yield / profit rate risk, currency risk, and price risk.

(i) Profit rate risk

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

Cash flow profit rate risk

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

During the year ended June 30, 2020, the net income would have increased / decreased by Rs. 1.573 million (June 30, 2019 Rs. 0.859 million) had the profit rates on profit and loss saving accounts increased / (decreased) by 100 basis points.

Fair value profit rate risk

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

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

2020						
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total	
	Up to three months	More than three months and up to one year	More than one year			
----- (Rupees in '000) -----						
Financial assets						
Balances with banks	1.50% - 7.50%	157,337	-	-	94	157,431
Receivable against conversion of units		-	-	-	397	397
Advances and other receivables		-	-	-	9,680	9,680
		157,337	-	-	10,171	167,508
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,431	1,431
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	101	101
Payable to Meezan Bank Limited		-	-	-	-	-
Payable against conversion and redemption of units		-	-	-	311	311
Accrued expenses and other liabilities		-	-	-	1,902	1,902
		-	-	-	3,745	3,745
On-balance sheet gap (a)		157,337	-	-	6,426	163,763
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		157,337	-	-		
Cumulative profit rate sensitivity gap		157,337	157,337	157,337		

----- 2019 -----					
Effective interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Up to three months	More than three months and up to one year	More than one year		

----- (Rupees in '000) -----

Financial assets

Balances with banks	3.00% - 12.35%	85,920	-	-	94	86,014
Receivable against conversion of units		-	-	-	18,716	18,716
Advances and deposits		-	-	-	15,142	15,142
		85,920	-	-	33,952	119,872

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	776	776
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	131	131
Payable to Meezan Bank Limited		-	-	-	6	6
Payable against conversion and redemption of units		-	-	-	288	288
Accrued expenses and other liabilities		-	-	-	1,275	1,275
		-	-	-	2,476	2,476

On-balance sheet gap (a)

	85,920	-	-	31,476	117,396
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Off-balance sheet financial instruments

	-	-	-	-	-
--	---	---	---	---	---

Off-balance sheet gap (b)

	-	-	-	-	-
--	---	---	---	---	---

Total profit rate sensitivity gap (a+b)

	85,920	-	-		
--	--------	---	---	--	--

Cumulative profit rate sensitivity gap

	85,920	85,920	85,920		
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(ii) Currency risk

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

(iii) Price risk

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

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

21.2 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Fund's offering document provides for the daily creation and cancellation of units and it is, therefore, exposed to the liquidity risk of meeting unit holders' redemptions at any time. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's asset in highly liquid financial assets.

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

Further, the Fund is also allowed, in accordance with regulation 57(10) of the NBFC Regulations, to defer redemption request to next dealing day, had such requests exceeded ten percent of the total number of units in issue. However, no such defer redemption request has been exercised by the Fund during the year.

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

In addition to unitholder fund, analysis of the Fund's financial assets and financial liabilities into relevant maturity grouping as at June 30, 2020 is tabulated below:

2020						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
Financial assets						
Balances with banks	157,431	-	-	-	-	157,431
Receivable against conversion of units	397	-	-	-	-	397
Advances and deposits	9,680	-	-	-	-	9,680
	167,508	-	-	-	-	167,508
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	1,431	-	-	-	-	1,431
Payable to the Central Depository Company of Pakistan Limited - Trustee	101	-	-	-	-	101
Payable to Meezan Bank Limited	-	-	-	-	-	-
Payable against conversion and redemption of units	311	-	-	-	-	311
Accrued expenses and other liabilities	685	1,217	-	-	-	1,902
	2,528	1,217	-	-	-	3,745
Net assets / (liabilities)	164,980	(1,217)	-	-	-	163,763
2019						
Within 1 month	More than one month and upto three months	More than three months and upto one year	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	Total
(Rupees in '000)						
Financial assets						
Balances with banks	86,014	-	-	-	-	86,014
Receivable against conversion of units	18,716	-	-	-	-	18,716
Advances and deposits	15,142	-	-	-	-	15,142
	119,872	-	-	-	-	119,872
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	776	-	-	-	-	776
Payable to the Central Depository Company of Pakistan Limited - Trustee	131	-	-	-	-	131
Payable to Meezan Bank Limited	6	-	-	-	-	6
Payable against conversion and redemption of units	288	-	-	-	-	288
Accrued expenses and other liabilities	684	591	-	-	-	1,275
	1,885	591	-	-	-	2,476
Net assets / (liabilities)	117,987	(591)	-	-	-	117,396

21.3 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Fund by failing to discharge its obligation as it falls due. The table below analyses the Fund's maximum exposure to credit risk:

Credit risk arises from balances with banks, profit accrued on balances with banks and receivable against conversion of units.

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

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

The table below analyses the Fund's maximum exposure to credit risk:

	2020		2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	----- (Rupees in '000) -----			
Balances with banks	157,431	157,431	86,014	86,014
Receivable against conversion of units	397	397	18,716	18,716
Advances and deposits	9,680	9,680	15,142	15,142
	167,508	167,508	119,872	119,872

21.3.2 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and profit accrued on bank balances thereon, cheques in hand, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2020	2019
AAA	15.61%	1.83%
AA+	20.37%	98.15%
AA	64.02%	-
A+	-	0.02%
	100.00%	100.00%

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Funds portfolio of financial assets is mainly held with credit worthy counterparties thereby mitigating any credit risk.

22 FAIR VALUE MEASUREMENT

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.

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 are recognised at fair value as disclosed in note 6.1 to these financial statements.

23 UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

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

As required under the NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of the scheme. The Fund has historically maintained and complied with the requirement of minimum fund size at all times.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 21, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

24 COMMODITY RISK MANAGEMENT

24.1 Commodity risk

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

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

In case of 1% increase / decrease in the price of gold fixed by Pakistan Mercantile Exchange Limited (PMEX) as on June 30, 2020, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 3.902 million (2019: Rs 3.643 million) and the net assets of the Fund would increase / decrease by the same amount as a result of change in the fair value thereof.

25 UNIT HOLDING PATTERN OF THE FUND

Category	----- 2020 -----			----- 2019 -----		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	848	423,633	77.31	653	345,447	64.44
Bank / DFIs	1	91,314	16.66	1	73,913	23.32
Private limited companies	4	29,348	5.36	1	55,243	0.00
Others	1	3,651	0.67	3	2,958	0.93
	<u>854</u>	<u>547,946</u>	<u>100.00%</u>	<u>658</u>	<u>477,561</u>	<u>100.00%</u>

26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2020 -----		----- 2019 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
IGI Finex Securities Limited	19%	Top Line Securities (Private) Limited	21%
Shajar Capital Limited	18%	Shajar Capital Limited	18%
Top Line Securities (Private) Limited	17%	Arif Habib Limited	17%
Arif Habib Limited	16%	IGI Finex Securities Limited	16%
Fortune Securities Limited	10%	Fortune Securities Limited	11%
BIPL Securities Limited	10%	BIPL Securities Limited	9%
AKD Securities Limited	11%	AKD Securities Limited	8%

26.1 The Fund has traded with only the above mentioned 7 brokers / dealers during the year ended June 30, 2020 (2019: 7 brokers / dealers).

27 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

Following are the details in respect of members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Thirty years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty four years
Mr. Taha Javed	Head of Equities	CFA / MBA	Thirteen years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Thirteen years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Ten years
Mr. Faizan Saleem	Head of Fixed Income	CFA level II / MBA	Thirteen years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Twelve years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fifteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Nine years

The Fund Manager of the Fund is Mr. Ali Khan. The Fund Manager is not managing any other fund.

28 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members are given below:

Name of Directors	Designation	Meeting held on				
		Aug 19, 2019	Oct 15, 2019	Feb 10, 2020	Apr 15, 2020	Jun 25, 2020
Mr. Ariful Islam	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib, CFA	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes
Ms. Saima Shaukat Khan (Kamila)	Director	Yes	Yes	Yes	Yes	Yes
Mr. Furquan Kidwai	Director	Yes	Yes	Yes	Yes	Yes
Mr. Ijaz Farooq	Director	Yes	No	Yes	Yes	No
Mr. Arshad Majeed	Director	Yes	Yes	Yes	Yes	Yes
Mr. Muhammad Abdullah	Director	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Abdul Sattar	Director	Yes	Yes	Yes	Yes	Yes
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes

29 CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 13, 2020**.

31 GENERAL**31.1 Regulatory reliefs due to COVID - 19**

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Securities and Exchange Commission of Pakistan (SECP) has provided the following relaxations to the asset management companies operating in Pakistan for a specific period:

- a) The time period to regularize the exposure limits breach under Regulation 55(13) of the NBFC Regulations has been extended from four months to six months;
- b) Maximum limit for application of discretionary discount as per the Annexure-I, Chapter 3 of Circular 33 of 2012 has been enhanced;
- c) The time period for classification of a debt security to non-performing category has been extended from 15 days to 180 days as per the requirements of Annexure-II of Circular 33 of 2012;
- d) Time period to ensure compliance with minimum fund size for Open End Schemes under Regulation 54(3b) of the NBFC regulations has been increased to 180 days for Open End Schemes;
- e) Time for announcement of daily NAV as per the regulatory requirement is extended from 18:30 pm to the start of the next working day.

31.2 Operational Risk Management

The Management Company is closely monitoring the situation and has invoked required actions to ensure safety and security of the staff and an uninterrupted service to the customers. Business Continuity Plans (BCP) for respective areas are in place and tested. The Management Company has significantly enhanced monitoring for all cyber security risk during these times from its information security protocols. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Management Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Management Company has made an assessment of Covid-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Fund.

31.3 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

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

Chief Executive

Chief Financial Officer

Director