



DISCOVERING NEW OPPORTUNITIES

Annual Report
2019



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Meezan Islamic Fund | **Al Meezan** Mutual Fund | **KSE-Meezan** Index Fund | **Meezan** Energy Fund | **Meezan** Balanced Fund | **Meezan** Asset Allocation Fund | **Meezan** Dedicated Equity Fund | **Meezan** Gold Fund

Meezan Islamic Income Fund | **Meezan** Sovereign Fund | **Meezan** Cash Fund | **Meezan** Financial Planning Fund of Funds | **Meezan** Strategic Allocation Fund | **Meezan** Strategic Allocation Fund-II | **Meezan** Strategic Allocation Fund-III | **Meezan** Tahaffuz Pension Fund | **Meezan** Rozana Amdani Fund

WHO WE ARE

We began our journey in 1995. The objective of the journey was simple, to bring Shariah compliant investment options to the people of Pakistan. In 24 years since then, Al Meezan Investment Management Limited, due to the trust our customers hold in us, has now become the Largest Shariah compliant Asset Manager in Pakistan. With an innate culture of innovation and the purpose of making Shariah compliant investing every Pakistani's first investment avenue of choice, Al Meezan has achieved assets under management base of over Rs. 91 Billion (as on June 28, 2019).

As Pakistan's only full-fledged Shariah compliant Asset Management Company with the sole mandate to provide Shariah compliant investment solutions to our valued clients, we have enabled our customers towards achieving their financial objectives.

Al Meezan offers a full breadth of Shariah compliant investment solutions ranging from equity, sector, balanced, asset allocation, fixed income, money market, capital preservation, fund of funds, commodity and voluntary pension schemes. Depending on each investor's need, we provide expert guidance enabling them to reach their financial goals.

MOHATTA PALACE
(KARACHI)



VISION

To make Shariah compliant investing a first choice for investors.

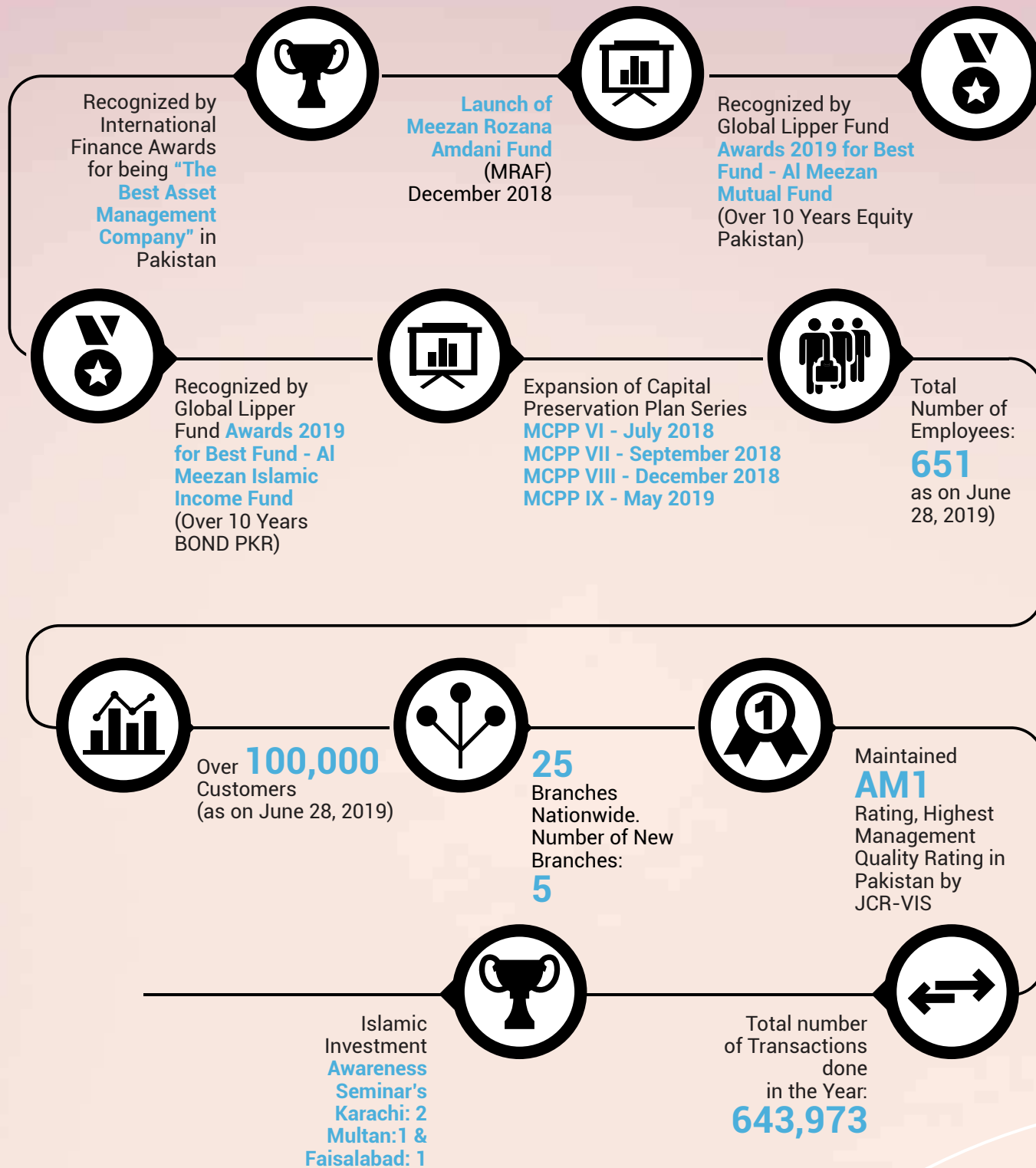
MISSION

To establish Al Meezan as a leading and trusted brand for savings and investments by offering innovative Shariah compliant investment solutions through ethical conduct, value added services and optimal returns, while protecting the interest of all stakeholders.

**BADSHAHI MOSQUE
(LAHORE)**



MILESTONES FOR FY 2019



MINAR-E-PAKISTAN (LAHORE)

BOARD OF DIRECTORS

Mr. Ariful Islam

Chairman

Mr. Ariful Islam is the Deputy CEO at Meezan Bank Limited, the premier Islamic financial institution in Pakistan with over 33 years of experience with various Banks and in Bahrain and Pakistan. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of England and Wales and a fellow member of the Institute of Chartered Accountants of Pakistan. He has also worked with KPMG (formerly Peat Marwick Mitchell & Co.) prior to his banking career.

He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer and was subsequently elevated to the position of Deputy CEO of the Bank. Mr. Arif was also involved with the setting up of the first private sector open-end fund in Pakistan and carries with him valuable asset management experience.

Other Directorships and recent offices held:

- Director, Meezan Bank Limited
- Director, Atlas Battery Limited
- Member Human Resources & Remuneration Committee, Al Meezan Investment Management Limited

Mr. Mohammad Shoaib, CFA

Chief Executive Officer

Mr. Mohammad Shoaib, CFA is the Chief Executive Officer of Al Meezan Investment Management Limited, the largest Shariah compliant asset management company in Pakistan. He has over 28 years of experience in managing investment portfolios. Currently with Al Meezan Investments he is managing investments of over Rs. 91 billion (as on June 28, 2019) under 17 mutual/pension funds and discretionary clients' portfolios, and leading a team of 340 employees of the organization.

He is an MBA from the Institute of Business Administration (IBA), Karachi of 1988 and has also taught in his alma mater, several courses ranging Security Analysis to Finance & Accounting.

He got his CFA charter in 1999 and later founded the CFA Association of Pakistan in May 2002 with 40 members. He was the first President of the CFA Association of Pakistan (CFAAP) and during his leadership CFAAP achieved several milestones including the "Innovation Award" in 2006 and the "Strategic Planning Award" in 2008 from the CFA Institute.

BOARD OF DIRECTORS

Mr. Muhammad Abdullah Ahmed

Nominee Director - MBL

Mr. Abdullah currently looks after the Treasury, Correspondent Banking, Financial Institutions, and Home Remittance functions of the Bank. He has over 20 years of banking and treasury dealing experience. He has also previously worked at Bank of America NA, National Bank of Pakistan and KASB Bank before joining Meezan Bank in 2005.

Mr. Abdullah has a Bachelors and Masters in business administration from the Institute of Business Administration, University of Karachi. He is a fellow of the Association Cambiste Internationale (ACI) - The Financial Markets Association, Paris in financial markets trading and a fellow of the Institute of Bankers Pakistan. He is also a certified Financial Risk Manager (FRM) from the Global Association of Risk Professionals (GARP), USA.

Mr. Abdullah is an active member of the local Financial Markets Association of Pakistan (FMAP) and was elected to the executive committee as office bearer in 2000, 2008 and 2009, his last office being the General Secretary of the FMAP for the years 2009-2012. He is currently a member of the Pakistan Banks Association (PBA) sub-committee on Treasury and Capital Markets since 2010 and of the technical committee of the Financial Markets Association of Pakistan since 2012.

Mr. Mohammad Furqan R. Kidwai

Independent Director

Mr. Furqan Kidwai is the Founder & CEO of Dawai Pte Limited. He is a technology entrepreneur who has built the largest health technology company in Pakistan over the past five years. Prior to this journey, Mr. Kidwai was an investment banker for over eight years in London and New York where, in his last role, was the Head of CEEMEA Financing as well as a senior Vice President in the Fixed Income trading business at the Royal Bank of Scotland. Before joining RBS, Furqan worked as an Associate at Merrill Lynch and Lehman Brothers in their London and New York offices. He has also served as a member of the Board of Imperial College of Science, Technology and Medicine, London.

Furqan read International Relations for a Master's degree at Cambridge University. He also has an MSc in Financial Mathematics with specialization in Risk Management from Imperial College London and BEng in Computer Systems Engineering from Bristol University.

BOARD OF DIRECTORS

Mr. Ijaz Farooq

Nominee Director - MBL

Mr. Ijaz Farooq is currently associated with Meezan Bank Limited as the Group Head Retail Banking, SME/Commercial & Agriculture Finance. Mr. Farooq is an MBA (Marketing) from University of Punjab. He has an extensive experience of over 42 years in Pakistan's banking industry.

Prior to joining Meezan Bank, Mr. Farooq spent 15 years with Bank Alfalah Limited, where he joined as Area Manager in 1998, and progressed to the position of Group Head-Islamic Banking. The overall planning, establishment and smooth functioning of Islamic Banking Division is to Mr. Farooq's credit. His strategic objective setting and business planning has substantial contribution towards the success of Islamic Banking. As Group Head, he served on several committees including Central Management Committee, Central Credit Committee, Asset & Liability Committee and Human Resource Committee.

He has served at renowned entities such as Allied Bank Limited from where he started his career as Officer. As the Chief Manager for Emirates Bank International, Mr. Ijaz played a pivotal role for increasing profitability and overall result of the bank. This contribution was recognized by virtue of his nomination for Advanced Management Program (AMP) at The Wharton School, University of Pennsylvania, USA.

BOARD OF DIRECTORS

Mr. Moin M. Fudda

Independent Director

Mr. Moin M. Fudda has over 40 years of rich and unique blend of professional experience which encompasses working for the corporate sector and performing diplomatic duties. He holds MBA (Insurance & Risk Management) from St. Jones University, New York. In his former role as Managing Director of Karachi Stock Exchange (KSE now Pakistan Stock Exchange – PSX), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG). He is a Certified Corporate Governance Trainer by International Finance Corporation (IFC) since 2010 and is a Member of Faculty and has also served on the Board of PICG. He has contributed significantly towards development of Corporate Governance Rules for Public sector Enterprises and Corporate Governance Guide for Family Owned Businesses.

He is an Independent Director on the Board of Al Meezan Investment Management Limited. Mr. Fudda is also an Independent Director and Chairman of the Board of Central Depository Company of Pakistan since January 2018. He also serves as Independent Director on the Board of Pak Suzuki Motor Company and Merit Packaging as well as is Country Representative for SCOR – A Global Tier 1 Reinsurer. He is also a Member Board of Karachi Council on Foreign Relations and a Member, Executive Committee of English Speaking Union of Pakistan. Moreover, since 2003, he continues to serve as a Chairman/Member of Alternate Dispute Resolution Committees (ADRC) of the Federal Board of Revenue.

Previously Mr. Fudda has also served as Country Chief of New Zealand Insurance and Commercial Union (CU now AVIVA) and founder MD of CU Life (now Jubilee Life). Since 1990, he has been serving as the Honorary Consul General of New Zealand for Pakistan and being its sole representative, his responsibilities include, consular affairs, trade, education & facilitations of visas. Earlier he held positions such as Country Director, Center for International Private Enterprise, an affiliate of US Chamber, Chairman Islamabad Stock Exchange, Presidents of Overseas Investors Chamber of Commerce & Industry and Management Association of Pakistan. He has also served on the Boards of Investment & Privatization Commission, Pakistan Institute of Management and Federation of Pakistan Chamber of Commerce & Industry and National Center for Dispute Resolution.

In 2006 Mr. Fudda was conferred Sitara-e-Imtiaz (S.I.) by the President of Pakistan. In 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit (ONZM) and in 1990, NZ Commemoration Medal was conferred by the Queen of New Zealand. He has traveled to 120 countries in six Continents.

BOARD OF DIRECTORS

Ms. Saima Shaukat Khan (Kamila)
Independent Director

Ms. Saima Kamila Khan is currently associated with Jazz Pakistan as Chief Legal Officer. Ms. Kamila oversees the Company's legal and communications functions, leveraging her legal expertise and acumen to bring synergy to all functions. Before joining Jazz, she worked for ICI Pakistan Limited, as the General Counsel, Company Secretary & Head of Corporate Communications and Public Affairs.

She has over a decade of diversified experience in the legal field. Throughout her professional career she has performed the legal role at senior management levels within and outside Pakistan in various sectors including oil and gas, pharmaceutical, banking and private equity.

Prior to joining ICI Pakistan Limited, she was Head of Legal & Company Secretary for Samba Bank Limited. Kamila holds an LL.B. from the University of Punjab and an LL.M. from the University of Pennsylvania, U.S.A. She is on various committees of the Overseas Investors Chamber of Commerce and Industry (OICCI) and the Pakistan Business Council (PBC). She is also on the Board of Directors of the Pakistan Institute of Corporate Governance (PICG).

Mr. Arshad Majeed
Nominee Director - MBL

Mr. Majeed in his current role is serving Meezan Bank Limited as the Group Head of Consumer Finance, he has been part of the Bank since its inception and has played an instrumental role in its growth by developing the Operations function.

Mr. Majeed's banking career spans over 26 years during which he has held various senior positions in local as well as foreign banks such as Deutsche Bank AG, The Chase Manhattan Bank Ltd, MCB Bank Limited and Mashreq Bank both in Pakistan and abroad. His last assignment before joining Meezan Bank was with Mashreq Bank Head Office, Dubai as Senior Methods Analyst for Operating Policies and Procedures for Local and Overseas Branch Operations & Internal Quality Audit for Head Office Operations-Dubai.

Mr. Majeed has a Master's degree in Business Administration and Graduated in Advanced Mathematics and Law from Karachi University. He is also a certified Internal Quality Auditor from Bureau Veritas Quality International (BVQI), London. Mr. Majeed is a member of various senior-level internal committees of Meezan Bank and as an internal trainer has also conducted numerous country-wide training sessions.

Mr. Naeem Abdul Sattar
Nominee Director - PKIC

Mr. Naeem Sattar is currently working as Company Secretary of Pakistan Kuwait Investment Co. Pvt Ltd. He is a Fellow Member of the Institute of Cost and Management Accountant of Pakistan and has over 15 years of experience in the financial sector. His work experience includes the fields of Accounting, Taxation, Budgeting, and Corporate Secretarial affairs. He has also worked with M/s. A. F. Ferguson & Co – Chartered Accountants.

Syed Amir Ali Zaidi
Nominee Director - PKIC

Mr. Amir is serving as Senior Vice President in Capital Markets Department of Pak Kuwait Investment Company (Pvt) Limited since May 2006. He has vast experience of over 23 years in the Capital Markets of the country with leading financial institutions. Prior to his last association with Taurus Securities, he worked with AF Ferguson & Co., Chartered Accountants in the taxation department.

Mr. Zaidi is an MBA from the Institute of Business Management with majors in Human Resources & Finance and also holds an LL.B. degree.

DIRECTORS' REPORT – FUNDS UNDER MANAGEMENT COMPANY

The Board of Directors of Al Meezan Investment Management Limited is pleased to present the audited financial statements of the following open end funds and a voluntary pension scheme for the year ended June 30, 2019.

Equity Funds

1. Meezan Islamic Fund (MIF)
2. Al Meezan Mutual Fund (AMMF)
3. KSE-Meezan Index Fund (KMIF)
4. Meezan Dedicated Equity Fund (MDEF)

Sector Specific Fund

5. Meezan Energy Fund (MEF)

Income Funds

6. Meezan Islamic Income Fund (MIIF)
7. Meezan Sovereign Fund (MSF)

Money Market Fund

8. Meezan Cash Fund (MCF)
9. Meezan Rozana Amdani Fund (MRAF)

Balanced Fund

10. Meezan Balanced Fund (MBF)

Funds of Funds

11. Meezan Financial Planning Fund of Fund (MFPPF)
12. Meezan Strategic Allocation Fund (MSAF)
13. Meezan Strategic Allocation Fund-II (MSAF-II)
14. Meezan Strategic Allocation Fund-III (MSAF-III)

Commodity Fund

15. Meezan Gold Fund (MGF)

Asset Allocation Fund

16. Meezan Asset Allocation Fund (MAAF)

Pension Fund

17. Meezan Tahaffuz Pension Fund (MTPF)

Economic Review:

The economy continues to face tough economic challenges this year, amid rising macroeconomic challenges, the outgoing fiscal year 2018-19 saw a soft GDP growth of 3.29% as against a target of 6.2%. Sectoral growth turned out to be 0.85% for agriculture, 1.4% for industry and 4.7% for services compared to targets of 3.8%, 7.6% and 6.5% respectively. The year saw sharp depreciation in rupee against the dollar, rising inflation and depleting foreign exchange reserves under mounting external

debts despite funding from friendly countries, strong remittances and a lower trade deficit. Headline CPI inflation was recorded at 7.34% in FY19 as compared to 3.92% in FY18 mainly due to increase in gas tariffs and food inflation. Rising inflation along with external account deficit kept the SBP on a monetary tightening stance whereby the discount rate was increased by 575 bps cumulatively to 12.25% during the fiscal year.

While there have been economic challenges, we have seen improvement in numbers this year. On external front, the current account deficit has narrowed down by 31.7% to USD 13.59 billion in FY19, largely due to contraction in imports and growth in workers' remittances. Trade deficit decreased by 14.27% to USD 32.48 billion as imports in goods and services fell by 8.77% to USD 61.99 billion, along with a decrease in exports in goods and services by 1.84% to USD 29.50 billion despite a 31% depreciation in rupee value. Worker remittances increased by 9.68% to USD 21.8 billion in FY19. Foreign reserves also suffered due to high payments on debt servicing, thus decreasing reserves by 11.8% to USD 14.44 billion. Going forward, the three year deferred oil facility from Saudi Arabia is expected to reduce pressure on the current account deficit.

Fiscal sector has faced varied challenges over the years due to excessive expenditures on one hand and lower tax revenues on the other. Generally, higher current expenditures and lower tax revenues left limited fiscal space for public investment and social safety net. Furthermore, high interest payments, untargeted subsidies, loss making PSEs, energy subsidies and security related issues all weighed on expanding the fiscal deficit. The tax collection target was revised to Rs. 4.1 trillion in budget FY2019-20 vs earlier target of Rs. 4.4 trillion. Based on this revised revenue target, the fiscal deficit is expected at 7.2% of GDP for FY19 compared to earlier target of 5.0%.

Going forward, the State Bank of Pakistan (SBP) has forecasted GDP growth to clock in at around 2.4% for FY20. CPI inflation is likely to increase to 11-12% in FY20 as power and gas tariffs are increased. While on the positive rupee is said to be close to its equilibrium in terms of real effective exchange rate (REER). The USD 6 billion IMF loan, disbursement of which has already started from July 2019, is also likely to open new funding avenues for the country and could bring up to USD 38 billion from other lenders over the next 3 years in addition to the Euro bonds planned to be issued by the government, thus significantly improving the expected forex reserves position of the country.

Money Market Review:

As mentioned above, the money market witnessed a tight monetary policy stance of the SBP whereby the policy rate was cumulatively raised by 575 bps to 12.25%. This has further been increased to 13.25% now. The market had been anticipating this stance from the central bank but the pace and quantum of rate increase during the fiscal year at times turned out to be a surprise for the market participants.

Overall, in line with the increased policy rate, the government paper yields and KIBORs showed an upward adjustment compared to their FY18 levels; T-bills rose by 593-597 bps whereby the 3m, 6m and 12m T-bills closed the fiscal year at 12.75%, 12.85% and 13.13% respectively, PIB yields increased in the range of 469-556 bps with the 3yr, 5yr and 10yr PIBs closing the period at 13.85%, 13.88% and 13.72% respectively while the KIBORs went up by 605-610 post which the 3MK, 6MK and 12MK closed at 12.97%, 13.11% and 13.63% respectively. With expectations of monetary tightening to continue going forward, further increase in the discount rate and yields could be witnessed during the next fiscal year.

The liquidity scenario of the money market remained mixed during the fiscal year with the first half witnessing a tight liquidity scenario while the second half saw a fairly liquid market. The fiscal year ended with a net injection position of Rs. 93.5 bn by the SBP. Alongside, twenty six T-bill, 12 fixed rate PIB

auctions and seven floating rate PIB auctions were conducted during the period, the cumulative result of which is summarized in the table below (according to the two halves of the fiscal year):

First Half FY19 (Rs in billions)				
	T-bills	PIBs - Fixed	PIBs - Floating	Total
Maturity	9,812	629	-	10,441
Target	10,050	300	300	10,650
Participation	10,898	109	245	11,252
Acceptance	9,854	39	102	9,995
Net Debt Retirement (Maturity - Acceptance)				446
Second Half FY19 (Rs billions)				
	T-bills	PIBs - Fixed	PIBs - Floating	Total
Maturity	9,459	531	7	9,997
Target	10,150	510	550	11,210
Participation	11,870	2,211	461	14,542
Acceptance	8,894	770	185	9,849
Net Debt Retirement (Maturity - Acceptance)				148

As evident from the table above, the net debt retirement of Rs. 446 billion carried forward from the first half of the fiscal year led to the excess liquidity during the second half. Going forward, for the first quarter of FY20, the central bank has set a target of raising Rs. 6.30 trillion from T-bills, Rs. 300 bn through fixed rate PIBs and Rs 450 bn through floating rate PIBs while the overall maturity amounts to Rs 5.5 trillion out of which T-bills maturity will be Rs. 5.1 trillion.

On the Shariah compliant end of the money market, three out of the four running Ijarah Sukuks, cumulatively amounting to Rs. 314 billion matured during the period under review. However, the SBP conducted multiple Bai Muajjal auctions against the maturing Ijarah Sukuks and cumulatively mopped up Rs. 323 billion in various tenors ranging from 6 months to 3 years.

Another major development for the Shariah compliant institutions was the issuance of Pakistan Energy Sukuks-I by the Government of Pakistan through Power Holding Private Ltd, for partial settlement of the outstanding circular debt. The Sukuks amounted to Rs. 200 billion and turned out to be a major breather for the excess liquidity plagued Shariah compliant players of the industry. Here again, only a few banks were allowed to pick up the entire issue of Rs. 200 billion. Another such Sukuks was close to issuance by the end of FY19 but it got delayed at the government's end; now it is expected to be issued during FY20. The next issuance will be positive for the mutual funds as well since they have also been allowed to participate in these Sukuks after the matter had been taken up with the ex-Finance Minister.

Equity Market Review

The equity market remained in a firm grip of the bears for the second consecutive year due to weak economic performance and dismal investor sentiment. The fiscal year was dominated by volatile movements in the index with major swings on either side. The KMI-30 Index closed the period 23.84% down at 54,118 pts while the KSE-100 Index posted a decline of 19.11% to close at 33,901 pts. Subdued performance during the period was attributable to i) continued selling by the foreign investors in the 1HFY19 ii) lack of prompt and concrete resolution of macroeconomic concerns, iii) unabated monetary tightening, iv) record currency devaluation v) rising tensions on the eastern border and vi) tough pre-

conditions for entering the IMF program leading to higher incidence of taxation on various segments of the society.

The benchmark index started the year on a weak note stemming from post-election anxiety. The first half was dominated by news-flow pertaining to firefighting by the incumbent government to arrest the deterioration in the economic fundamentals. The government had limited success in steering the country through the initial critical phase to tap resources to meet external debt repayments. The government had to take tough decisions involving a combination of austerity measures, crackdowns on tax dodgers and tightening restrictions on non-filers, which led to an air of uncertainty and resultant economic stagnation. Furthermore, the decline of 32.5% of rupee against the greenback and an increase in policy rate by 575 bps severely impacted the aggregate demand in the economy and sent shockwaves across the financial markets. These elements collectively led to weakened investor sentiment resulting into outflows from risky asset classes in to preference for low risk asset despite historically attractive valuations of the listed equities.

Emerging Markets, after witnessing significant foreign outflows during most part of the first half of FY19, started attracting foreign inflows in the latter half of year, ending a devastating streak of liquidation by foreign investors. Cumulatively over the year, EM ETF inflows were recorded at USD 23.90 billion, out of which USD 22.50 billion were in equities. The change in trend was witnessed as the US Fed turned to a dovish stance on the previously indicated tight monetary strategy. Consequently, MSCI EM Index retraced its losses recorded up to the mid of the fiscal year, to close the period up by 0.36%. In line with this changed trend, the Pakistani stock market, after witnessing FIPI outflows worth USD 403.7 million during the first half of the fiscal year, witnessed a reversal in the trend with the second half recording a FIPI inflow of USD 47.7 million.

Oil prices were down by over 20% during FY19 due to supply glut resulting from rapid production coming online in the US. Prudent management by OPEC+ partners helped in restricting supply combined with unabated decline in Venezuelan oil production led to recovery in Oil prices in the 2HFY19. Brent crude closed the year on a negative note, down by USD 12.89% to close at \$66.55 per barrel.

Major contributors to the index:

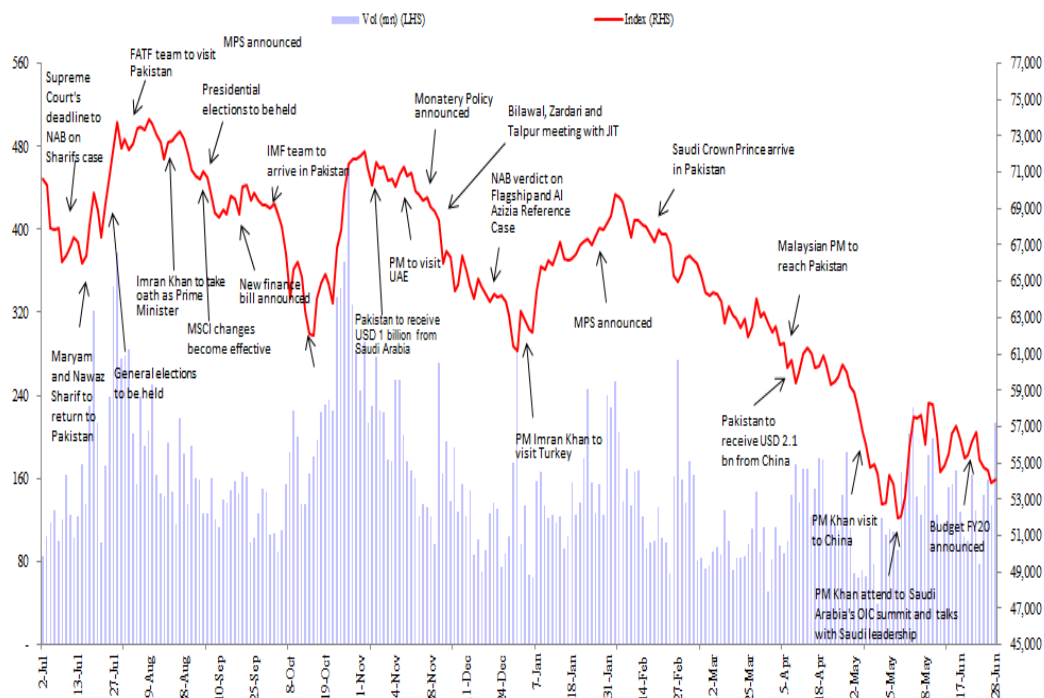
During the period, Fertilizer was the only top positive contributing sector in KMI 30 index. The positive contributors in the KMI-30 index were only two during the period under review, which are as follows:

Positive Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Dawood Hercules Corp Ltd	346	11.89
Engro Corp Ltd/Pakistan	32	0.26

On the flip side, the KMI-30 index was dragged by the following laggards during the period:

Negative Contributors to the Index	Contribution to KMI-30 (Points)	Total Return (%)
Pakistan Petroleum Ltd	(1,824)	(22.15)
Lucky Cement Ltd	(1,221)	(23.90)
Pakistan Oilfields Ltd	(1,193)	(21.28)
Searle Co Ltd.	(971)	(49.54)

The overall movement of the KMI-30 during the period can be observed in the following graph:



Equity Flows:

Foreign investment in stock market remained negative for the second year in a row marked by a total liquidation of USD 356mn worth of securities during FY19. Bulk of this selling was confined to the first half of FY19, while the second half saw foreigners injecting over USD 47mn into the market. Selling by Foreigners was mainly concentrated in Oil & Gas Exploration and Banking with outflows worth USD 145 million and USD 102 million respectively. This was followed by Cement and Power sectors with outflows of USD 40 million and USD 25 million respectively. During the period, Mutual Funds were net sellers of USD 146 million while Insurance Companies and Individuals were net buyers of USD 150 million and USD 166 million respectively. Banks, Corporates, NBFCs, Others and Brokers were net buyers of roughly USD 186 million collectively.

Mutual Fund Industry Review

During FY19, AUMs of the mutual fund industry declined by 12.2% to the size of Rs. 530 bn. Shariah Compliant AUMs decreased by 13.4% to Rs. 196 bn which brings share of Shariah Compliant funds at 36.9% in the mutual fund industry. Al Meezan's share in the Mutual Funds industry stands at 17.2% while among the Shariah Compliant Funds, it has a share of 46.5% as of June 30, 2019. This marks an increase in market share of Al Meezan by 175 basis points in mutual fund AUMs and 531 basis points in Shariah Compliant segment.

The change in AUMs of industry of FY19 over FY18 is as under;

	FY18	FY19	Change
	(Rs. In Billion)		(%)
<u>Sovereign, Money Market and Income Funds</u>			
Shariah Compliant Funds	66	92	38.1
Conventional Funds	190	192	1.1
Total Funds	257	284	10.7
<u>Equity Funds (Including Index Tracker Funds)</u>			
Shariah Compliant Funds	105	63	(39.6)
Conventional Funds	159	120	(24.8)
Total Funds	264	183	(30.7)
<u>Capital protected, balanced, and asset allocation</u>			
Shariah Compliant Funds	37	23	(37.8)
Conventional Funds	20	14	(28.9)
Total Funds	57	37	(34.7)
<u>Commodity funds</u>			
Shariah Compliant Funds	0.24	0.48	97.2
Total Funds	0.24	0.48	97.2
<u>Voluntary Pension Funds</u>			
Shariah Compliant Funds	17	17	(0.8)
Conventional Funds	9	9	(1.3)
Total Funds	26	26	(1.0)
<u>Meezan Tahaffuz Pension Fund (MTPF) Market Share</u>			
In Overall Segment (%)	35.34	34.85	(49.4)
In Shariah Compliant Segment (%)	53.62	54.05	42.5

Performance Review (Funds)

The table provided below depicts a summary of performance of funds under our management for the year:

Funds	Type	Net Assets Rs. in millions	Growth in Net Assts for FY19 (%)	Returns for FY19 (%)	Benchmark for FY19 (%)	
Equity Funds						
Al Meezan Mutual Fund (AMMF)	Equity	4,768	-30.54	-24.38	-23.84	
Meezan Islamic Fund (MIF)	Equity	25,740	-34.19	-24.33	-23.84	
KSE Meezan Index Fund (KMIF)	Equity	1,517	-10.09	-25.05	-23.84	
Meezan Energy Fund (MEF)	Equity	599	-63.42	-32.98	-23.84	
Meezan Dedicated Equity Fund (MDEF)	Equity	1,761	-5.16	-26.84	-23.84	
Fixed Income Funds						
Meezan Islamic Income Fund (MIIF)	Income	9,471	-6.89	7.99	3.69	
Meezan Cash Fund (MCF)	Money Market	8,851	-11.06	7.86	3.37	
Meezan Sovereign Fund (MSF)	Income	5,705	169.04	7.08	7.15	
Meezan Rozana Amdani Fund (MRAF)****	Money Market	16,134	-	9.87	3.83	
Balanced Fund						
Meezan Balanced Fund (MBF)	Balanced	5,350	-31.79	-12.80	-12.14	
Fund of Funds						
Meezan Financial Planning Fund of Fund						
Aggressive	Fund of Fund	365	-26.51	-17.21	-17.21	
Moderate		203	-34.31	-9.18	-10.47	
Conservative		222	-23.65	-1.03	-3.48	
MAAP-I		593	-28.50	-18.53	-16.37	
Meezan Strategic Allocation Fund						
MSAP-I	Fund of Fund	1,067	-45.13	-17.12	-16.04	
MSAP-II		728	-43.55	-16.36	-16.13	
MSAP-III		891	-37.39	-16.52	-16.09	
MSAP-IV		1,003	-39.79	-16.54	-16.14	
MSAP-V		316	-39.36	-16.32	-16.14	
MSAP-MCPP-III		1,099	-19.51	2.20	-0.94	
Meezan Strategic Allocation Fund - II						
MSAP-II -MCPP-IV		Fund of Fund	1,553	-26.58	0.65	-2.60
MSAP-II -MCPP-V			474	-35.38	0.16	-2.83
MSAP-II -MCPP-VI*			384	-	-0.08	-3.83
MSAP-II -MCPP-VII**	207		-	0.08	-3.61	
MSAP-II -MCPP-VIII***	131		-	-2.00	-2.27	
Meezan Strategic Allocation Fund - III						
MSAP-II -MCPP-IX*****	Fund of Fund	34	-	-3.53	-1.97	
Commodity Fund						
Meezan Gold Fund (MGF)	Commodity	478	97.17	30.67	27.56	
Asset Allocation Fund						
Meezan Asset Allocation Fund (MAAF)	Asset Allocation	1,854	-35.56	-20.43	-18.57	
Pension Fund Scheme						
Meezan Tahaffuz Pension Fund						
Equity sub Fund	Pension Fund Scheme	4,086	-24.77	-23.70		
Debt sub Fund		2,807	1.65	7.06		
Money Market sub Fund		2,073	104.50	7.31		
Gold Sub Fund		84	68.77	28.46		

* Launched on July 10, 2010,** Launched on September 25, 2010, *** Launched on December 14, 2010
**** Launched on December 26, 2018, ***** Launched on May 24, 2019

Outlook

Recently in its monetary policy statement the SBP has stated that the adjustments required in interest rates and exchange rate have been done and going forward only unanticipated worsening of indicators will result in SBP action. Currently the economic indicators are pointing towards slowdown in economic activity on account of demand as well as LSM contraction. However, the scenario is likely to reverse as market sentiments improve on account of additional international inflows post the IMF program and improvement in agricultural sector growth. The SBP expects real GDP growth to be around 3.5% in FY20. The IMF program is expected to result in higher USD inflows (funding from multilateral and bilateral agencies, new bond issuances, privatization, FDI etc.) into the country which shall help in rebuilding foreign exchange reserves and confidence of foreign investors. Meanwhile reduction in current account deficit and availability of funding sources shall support currency in FY20.

Driven by strong growth in earnings of banks and E&P companies, the index's earnings are expected to grow by 15% in FY20 giving a forward PE multiple of around 5.9x, a steep discount to regional peers.

Moreover, MSCI Frontier markets Index and MSCI Emerging Markets Index are trading at forward PE multiple of 12.4x and 13.1x respectively, which reflects our index's discount at 52% and 55% respectively.

On the commodities front, slowdown in Chinese growth along with concerns over global economic growth will keep pressure on international oil prices in FY20. However, any escalation of tensions in the Middle East will provide tailwinds to oil prices. Gold being safe haven is likely to witness strong price performance in FY20.

On the fixed income side, interest rates are expected to remain at current levels during 1HFY20 though they may edge off during 2HFY20 on the back of lower inflation expectations.

Auditors

No	Name of Fund	Name of auditors as of June 30, 2019	Status of appointment for the year ending June 30, 2020
1	MEEZAN ISLAMIC FUND	M/s A.F. Ferguson & Co., Chartered Accountants	Eligible for re-appointment
2	MEEZAN SOVEREIGN FUND		
3	AL MEEZAN MUTUAL FUND		
4	MEEZAN BALANCED FUND		
5	MEEZAN ISLAMIC INCOME FUND		
6	MEEZAN CASH FUND		
7	KSE-MEEZAN INDEX FUND		
8	MEEZAN FINANCIAL PLANNING FUND OF FUNDS		
9	MEEZAN GOLD FUND		
10	MEEZAN ASSET ALLOCATION FUND		
11	MEEZAN ENERGY FUND		
12	MEEZAN STRATEGIC ALLOCATION FUND		
13	MEEZAN STRATEGIC ALLOCATION FUND II		
14	MEEZAN STRATEGIC ALLOCATION FUND III		
15	MEEZAN DEDICATED EQUITY FUND		
16	MEEZAN ROZANA AMDANI FUND		
17	MEEZAN TAHAFFUZ PENSION FUND	M/s Deloitte Yousuf Adil, Chartered Accountants	According to VPS Rule 7 (h), M/s Deloitte Yousuf Adil, Chartered Accountants are not eligible for re-appointment for being statutory auditors of MTPF after three consecutive years. The Board of Directors on recommendation of the Audit Committee has appointed M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of MTPF.

Board of Directors and their meetings

The Board comprises of Ten (10) directors Including the Chief Executive and has a diverse mix of gender and knowledge. The Board consists of 1 female and 9 male directors, categorized as follows:

- 6 Non-Executive Directors
- 3 Independent Directors
- 1 Executive Director

Following are the details of the Directors:

Non-Executive Directors	1. Mr. Ariful Islam - Chairman
	2. Mr. Ijaz Farooq
	3. Mr. Arshad Majeed
	4. Mr. Muhammad Abdullah Ahmed
	5. Mr. Naeem Abdul Sattar
	6. Syed Amir Ali Zaidi
Independent Director	7. Mr. Moin M. Fudda
	8. Mr. Atif Azim*
	9. Ms. Saima Shaukat Khan (Kamila)
Executive Director	10. Mr. Mohammad Shoab, CFA- Chief Executive Officer

* Mr. Atif Azeem resigned on May 07, 2019. In his place subject to approval of SECP, Mr. Mohammad Furquan R Kidwai was appointed as an independent director for the remaining term of the Board.

Details of Board Meetings and attendance therein is given in the notes to the financial statements of the Funds

Board Audit Committee (BAC)

During the year ended June 30, 2019, four BAC meetings were held, the attendance of the members in these meetings was as under;

Board Risk Management Committee (BRMC)

During the year ended June 30, 2019, four BRMC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	07-Aug-18	16-Oct-18	11-Feb-19	17-Apr-19
Mr. Abdullah Ahmed	✓	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓	✓
Syed Amir Ali Zaidi	✓	✓	✓	✓

Human Resource & Remuneration Committee (HR&RC)

During the year ended June 30, 2019, three HR&RC meetings were held, the attendance of the members in these meetings was as under;

Name of Director	08-Aug-18	16-Oct-18	12-Feb-19	17-Apr-19
Mr. Moin M. Fudda	✓	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓	✓
Mr. Arshad Majeed	✓	x	✓	✓

Acknowledgement

We take this opportunity to thank our valued investors for reposing their faith in Al Meezan Investments, making it the largest asset management company in the private sector in Pakistan. We also thank the regulator, the Securities and Exchange Commission of Pakistan and our Trustee, the Central Depository

Name of Director	04-July-18	30-July-18	11-Feb-19
Mr. Atif Azim	✓	✓	✓
Mr. Ariful Islam	✓	✓	✓
Mr. Naeem Sattar	✓	✓	✓
Mr. Mohammad Shoaib, CFA	✓	✓	✓

Company of Pakistan for their support. Furthermore, we would like to thank the members of the Shariah Supervisory Board of Meezan Bank for their continued assistance and support on Shariah aspects of fund management.

For and on behalf of the Board
Date: August 19, 2019

Mohammad Shoaib, CFA
Chief Executive Officer

فنڈز کی مینجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2019ء کو ختم ہونے والے سال کیلئے درج ذیل اوپن اینڈ فنڈز اور ایک والٹری پنشن اسکیم کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے اظہارِ مسرت کرتا ہے:

ایکویٹی فنڈز

1. میزان اسلامک فنڈ (ایم آئی ایف)
2. المیزان میوچل فنڈ (اے ایم ایف)
3. کے ایس ای۔ میزان انڈیکس فنڈ (کے ایم آئی ایف)
4. میزان ڈیڈ ویلٹیڈ ایکویٹی فنڈ (ایم ڈی ای ایف)

سیکڑ اسپیسفک فنڈ

5. میزان انرجی فنڈ (ایم ای ایف)

آکم فنڈز

6. میزان اسلامک آکم فنڈ (ایم آئی آئی ایف)
7. میزان سوورن فنڈ (ایم ایس ایف)

منی مارکیٹ فنڈ

8. میزان کیش فنڈ (ایم سی ایف)
9. میزان روزانہ آمدنی فنڈ (ایم آر ایف)

بیلینڈ فنڈ

10. میزان بیلینڈ فنڈ (ایم بی ایف)

فنڈ آف فنڈز

11. میزان فنانشل پلاننگ فنڈ آف فنڈز (ایم ایف پی ایف)
12. میزان اسٹریٹجک ایلوکیشن فنڈ (ایم ایس اے ایف)
13. میزان اسٹریٹجک ایلوکیشن فنڈ-II (ایم ایس اے ایف-II)
14. میزان اسٹریٹجک ایلوکیشن فنڈ-III (ایم ایس اے ایف-III)

کموڈٹی فنڈ

15. میزان گولڈ فنڈ (ایم جی ایف)

ایسیٹ ایلوکیشن فنڈ

16. میزان ایسیٹ ایلوکیشن فنڈ (ایم اے اے ایف)

پنشن فنڈ

17. میزان تحفظ پنشن فنڈ (ایم پی ایف)

معیشت کو اس سال بھی سخت معاشی چیلنجز کے تسلسل کا سامنا رہا، اقتصاد کی بڑھتے ہوئے چیلنجز کے درمیان، جانے والے مالی سال 2018-19ء نے 6.2% کے ہدف کے مقابلے میں 3.29% کے سٹ شرح نمو کا مشاہدہ کیا ہے۔ شعبہ جاتی شرح نمو ذراعت کیلئے 0.85%، صنعت کیلئے 1.4% اور خدمات کیلئے 4.7% رہی جبکہ اہداف علی الترتیب 3.8%، 7.6% اور 6.5% کے تھے۔ اس سال ڈالر کے مقابلے میں روپے میں نمایاں گراؤ کا مشاہدہ کیا گیا جبکہ دوست ممالک سے فنڈنگ کے باوجود بڑھتے ہوئے بیرونی قرضوں، مستحکم تر سیلات زرا اور ایک کتر تجارتی خسارے کے تحت بڑھتے افراط زر اور کم ہوتے زرمبادلے کے ذخائر کا مشاہدہ بھی کیا گیا۔ ہیڈ لائن سے پی آئی افراط زر مالی سال 18ء میں 3.92% کے مقابلے میں مالی سال 19ء میں 7.34% ریکارڈ کیا گیا جس کی بڑی وجہ گیس کے نرخوں میں اضافہ اور غذائی افراط زر میں اضافہ تھا۔ بڑھتا ہوا افراط زر مع خسارہ بیرونی حسابات نے بینک دولت پاکستان کو مالیاتی سختی کے موقف کو اختیار کرنے پر مجبور رکھا جس کے ذریعے اس مالی سال کے دوران شرح رعایت 575 بی پی ایس تک بڑھ کر مجموعی طور پر 12.25% تک ہو گیا۔

جیسا کہ معاشی چیلنجز رہے ہیں، لیکن ہم نے اس سال اعداد و شمار میں کافی بہتری کا مشاہدہ کیا ہے۔ بیرونی محاذ پر، حسابات جاریہ کا خسارہ مالی سال 19ء میں 31.7% تک کم ہو کر 13.59 ارب امریکی ڈالر ہو گیا، جس کی بڑی وجہ درآمدات میں کمی اور محنت کشوں کی ترسیلات زر میں اضافہ ہے۔ تجارتی خسارہ 14.27% تک کم ہو کر 32.48 ارب ڈالر ہو گیا کیونکہ اشیاء اور خدمات کی درآمدات 8.77% کم ہو کر 61.99 ارب ڈالر ہو گئیں اور ساتھ ہی اشیاء و خدمات کی برآمدات میں 1.84% کی کمی ہو کر 29.50 ارب ڈالر تک ہو گئیں حالانکہ روپے کی قدر میں 31% کی تخفیف ہوئی۔ محنت کشوں کی ترسیلات مالی سال 19ء میں 9.68% تک بڑھ کر 21.8 ارب ڈالر ہو گئے۔ غیر ملکی زرمبادلہ کو بھی مشکلات کا سامنا رہا کیونکہ ایک بڑی رقم قرضوں کی واپسی میں خرچ ہوگی، لہذا، غیر ملکی زرمبادلہ کے ذخائر 11.8% تک کم ہو کر 14.44 ارب ڈالر ہو گئے۔ آگے بڑھتے ہوئے، سعودی عرب سے تین سالہ تاخیری ادائیگی کی سہولت سے توقع ہے کہ اس سے حسابات جاریہ کے خسارے پر دباؤ کم ہوگا۔

مالیاتی شعبہ کئی سالوں سے مختلف چیلنجز سے دوچار ہے جس کی وجہ ایک طرف تو یہ ہے کہ اخراجات بے تحاشہ ہیں اور دوسری طرف نسبتاً کم محصولات ٹیکس۔ عمومی طور پر بلند تر جاری اخراجات اور نسبتاً کم ٹیکس محصولات عمومی سرمایہ کاری اور سماجی تحفظ کے سلسلے کیلئے محدود مالیاتی گنجائش چھوڑتے ہیں۔ مزید یہ کہ بلند تر سودی ادائیگیوں، بلا ہدف رعایت، نقصان میں جانے والے عمومی ریاستی ادارے، توانائی رعایت اور سیکورٹی سے متعلق مسائل تمام کے تمام مالیاتی خسارے کے پھلواؤ میں اپنا اپنا وزن ڈالتے ہیں۔ ٹیکس وصولی کا ہدف مالی سال 2019-20ء کے بجٹ میں ترمیم کر کے 4.1 کھرب روپے کر دیا گیا جو پہلے 4.4 کھرب روپے تھے۔ اس ترمیم شدہ ہدف محصولات کی بنیاد پر، مالی خسارہ سال 19ء شرح نمو کا 7.2% متوقع ہے جو پہلے 5.0% متوقع ہے۔

آگے بڑھتے ہوئے، بینک دولت پاکستان نے مالی سال 20ء کیلئے 2.4% کے لگ بھگ کے شرح نمو میں اضافے کی پیش گوئی کی ہے۔ سی پی آئی افراط زر مالی سال 20ء میں 11% سے 12% تک بڑھ سکتا ہے کیونکہ گیس اور بجلی کے نرخوں میں اضافہ ہوگا۔ جبکہ روپے پر کہا جاتا ہے کہ وہ حقیقی موثر شرح تبادلہ (آرای امی آر) کے لحاظ سے اس کے توازن سے قریب رہے گا۔ 6 ارب امریکی ڈالر کا آئی ایم ایف قرضہ جس کی ادائیگی جولائی 2019ء سے شروع کر دی گئی ہے، ہو سکتا ہے ملک کیلئے فنڈنگ کے نئے مواقع و امکانات کا آغاز کر دے اور گورنمنٹ کی جانب سے جاری کیے جانے والے منصوبہ شدہ یورو بونڈز کے علاوہ آئندہ 3 برسوں میں دیگر قرض دہندگان سے 38 ارب امریکی ڈالر لے آسکے چنانچہ ملک کی متوقع زرمبادلہ کے ذخائر کی صورتحال میں اہم بہتری پیدا ہو جائے۔

بازار زر کا جائزہ

جیسا کہ اوپر بیان کیا جا چکا ہے، بازار زر نے بینک دولت پاکستان کی سخت مالیاتی پالیسی کا مشاہدہ کیا ہے جس کے ذریعے شرح پالیسی مجموعی طور پر 575 بی پی ایس سے بڑھ کر 12.25% تک ہو گئی ہے۔ اسے اب مزید 13.25% تک بڑھا دیا گیا ہے۔ مارکیٹ مرکزی بینک سے اسی موقف کی توقع کرتی رہی ہے لیکن شرح میں اس رفتار اور مقدار سے اضافے وقتاً فوقتاً سال کے دوران مارکیٹ کے شرکاء کیلئے حیرت کا باعث تھے۔

مجموعی طور پر، اضافہ شدہ شرح پالیسی کی موافقت میں، حکومتی دستاویزی آمدن اور کائی بورز نے ان کے مالی سال 18ء کی سطحوں کے مقابلے میں اضافے کو ظاہر کیا ہے، ٹی بلز 593 سے 597 بی پی ایس تک بڑھ گئے جس کے ذریعے سہ ماہی، شش ماہی اور سالانہ ٹی۔ بلز نے مالی سال کا اختتام علی الترتیب 12.75%، 12.85% اور 13.13% پر کیا، پی آئی بی آمدن (یا فتوں) میں 5،3 اور 10 برسوں کے ساتھ 469 سے 556 تک کی رینج میں اضافہ ہوتے ہوئے علی الترتیب اس عرصے میں 13.85%، 13.88% اور 13.72% پر بند ہوئیں جبکہ کائی بورز 605 سے 610 تک گئیں جو کہ تین ماہ کے، 6 ماہ کے اور 12 ماہ کائی بورز علی الترتیب 12.97%، 13.11% اور 13.63% پر اختتام پذیر ہوئے۔ مالیاتی سختی کی توقعات کے تسلسل کے ساتھ، آئندہ مالی سال کے دوران شرح رعایت اور آمدن (یا فتوں) میں اضافے کے مشاہدے کے امکانات ہیں۔

بازار زر کا منظر نامہ زریالی اس مالی سال کے دوران ملا جلا ہی رہا جس میں پہلے نصف کے دوران زریالی کا منظر نامہ سخت رہا جبکہ دوسرے نصف میں زریالی مارکیٹ قدرے بہتر رہی۔ مالی سال کا اختتام بینک دولت پاکستان کی جانب سے 93.5 ارب روپے کی خالص فراہمی کی صورت میں رہا۔ اس کے ساتھ ہی اس عرصے کے دوران 26 ٹی۔ بلز، 12 فکسڈ ریٹ پی آئی بی آکشنز اور 7 عدفلوننگ ریٹ پی آئی بی آکشنز کا انعقاد کیا گیا، جس کا مجموعی نتیجہ کا خلاصہ درج ذیل جدول میں دیا گیا ہے (مالی سال کی دو ششماہیوں کے مطابق):

پہلی ششماہی مالی سال 2019ء (ارب روپے)

کل	پی آئی بیز - فلوئنگ	پی آئی بیز - فکسڈ	ٹی بلز	چنگی
10,441	-	629	9,812	
10,650	300	300	10,050	ہدف
11,252	245	109	10,898	شرکت
9,995	102	39	9,854	قبولیت
446				قرضے کی کل واپسی (چنگی - قبولیت)

دوسری ششماہی مالی سال 2019ء (ارب روپے)

کل	پی آئی بیز - فلوئنگ	پی آئی بیز - فکسڈ	ٹی بلز	چنگی
9,997	7	531	9,459	
11,210	550	510	10,150	ہدف
14,542	461	2,211	11,870	شرکت
9,849	185	770	8,894	قبولیت
148				قرضے کی کل واپسی (چنگی - قبولیت)

جیسا کہ درج بالا جدول سے عیاں ہے، مالی سال کے پہلے نصف سے آگے بھیجے گئے 446 ارب روپے کی خالص قرضے کی واپسی دوسرے نصف کے دوران سیال کی کثرت کا سبب بنی۔ آگے بڑھتے ہوئے، مالی سال 20ء کی پہلی سہ ماہی کیلئے، مرکزی بینک نے ٹی بلز سے 6.30 کھرب روپے، فکسڈ ریٹ پی آئی بیز سے 300 ارب روپے اور فلوئنگ ریٹ پی آئی بیز سے 450 ارب روپے حاصل کرنے کے ہدف سیٹ کیا جبکہ مجموعی چنگی کی مالیت 5.5 کھرب روپے ہے جس میں سے ٹی بلز کی میچورٹی (چنگی) 5.1 کھرب روپے ہوگی۔

بازار زر کے شریعہ موافق محاذ پر، جاری چارجا ہارہ صکو کات میں سے تین کی مجموعی مالیت 314 ارب روپے ہے جو کہ زیر جائزہ عرصے کے دوران چنگی سے دو چار ہو گئی۔ تاہم پختہ ہونے والے اجارہ صکو کات کے مقابل بینک دولت پاکستان نے اجارہ صکو کات کی ہتھیاریوں کے مقابل کئی بیج معجل نیلاموں کا انعقاد کیا اور مجموعی طور پر 6 ماہ سے 3 برسوں کی رینج میں مختلف مدتوں کے 323 ارب روپے کی ادائیگیاں کر دیں۔

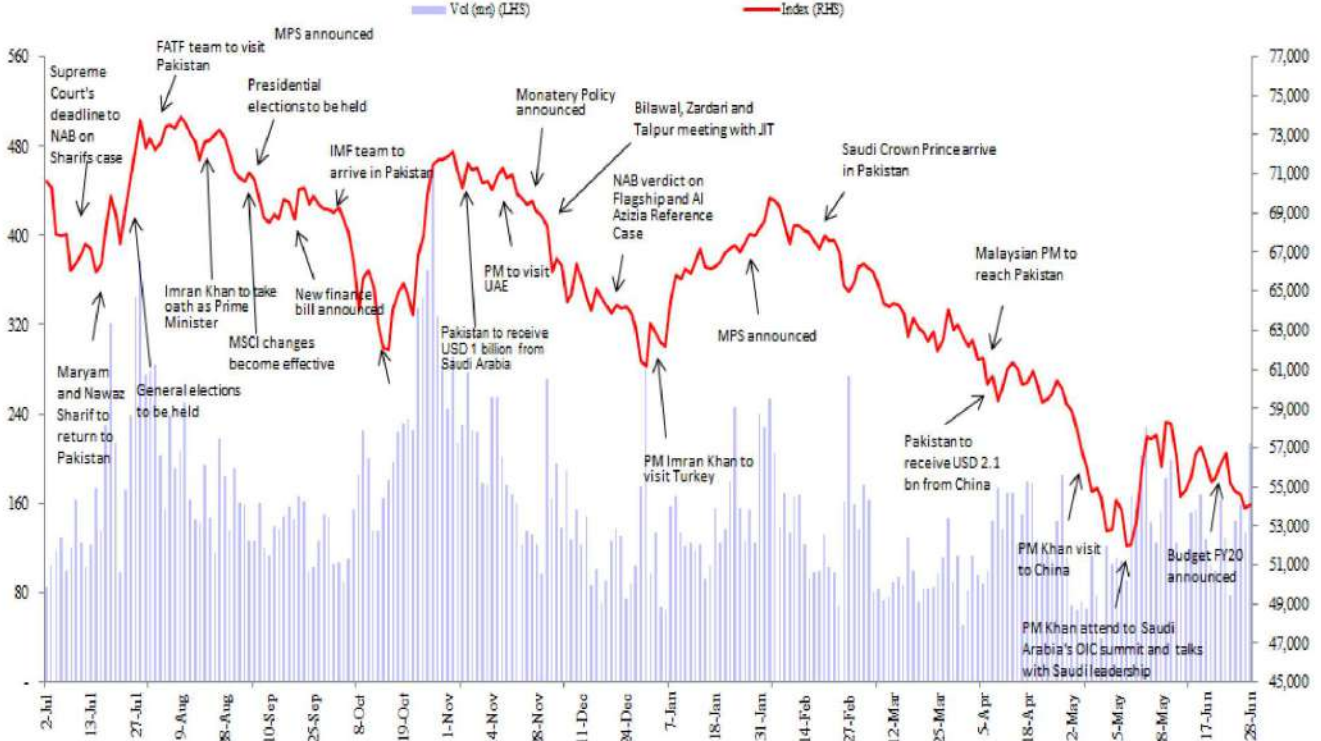
شریعیہ موافق اداروں کیلئے ایک اور بڑی پیش رفت یہ تھی کہ حکومت پاکستان کی جانب سے پاور ہولڈنگ پرائیویٹ لمیٹڈ کے ذریعے پاکستان انرجی صکو کات I کا اجرا کر دیا گیا تاکہ گروتھی قرضوں کے بقایا جات کا جزوی تصفیہ ہو جائے۔ صکو کات کی مالیت 200 ارب روپے تھی اور اس صنعت کے شریعیہ موافق شرکاء کا رکیلئے تقویت کا باعث بنی جو زر سیال کی کثرت سے دو چار تھے۔ ایک بار پھر، صرف چند ہی ہپکس کو 200 ارب روپے کے مکمل اجراء کو اٹھانے کی اجازت تھی۔ دیگر ایسے صکو کات مالی سال 2019ء کے اختتام تک اجراء کے قریب تھے لیکن حکومت کی جانب سے تاخیر کا شکار ہو گئے اب توقع کی جاتی ہے کہ اُسے مالی سال 20ء کے دوران جاری کر دیا جائے گا۔ آئندہ اجراء میوچل فنڈز کیلئے بھی مثبت ہوگا کیونکہ انہیں سابق وزیر خزانہ کے ساتھ بات چیت کے بعد ان صکو کات میں شرکت کی اجازت دی جا رہی ہے۔

بازار حصص کا جائزہ

بازار حصص مسلسل دوسرے سال کیلئے بھی بیروز کے مضبوط نکلنے میں رہی جس کی وجہ کمزور معاشی کارکردگی اور سرمایہ کاروں کی جانب سے مایوس کن جذبات کا اظہار تھے۔ یہ مالی سال دونوں اطراف بڑی ویلیوز کے ساتھ انڈیکس میں غیر یقینی حرکات و سکنات سے مغلوب رہا۔ کے ایم آئی-30 انڈیکس نے اس عرصے میں 23.84% کی مندی کے ساتھ 54,118 پوائنٹس پر بند ہوا جبکہ کے ایس ای-100 انڈیکس 19.11% کی مندی کے ساتھ 33,901 پوائنٹس پر بند ہوا۔ اس عرصے کے دوران سٹت کارکردگی کو ان سے منسوب کیا جاتا ہے: i- مالی سال 19ء کے پہلے نصف میں غیر ملکی سرمایہ کاروں کی جانب سے مسلسل فرخت، ii- اقتصادی کلی تشویشات کے فوری اور ٹھوس ازالہ کی کمی، iii- مستقل مالیاتی سختی، iv- روپے کی قدر میں ریکارڈ کمی، v- مشرق سرحد پر بڑھتا ہوا تناؤ اور، vi- آئی ایم ایف پروگرام میں داخلے کیلئے سخت اور کٹھن شرائط جس کی وجہ سے معاشرے کے مختلف طبقوں پر بلند تر ٹیکسوں کا نفاذ عمل میں آیا۔

بینچ مارک انڈیکس نے سال کا آغاز ایکشن کے بعد کی بے چینی سے کمزور طور پر کیا۔ پہلا نصف نئی حکومت کی جانب سے گمبھیر مسائل کے حل وازالہ سے متعلق جلدوں کی زد میں رہا کہ وہ معاشی مبادیات میں انحطاط و زوال کا ازالہ کرے گی۔ حکومت ابتدائی تشویشناک کے دور سے ملک کو نکالنے میں محدود حد تک کامیاب رہی ہے۔ تاکہ بیرونی قرضوں کی ادائیگی کیلئے وسائل تلاش کیے جائیں۔ حکومت نے مشکل

درج ذیل گراف میں اس عرصے کے دوران کے ایم آئی-30 کی مجموعی نقل و حرکت کا مشاہدہ کیا جاسکتا ہے:



حصص کا بہاؤ:

لگا تار دوسرے سال کیلئے بازار حصص میں غیر ملکی سرمایہ کاروں کی رقمیں رہتے ہوئے مالی سال 19ء کے دوران سیکورٹیز کی مالیت میں 35 بلین امریکی ڈالر کی کل لیکویڈیشن دیکھی گئی۔ اس فروخت کا بڑا حصہ مالی سال 19ء کے پہلے نصف تک محدود تھا، جبکہ دوسرے نصف میں غیر ملکیوں کی جانب سے مارکیٹ میں 47 بلین ڈالر سے زائد داخل کیے جانے کا مشاہدہ کیا گیا۔ بیرونی سرمایہ کاروں کی جانب سے فروخت زیادہ تر آئل اور گیس کی تلاش اور بینکاری شعبوں میں مرکوز رہی جن کے اخراج کی مالیت علی الترتیب 145 بلین ڈالر اور 102 بلین ڈالر تھی۔ اس کے بعد سیمنٹ اور پاور سیکٹرز تھے جن کے اخراج کی مالیت علی الترتیب 40 بلین ڈالر اور 25 بلین ڈالر رہی اس عرصے کے دوران، میوچل فنڈز 146 بلین ڈالر کے خالص فروخت کنندگان تھے جبکہ انشورنس کمپنیز اور دیگر افراد 150 بلین ڈالر اور 166 بلین ڈالر کے علی الترتیب خالص خریدار تھے۔ بینکس، کارپوریٹس، این بی ایف سیز، دیگر اور بروکرز مجموعی طور پر 186 بلین ڈالر کے لگ بھگ کے خالص خریدار تھے۔

میوچل فنڈ انڈسٹری کا جائزہ:

مالی سال 19ء کے دوران، میوچل فنڈ انڈسٹری کے زیر انتظام اثاثہ جات 12.2% تک کم ہو کر 530 ارب روپے کی جسامت تک آ گئے۔ شریعہ موافق زیر انتظام اثاثہ جات 13.4% سے کم ہو کر 196 ارب روپے تک آ گئے جس سے شریعہ موافق فنڈز کا حصہ میوچل فنڈ انڈسٹری میں 36.9% پر آ گیا ہے۔ میوچل فنڈز انڈسٹری میں المیزان کا حصہ 17.2% پر ہے جبکہ 30 جون 2019ء کے مطابق شریعہ موافق فنڈز میں اس کا حصہ 46.5% ہے۔ یہ میوچل فنڈز زیر انتظام اثاثہ جات میں المیزان کے مارکیٹ شیئر میں 175 پیسز پوائنٹس تک کے اضافے کو ظاہر کرتا ہے جبکہ شریعہ موافق شعبے میں 531 پیسز پوائنٹس کے اضافے کو ظاہر کرتا ہے۔

میوچل فنڈ انڈسٹری کے زیر انتظام مالی سال 18ء پر مالی سال 19ء کے اثاثہ جات میں تبدیلی درج ذیل ہے:

فرق (%)	مالی سال 19ء (ارب روپے)	مالی سال 18ء (ارب روپے)	سوورن، مٹی مارکیٹ اور انکم فنڈز
38.1	92	66	شریعیہ موافق فنڈز
1.1	192	190	روایتی فنڈز
10.7	284	257	کل فنڈز
(39.6)	63	105	ایکویٹی فنڈز (بشمول انڈیکس ٹریڈر فنڈز)
(24.8)	120	159	شریعیہ موافق فنڈز
			روایتی فنڈز

(30.7)	183	264	کل فنڈز کمپنٹل پروڈیکٹس، ہیلسنڈ اور ایسٹ ایلیکشن
(37.8)	23	37	شریعہ موافق فنڈز
(28.9)	14	20	روایتی فنڈز
(34.7)	37	57	کل فنڈز
			کمبوڈی فنڈز
97.2	0.48	0.24	شریعہ موافق فنڈز
97.2	0.48	0.24	کل فنڈز
			والٹری پنشن فنڈز
(0.8)	17	17	شریعہ موافق فنڈز
(1.3)	9	9	روایتی فنڈز
(1.0)	26	26	کل فنڈز
			میزان تحفظ پنشن فنڈ (ایم ٹی پی ایف) مارکیٹ شیئر
(49.4)	34.85	35.34	مجموعی شعبے میں (%)
42.5	54.05	53.62	شریعہ موافق شعبے میں (%)

جائزہ کارکردگی (فنڈز)

درج ذیل جدول ایک سال کیلئے ہمارے زیر انتظام فنڈز کی کارکردگی کے خلاصہ کا عکاس ہے:

فنانسنگ مارک (%)	عائدات (%)	خالص اثاثہ جات میں نمو (%)	خالص اثاثہ جات (ملین روپے میں)	قسم	فنڈز
مالی سال 2019ء کیلئے	مالی سال 2019ء کیلئے	(مالی سال 2019ء کیلئے)			
					ایکویٹی فنڈز
-23.84	-24.38	-30.54	4,768	ایکویٹی	المیر ان میوچل فنڈز (ای ایم ایم ایف)
-23.84	-24.33	-34.19	25,740	ایکویٹی	میزان اسلاک فنڈ (ایم آئی ایف)
-23.84	-25.05	-10.09	1,517	ایکویٹی	کے ایس ای میز ان انڈیکس فنڈ (کے ایم آئی ایف)
-23.84	-32.98	-63.42	599	ایکویٹی	میزان انرجی فنڈ (ایم ای ایف)
-23.84	-26.84	-5.16	1,761	ایکویٹی	میزان ڈیٹا کنڈ فنڈ (ایم ڈی ای ایف)
					فلکسڈ انکم فنڈز
3.69	7.99	-6.89	9,471	انکم	میزان اسلاک انکم فنڈ (ایم آئی آئی ایف)
3.37	7.86	-11.06	8,851	منی مارکیٹ	میزان کیش فنڈ (ایم سی ایف)
7.15	7.08	169.04	5,705	انکم	میزان سوورن فنڈ (ایم ایس ایف)
3.83	9.87	-	16,134	منی مارکیٹ	میزان روزانہ آمدنی فنڈ (ایم آر ای ایف)****
					ہیلسنڈ فنڈ
-12.14	-12.80	-31.79	5,350	ہیلسنڈ	میزان ہیلسنڈ فنڈ (ایم بی ایف)
					فنڈ آف فنڈز
					میزان فنانشل پلاننگ فنڈ آف فنڈ (ایم ایف پی ایف)
-17.21	-17.21	-26.51	365	فنڈ آف فنڈ	ایگریسیو

-10.47	-9.18	-34.31	203	فنز آف فنڈ	ماڈریٹ
-3.48	-1.03	-23.65	222	فنز آف فنڈ	کنزرویٹو
-16.37	-18.53	-28.50	593	فنز آف فنڈ	ایم اے اے پی-1
					میزان اسٹریٹجک ایلوکیشن فنڈ (ایم ایس اے ایف)
-16.04	-17.12	-45.13	1,067	فنز آف فنڈ	ایم ایس اے پی-1***
-16.13	-16.36	-43.55	728	فنز آف فنڈ	ایم ایس اے پی-1
-16.09	-16.52	-37.39	891	فنز آف فنڈ	ایم ایس اے پی-1 II
-16.14	-16.54	-39.79	1,003	فنز آف فنڈ	ایم ایس اے پی-1 IV
-16.14	-16.32	-39.36	316	فنز آف فنڈ	ایم ایس اے پی-1 V
-0.94	2.20	-19.51	1,099	فنز آف فنڈ	ایم ایس اے پی-1 ایم سی پی-1 III
					میزان اسٹریٹجک ایلوکیشن فنڈ-II (ایم ایس اے ایف-II)
-2.60	0.65	-26.58	1,553	فنز آف فنڈ	ایم ایس اے پی-1 II-ایم سی پی-1 IV
-2.83	0.16	-35.38	474	فنز آف فنڈ	ایم ایس اے پی-1 II-ایم سی پی-1 V
-3.83	-0.08	-	384	فنز آف فنڈ	ایم ایس اے پی-1 II-ایم سی پی-1 VI*
-3.61	0.08	-	207	فنز آف فنڈ	ایم ایس اے پی-1 II-ایم سی پی-1 VII**
-2.27	-2.00	-	131	فنز آف فنڈ	ایم ایس اے پی-1 II-ایم سی پی-1 VIII***
					میزان اسٹریٹجک ایلوکیشن فنڈ-III (ایم ایس اے ایف-III)
-1.97	-3.53	-	34	فنز آف فنڈ	ایم ایس اے پی-1 III-ایم سی پی-1 IX****
					کموڈٹی فنڈ
27.56	30.67	97.17	478	کموڈٹی	میزان گولڈ فنڈ (ایم جی ایف)
					ایسیٹ ایلوکیشن فنڈ
-18.57	-20.43	-35.56	1,854	ایسیٹ ایلوکیشن فنڈ	میزان ایسیٹ ایلوکیشن فنڈ (ایم اے ایف)
					پنشن فنڈ اسکیم
					میزان تحفظ پنشن فنڈ (ایم ٹی پی ایف)
	-23.70	-24.77	4,086	پنشن فنڈ اسکیم	ایکویٹی سب فنڈ
	7.06	1.65	2,807	پنشن فنڈ اسکیم	ڈیبٹ سب فنڈ
	7.31	104.50	2,073	پنشن فنڈ اسکیم	منی مارکیٹ سب فنڈ
	28.46	68.77	84	پنشن فنڈ اسکیم	گولڈ سب فنڈ
*10 جولائی 2018ء کو آغاز کردہ **25 ستمبر 2018ء کو آغاز کردہ ***14 دسمبر 2018ء کو آغاز کردہ ****28 دسمبر 2018ء کو آغاز کردہ *****24 مئی 2018ء کو آغاز کردہ					

توقعات

بینک دولت پاکستان نے اس کی حالیہ مالیاتی پالیسی بیان میں کہا ہے کہ شرح ہائے سود میں درکار سدھار شرح تبادلہ کے ذریعے کر دیا گیا ہے اور آگے بڑھتے ہوئے صرف اشاریوں کی غیر متوقع خرابی ہی بینک دولت پاکستان کے اقدام کیلئے نتیجہ خیز ہوگی۔ فی الوقت معاشی اشاریے قلب کے ساتھ ساتھ وسیع پیمانے پر ایشیاء سازی کے سمٹ جانے کی وجہ سے اقتصادی سرگرمی میں سست روی کی جانب اشارے کر رہی ہیں۔ تاہم منظم نامہ ممکنہ طور پر پلٹ بھی سکتا ہے کیونکہ آئی ایم ایف پروگرام کے بعد اضافی بین الاقوامی آمدات (انفلوز) کی وجہ سے بازار کے معاملات بہتر ہو رہے ہیں اور زرعی شعبے میں اضافے میں بھی بہتری آئی ہے۔ بینک دولت پاکستان توقع رکھتا ہے کہ مالی سال 20ء میں حقیقی شرح نمو لوگ جگہ 3.5% رہے گی۔ آئی ایم ایف پروگرام سے توقع ہے کہ یہ ملک کے اندر امریکی ڈالر کی بلند آمدات (انفلوز) پر منتج ہوگا (کثیر طرفہ اور دو طرفہ ایجنسیز سے فراہمی قرضہ، نئے بانڈز کا اجراء، بجکاری، براہ راست غیر ملکی سرمایہ کاری وغیرہ) جس سے غیر ملکی زرمبادلہ کے ذخائر کی از سر نو تعمیر اور غیر ملکی سرمایہ کاروں کی اعتماد کی تشکیل نو میں مدد ملے گی۔ دریں اثناء، حسابات جاریہ کے خسارے میں کمی اور فراہمی قرضہ جات کے وسائل کے دستیابی مالی سال 20ء میں کرنسی (روپے) کو مدد فراہم کرے گی۔

بینکس کے منافع جات میں مستحکم اضافے اور ای اینڈ پی کمپنیز سے متحرک توقع ہے کہ انڈیکس کے منافع جات مالی سال 20ء میں 15% سے بڑھ جائیں گے جو تقریباً 5.9x کا فارورڈ پی ای ملٹی پل دے گا، علاقائی زما کو تیز تر ڈسکاؤنٹ/ رعایت ہوگی۔ اس کے علاوہ، ایم ایس سی آئی فرٹھیئر مارکیٹس انڈیکس اور ایم ایس سی آئی ایمرجنگ مارکیٹس انڈیکس 12.4x اور 13.1x کے فارورڈ پی ای ملٹی پل پر علی الترتیب تجارت ہو رہے ہیں جس سے ہمارے انڈیکس کے ڈسکاؤنٹ یعنی رعایت کی علی الترتیب 52% اور 55% کی عکاسی ہوتی ہے۔

اشیا صرف (کموڈیٹیز) یا اجناس کے محاذ پر چین کی ترقی میں سست روی مع عالمی اقتصادی ترقی و نشوونما پر تشویش مالی سال 20ء میں تیل کی بین الاقوامی قیمتوں پر دباؤ کو برقرار رکھیں گی۔ تاہم مشرق وسطیٰ میں تناؤ میں اضافے سے تیل کی قیمتوں میں اضافہ ہو جائے گا۔ سونا ایک محفوظ پناہ گاہ رہا ہے اور مکمل طور پر مالی سال 20ء میں بھی قیمتوں میں مستحکم کارکردگی کا مظاہرہ کرے گا۔

فلڈ انکم پہلو سے، شرح ہائے سود مالی سال 20ء کے پہلے نصف کے دوران توقع ہے کہ وہ موجودہ سطحوں پر ہی برقرار رہیں گی اگرچہ مالی سال 20ء کے دوسری نصف کے دوران افراط زر کی نسبت کم تر توقعات کی مدد سے کچھ کنارہ کشی اختیار کر سکتے ہیں۔

آڈیٹرز:

نمبر شمار	فونڈ کا نام	آڈیٹرز کے نام بمطابق 30 جون 2019ء	30 جون 2020ء کو ختم ہونے والے سال کیلئے تقرری کی حیثیت
1	میزان اسلامک فنڈ	میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس	دوبارہ تقرری کیلئے اہل
2	میزان سوورن فنڈ		
3	المیزان میوچل فنڈ		
4	میزان ہیلنڈ فنڈ		
5	میزان اسلامک انکم فنڈ		
6	میزان کیش فنڈ		
7	کے ایس ای۔ میزان انڈیکس فنڈ		
8	میزان فنانشل پلاننگ فنڈ آف فنڈ		
9	میزان گولڈ فنڈ		
10	میزان ایسیٹ ایلوکیشن فنڈ		
11	میزان انرجی فنڈ		
12	میزان اسٹریٹیجک ایلوکیشن پلان		
13	میزان اسٹریٹیجک ایلوکیشن پلان-II		
14	میزان اسٹریٹیجک ایلوکیشن پلان-III		
15	میزان ڈیڈ ویلٹیڈ ایلوکیٹیو فنڈ		
16	میزان روزانہ آمدنی فنڈ		
17	میزان تحفظ پنشن فنڈ	میسرز، ڈی بی سی ایف، چارٹرڈ اکاؤنٹنٹس	وی پی ایس 7 (ایچ) کے مطابق، میسرز ڈی بی سی ایف، چارٹرڈ اکاؤنٹنٹس مسلسل تین سال ایم ٹی پی ایف کے قانونی آڈیٹرز ہونے کے بعد دوبارہ تقرری کیلئے اہل نہیں ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کا تقرری ایم ٹی پی ایف کے آڈیٹرز کے طور پر کیا ہے۔

بورڈ آف ڈائریکٹرز اور ان کے اجلاس

بشمول چیف ایگزیکٹو بورڈ (10) ڈائریکٹرز پر مشتمل ہے۔ بورڈ میں ایک (1) خاتون اور نو (9) عدد مرد ڈائریکٹرز شامل ہیں جنہیں درج ذیل طور پر درجہ بند کیا گیا ہے:

- 6 نان-ایگزیکٹو ڈائریکٹرز یعنی غیر انتظامی ڈائریکٹرز (مدیران)
- 3 اینڈ پیئرڈ ڈائریکٹرز یعنی آزاد ڈائریکٹرز (مدیران)
- 1 ایگزیکٹو ڈائریکٹرز یعنی انتظامی ڈائریکٹرز (مدیر)

ڈائریکٹرز کی تفصیل درج ذیل ہے:

غیر انتظامی ڈائریکٹرز

1. جناب عارف الاسلام - چیئر مین

2. جناب اعجاز فاروق

3. جناب ارشد مجید

4. جناب محمد عبداللہ احمد

5. جناب نعیم عبدالستار

6. سید عامر علی زیدی

7. جناب معین ایم فدا

8. جناب عاطف عظیم

9. محترمہ صائمہ شوکت خان (کاملہ)

10. جناب محمد شعیب، سی ایف اے، چیف ایگزیکٹو آفیسر

آزاد ڈائریکٹرز

انتظامی ڈائریکٹرز

جناب عاطف عظیم نے 7 مئی 2019ء کو استعفیٰ پیش کیا۔ ان کی جگہ ایس ای سی پی کی منظوری کے بعد، جناب فرقان آرقدوائی کو باقی ماندہ مدت کیلئے آزاد ڈائریکٹرز کے طور پر مقرر کر دیا گیا ہے۔
بورڈ اجلاس کی تفصیل اور حاضری فنڈز کے مالیاتی گوشواروں کے ملاخطات (نوٹس) میں درج کر دی گئی ہے۔

بورڈ آڈیٹ کمیٹی (بی اے سی)

30 جون 2019ء کو ختم شدہ سال کے دوران 4 بی آرایم سی اجلاس منعقد ہوئے، ان اجلاس میں ارکان کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	08 اگست 2018ء	16 اکتوبر 2018ء	12 فروری 2019ء	17 اپریل 2019ء
جناب معین ایم فدا	✓	✓	✓	✓
جناب نعیم عبدالستار	✓	✓	✓	✓
جناب ارشد مجید	✓	✗	✓	✓

بورڈ رسک مینجمنٹ کمیٹی (بی آرایم سی)

30 جون 2019ء کو ختم شدہ سال کے دوران 4 بی آرایم سی اجلاس منعقد ہوئے، ان اجلاس میں ارکان کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	07 اگست 2018ء	16 اکتوبر 2018ء	11 فروری 2019ء	17 اپریل 2019ء
جناب عبداللہ احمد	✓	✓	✓	✓
جناب نعیم عبدالستار	✓	✓	✓	✓
سید عامر علی زیدی	✓	✓	✓	✓

ہیومن ریسورس کمیٹیشن کمیٹی (HR&RC):

30 جون 2019ء کو ختم ہونے والے سال کے دوران 3 بی آرسی کے اجلاس منعقد ہوئے، ان اجلاس میں ارکان کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	4 جولائی 2018ء	30 جولائی 2018ء	11 فروری 2019ء
جناب عاطف عظیم	✓	✓	✓
جناب عارف الاسلام	✓	✓	✓
جناب نعیم ستار	✓	✓	✓
جناب محمد شعیب، سی ایف اے	✓	✓	✓

اعتراف:

ہم اس موقع کو غنیمت جانتے ہوئے ہمارے گرانقدر سرمایہ کاروں سے ان کے المیزان انویسٹمنٹس پر یقین کیلئے شکر یہ ادا کرتے ہیں جس سے یہ پاکستان کے نجی شعبے میں سب سے بڑی ایسیٹ مینجمنٹ کمپنی بن گئی ہے۔ ہم ضابطہ کار، ایس ای سی پی اور ہمارے ڈسٹی، سینٹرل ڈپازٹری کمپنی آف پاکستان سے بھی ان کی بھرپور اعانت و مدد کیلئے اظہار تشکر کرتے ہیں۔ اس کے علاوہ میزان بینک کے اراکین شریعہ سپروائزری بورڈ کا بھی ان کے مسلسل تعاون اور فنڈ مینجمنٹ کے شریعہ سے متعلق پہلوؤں پر ان کی رہنمائی کیلئے دل کی گہرائیوں سے اظہار تشکر بجالاتے ہیں۔

برائے و بجانب بورڈ

مورخہ 19 اگست 2019ء

محمد شعیب، سی ایف اے

چیف ایگزیکٹو آفیسر



Meezan
Islamic Fund

MEEZAN ISLAMIC FUND (MIF)

Meezan Islamic Fund seeks to optimize total investor returns by participating in Shariah compliant equities focusing on both capital gains and dividend income.

**EARNING CREDIBILITY
IN THE CAPITAL CITY OF PAKISTAN**

◆ Islamabad Branch

● **SHAH FAISAL MOSQUE
(ISLAMABAD)**



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 Shaikat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER Meezan Islamic Fund (MIF)

Type of Fund

Open end equity fund

Objective

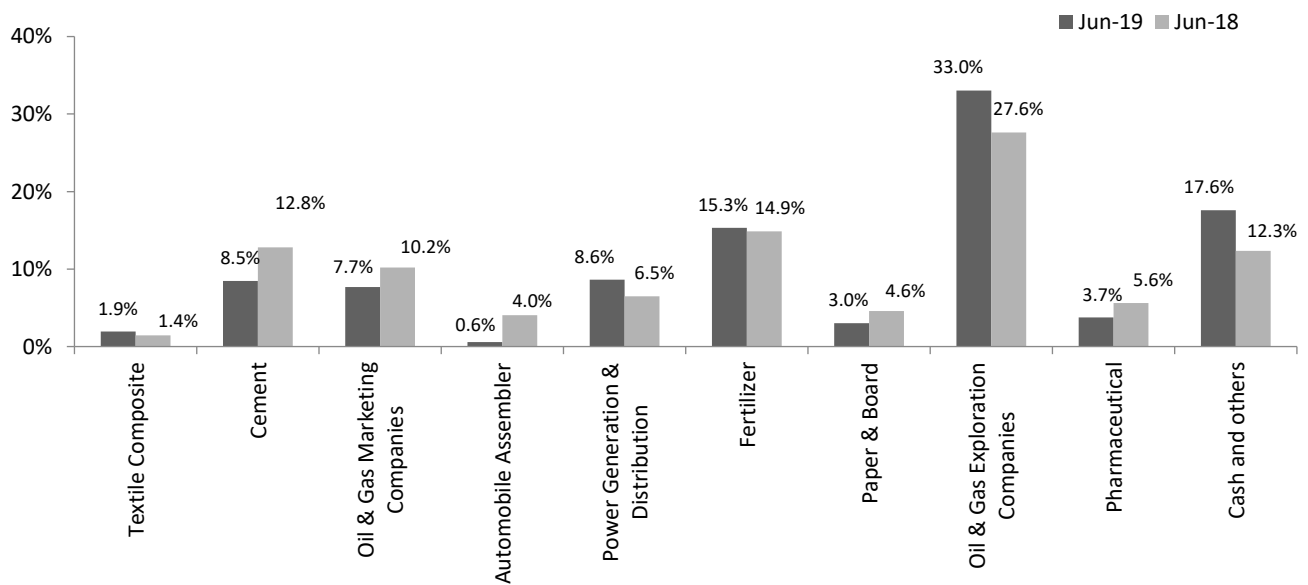
The objective of MIF is to provide optimum returns to the investors from investment in Shariah Compliant stocks for the given level of risk, while abiding by all applicable rules and regulations. Total return refers to the returns from capital gains (realized and unrealized), dividend income and other income from Shariah Compliant investments.

Strategy, Investment Policy and Asset Allocation

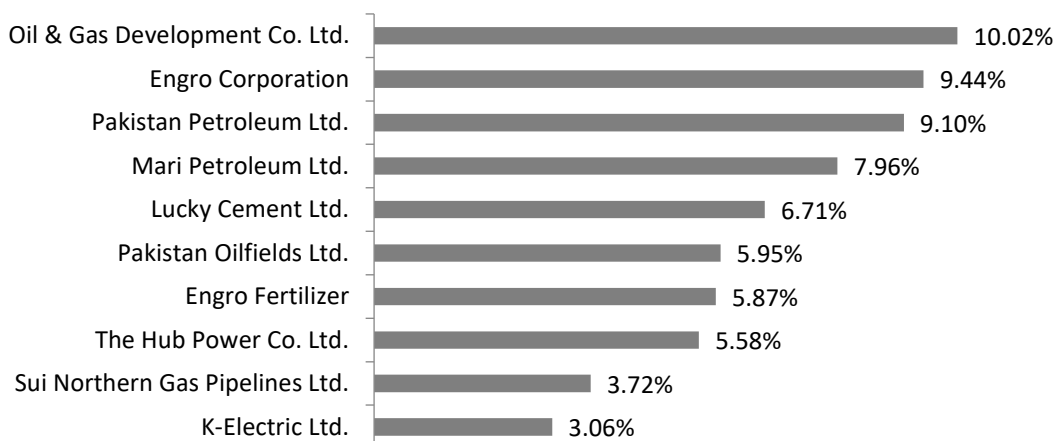
The performance of MIF is linked directly to the performance of equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposures near troughs.

During the year, the fund increased its equity exposure to a maximum of 97.5%. However, it maintained an average exposure close to 94.7% in equities during the year, while closing the period at around 97%. The fund maintained a heavy exposure to the Oil and Gas Exploration sector which was further increased during the year as expected earnings rose due to continuous rupee depreciation. Exposure to cement sector was gradually reduced due to weak outlook and was used to finance positions in Oil and gas exploration, Power, Fertilizer and Textile sectors.

Sector Allocation for the year ended FY18 and FY19



Top Holdings

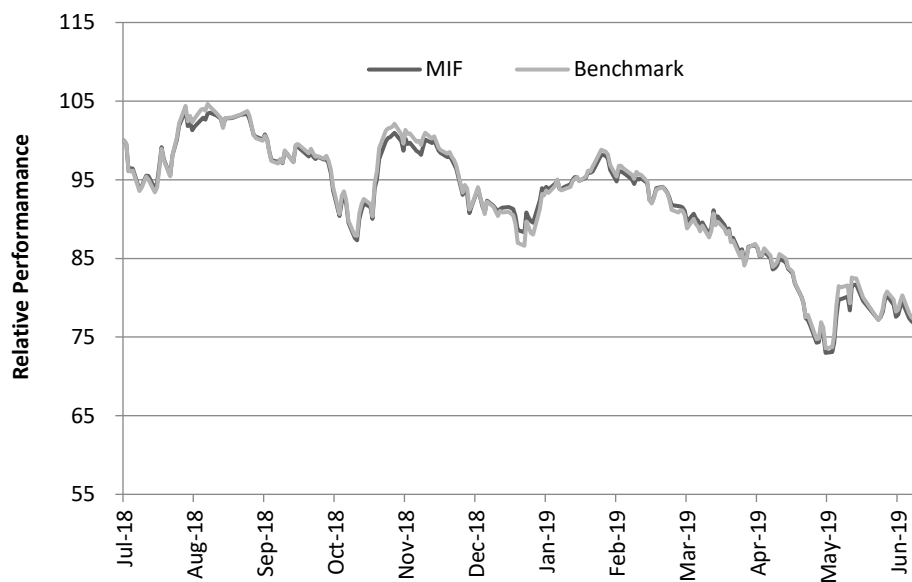


Performance Review

During fiscal year 2019, Meezan Islamic Fund (MIF) provided a negative return of 24.33% (including all expenses) to its investors while KSE Meezan Index (KMI 30) depreciated by 23.84% to close at 54,119 pts.

	<u>MIF</u>	<u>KMI-30</u>
Net Asset Value (NAV) as on June 30, 2018 –Rs.	63.33	71,060
Net Asset Value (NAV) as on June 30, 2019 –Rs.	47.92	54,119
Return During the Period	-24.33%	-23.84%

MIF posted a total loss of Rs. 7,882 million in the fiscal year 2019 as compared to a total loss of Rs. 7,010 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 2,224 million and Rs. 7,381 million respectively, while the net outflow in the Fund during the year was 4,424 million. Dividend income contributed Rs. 1,528 million to income, while profit on saving accounts with banks amounted to Rs. 194 million. After accounting for expenses of Rs. 1,068 million, the Fund posted a net loss of Rs. 8,950 million. The net assets of the Fund as at June 30, 2019 were Rs. 25,740 million as compared to Rs. 39,115 million at the end of year depicting a decline of 34.19%. The net asset value per unit as at June 30, 2019 was Rs. 47.92 as compared to Rs. 63.33 per unit as on June 30, 2018. The net outflow during the year was Rs. 4,385 mn.



Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 27.45 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Sixteenth year of operations of Meezan Meezan Islamic Fund (MIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah* Advisor, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of MIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MIF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	

Page 1 of 2



Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	
The Hub Power Co. Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt amount.

ii. On the basis of information provided by the management, all operations of MIF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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
Shari'ah Advisor

Head Office

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ISLAMIC 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 Islamic 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Islamic Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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
2	Net Asset Value (Refer note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 25,014.329 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

MFC

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 Requirement

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 18, 2019

**MEEZAN ISLAMIC FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



**Meezan
Islamic Fund**

	2019	2018
Note	-----Rupees in '000-----	
Assets		
Balances with banks	5 1,340,974	2,730,709
Investments	6 25,014,329	37,188,682
Receivable against sale of investments	152,085	-
Receivable against conversion of units	62,891	98,887
Dividend receivable	117,132	150,745
Advances, deposits and other receivables	7 18,566	22,332
Total assets	26,705,977	40,191,355
Liabilities		
Payable to Al Meezan Investment Management Limited- Management Company	8 79,964	195,109
Payable to Central Depository Company of Pakistan Limited - Trustee	9 2,579	3,805
Payable to the Securities and Exchange Commission of Pakistan	10 32,360	1,254
Payable against redemption and conversion of units	74,075	183,929
Payable against purchase of investments	122,665	16,430
Payable to Meezan Bank Limited	135	42,013
Accrued expenses and other liabilities	11 653,860	634,161
Total liabilities	965,638	1,076,701
NET ASSETS	<u>25,740,339</u>	<u>39,114,654</u>
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	<u>25,740,339</u>	<u>39,114,654</u>
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE	<u>537,113,594</u>	<u>617,631,854</u>
	Rupees	
NET ASSET VALUE PER UNIT	<u>47.9235</u>	<u>63.3300</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
----- Rupees in '000-----			
Income			
Dividend income		1,528,402	2,055,136
Profit on saving account with banks		193,892	176,400
Realised loss on sale of investments		(2,223,676)	(2,894,594)
		(501,382)	(663,058)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.3	(7,380,729)	(6,346,583)
Total loss		(7,882,111)	(7,009,641)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	681,257	884,489
Sindh Sales Tax on remuneration of the Management Company	8.2	88,563	114,984
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	35,063	45,224
Sindh Sales Tax on remuneration of the Trustee	9.2	4,558	5,879
Annual fees to the Securities and Exchange Commission of Pakistan	10.1	32,360	42,013
Auditors' remuneration	13	740	697
Fees and subscription		3,989	5,239
Legal and professional charges		160	67
Brokerage expense		19,869	20,355
Bank and settlement charges		3,614	6,405
Allocated expenses	8.3	34,063	44,224
Selling and marketing expenses	8.4	136,251	176,898
Printing expenses		297	995
Charity expense	11.1	27,448	30,495
Total expenses		1,068,232	1,377,964
Net loss for the year before taxation		(8,950,343)	(8,387,605)
Taxation	16	-	-
Net loss for the year after taxation		(8,950,343)	(8,387,605)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

AM/L

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN ISLAMIC FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



**Meezan
Islamic Fund**

	Note	2019	2018
		----- Rupees in '000-----	
Net loss for the year after taxation		(8,950,343)	(8,387,605)
Other comprehensive income for the year			
<i>Income that may be re-classified subsequently to Income Statement</i>			
Net unrealised diminution in the value of investments classified as 'available-for-sale'	6.4	-	(858,603)
Total comprehensive loss for the year		<u>(8,950,343)</u>	<u>(9,246,208)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ISLAMIC FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



**Meezan
Islamic Fund**

	2019	2018
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(8,950,343)	(8,387,605)
Adjustments for:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	7,380,729 <u>(1,569,614)</u>	6,346,583 <u>(2,041,022)</u>
Decrease / (increase) in assets		
Investments	4,793,624	6,054,996
Dividend receivable	33,613	101,756
Receivable against sale of investment	(152,085)	-
Advances, deposits and other receivables	3,766	16,152
	<u>4,678,918</u>	<u>6,172,904</u>
(Decrease) / increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(115,145)	3,114
Payable to Central Depository Company of Pakistan Limited - Trustee	(1,226)	(1,472)
Payable to the Securities and Exchange Commission of Pakistan	31,106	(774)
Payable to Meezan Bank Limited	(41,878)	(6,526)
Payable against purchase of investment	106,235	(48,523)
Accrued expenses and other liabilities	19,699	(203,180)
	<u>(1,209)</u>	<u>(257,361)</u>
Net cash generated from operating activities	<u>3,108,095</u>	<u>3,874,521</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	21,531,174	29,213,047
Net payments against redemption of units	(26,029,004)	(34,199,627)
Dividend paid	-	(345,340)
Net cash used in financing activities	<u>(4,497,830)</u>	<u>(5,331,920)</u>
Net decrease in cash and cash equivalents	<u>(1,389,735)</u>	<u>(1,457,399)</u>
Cash and cash equivalents at the beginning of the year	2,730,709	4,188,108
Cash and cash equivalents at the end of the year	<u>5</u> <u>1,340,974</u>	<u>2,730,709</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

AU/LS

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Islamic Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 16, 2003 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 4, 2003 under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Equity Scheme in accordance with Circular 7 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP).
- 1.4** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part 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.

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as FVPL.

The Fund has adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current year.

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018	As at June 30, 2019
----- Rs. in '000 -----				
Impact on Statement of Assets and Liabilities				
Investments - 'Available for sale'	3,125,246	(3,125,246)	-	-
Investments - 'At fair value through profit or loss'	34,063,436	3,125,246	37,188,682	25,014,329
Impact on Statement of Unitholders' fund				
Unrealised appreciation / (diminution) on 'Available-for-sale' investments	622,394	(622,394)	-	-
Undistributed income	6,467,562	622,394	7,089,956	

There is no impact on the income statement, statement of comprehensive income and cash flow statement of the Fund on adoption of IFRS 9.

There are no other standards, amendments to standards or interpretations that are effective for annual accounting periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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.

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There are certain other standards, amendments and interpretations that are mandatory for the Fund's accounting period beginning on or after July 1, 2019 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as 'at fair value through profit or loss' which are measured at their respective 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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair Value through Other Comprehensive Income (FVOCI). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under Fair Value through Profit or Loss is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

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4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 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.

4.3.4 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.

4.3.5 Derecognition

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.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption application during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

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4.9 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 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.

4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Profit on saving account with banks is recognised on a time proportion basis using the effective yield method.

4.12 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.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

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4.14 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.

4.15 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.

5	BALANCES WITH BANKS	Note	Rupees in '000	
			2019	2018
	Balances with banks in:			
	Savings accounts	5.1	1,340,177	2,686,559
	Current account		797	44,150
			<u>1,340,974</u>	<u>2,730,709</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.32% to 12.50% per annum (2018: 2.00% to 6.60% per annum).

6	INVESTMENTS	Note	Rupees in '000	
			2019	2018
	Investments - 'available for sale'	6.1	-	3,125,246
	Investments - 'at fair value through profit or loss'	6.2	25,014,329	34,063,436
			<u>25,014,329</u>	<u>37,188,682</u>

6.1 During the year, the Fund has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 3,125,246 million have been reclassified from 'Available for sale' category as at June 30, 2018 to 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 3.2).

6.2 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to		
											Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
								Number of shares		Rupees in '000		%	
Sectors / companies													
Automobile assembler													
Ghandhara Industries Limited	364,000	-	364,000	199,200	374,000	160,000	777,200	239,068	67,904	(171,164)	0.26	0.27	1.82
Honda Atlas Cars (Pakistan) Limited	2,500,200	233,700	2,733,900	183,500	-	2,837,000	80,400	24,386	11,925	(12,461)	0.05	0.05	0.06
Milat Tractors Company Limited	116,900	-	116,900	840	-	36,600	81,140	96,411	69,974	(26,437)	0.27	0.28	0.18
Pak Suzuki Motor Company Limited	110,700	-	110,700	155,000	-	265,700	-	-	-	-	-	-	-
											0.58	0.60	2.96
Automobile parts and accessories													
Gandhara Nissan Limited	1,742,972	-	1,742,972	10,000	-	1,478,600	274,372	48,597	14,385	(34,212)	0.06	0.06	0.48
The General Tyre and Rubber Company of Pakistan Limited	109,600	-	109,600	-	27,720	137,320	-	-	-	-	-	-	-
Thal Limited (note 6.2.1)	7	-	7	-	-	7	-	-	-	-	-	-	-
											0.06	0.06	0.48

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Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to		
											Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
								(Rupees in '000)		%			
Chemicals													
Engro Polymer & Chemicals Limited *	12,403,500	-	12,403,500	5,676,500	4,866,221	5,305,500	17,640,721	529,875	475,594	(54,281)	1.85	1.90	1.94
ICI Pakistan Limited	1,074,110	75	1,074,185	145,700	-	36,150	1,183,735	927,483	630,303	(297,180)	2.45	2.52	1.28
Lotte Chemical Pakistan Limited	-	-	-	3,451,000	-	666,500	2,784,500	44,408	42,464	(1,944)	0.16	0.17	0.18
Sitara Chemicals Industries Limited	30,500	-	30,500	-	-	-	30,500	11,234	9,329	(1,905)	0.04	0.04	0.14
Sitara Peroxide Limited	-	-	-	650,000	-	650,000	-	-	-	-	-	-	-
											4.50	4.63	3.54
Cement													
Attock Cement Company Limited	-	-	-	270,200	-	-	270,200	34,820	19,295	(15,525)	0.07	0.08	0.20
Cherat Cement Company Limited	6,437,212	-	6,437,212	-	-	6,437,212	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	6,054,822	-	6,054,822	1,802,400	-	5,489,000	2,368,222	216,707	133,899	(82,808)	0.52	0.54	0.54
Dewan Cement Company Limited	2,619,000	-	2,619,000	-	-	2,619,000	-	-	-	-	-	-	-
Fauji Cement Company Limited	2,000	-	2,000	1,359,500	-	1,361,500	-	-	-	-	-	-	-
Kohat Cement Company Limited	3,352,500	-	3,352,500	330,500	1,005,750	774,400	3,914,350	357,274	205,621	(151,653)	0.80	0.82	1.95
Lucky Cement Limited	5,077,829	279,000	5,356,829	1,058,700	-	1,714,100	4,701,429	2,344,430	1,788,753	(555,677)	6.95	7.15	1.45
Maple Leaf Cement Factory Limited	2,276,500	-	2,276,500	9,040,500	-	6,535,000	4,782,000	136,075	114,242	(21,833)	0.44	0.46	0.72
Pioneer Cement Limited	10,983,300	-	10,983,300	-	-	10,983,300	-	-	-	-	-	-	-
											8.78	9.05	4.86
Paper and Board													
Cherat Packaging Limited	344,813	-	344,813	335,600	51,721	-	732,134	104,589	59,039	(45,550)	0.23	0.24	1.89
Century Paper & Board Mills	500	-	500	-	-	500	-	-	-	-	-	-	-
Packages Limited	1,614,053	2,027,850	3,641,903	140,450	-	1,307,500	2,474,853	1,192,959	743,842	(449,117)	2.89	2.97	2.77
											3.12	3.21	4.66
Technology and communication													
Avanceon Limited	25,000	-	25,000	1,711,500	431,800	53,000	2,115,300	107,048	103,734	(3,314)	0.40	0.41	1.11
Netsol Technologies Limited	-	-	-	2,070,300	-	1,083,200	987,100	77,922	65,040	(12,882)	0.25	0.26	1.10
Pakistan Telecommunication Company Limited "A"	-	-	-	800,000	-	-	800,000	6,884	6,616	(268)	0.03	0.03	0.02
Systems Limited	852,000	-	852,000	164,000	59,600	420,000	655,600	60,972	62,918	1,946	0.24	0.25	0.53
											0.92	0.95	2.76
Refinery													
Attock Refinery Limited	154,400	-	154,400	146,400	200	301,000	-	-	-	-	-	-	-
National Refinery Limited	89,155	-	89,155	101,000	-	190,155	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	-	-	3,500	-	3,500	-	-	-	-	-	-	-
											-	-	-
Miscellaneous													
Shifa International Hospitals Limited	88	-	88	-	-	88	-	-	-	-	-	-	-
Commercial Banks													
Meezan Bank Limited (an associate of the Fund)	-	577	577	11,583,000	858,520	4,401,500	8,040,597	649,582	700,818	51,236	2.72	2.80	0.63
BankIslami Pakistan Limited	-	875	875	-	-	875	-	-	-	-	-	-	-
											2.72	2.80	0.63
Oil and Gas Marketing Companies													
Attock Petroleum Limited	327,579	-	327,579	84,640	65,515	-	477,734	223,078	137,831	(85,247)	0.54	0.55	0.48
Hascol Petroleum Limited (note 6.2.3)	980,397	-	980,397	738,900	439,573	78,400	2,080,470	400,046	142,762	(257,284)	0.55	0.57	1.04
Hi-Tech Lubricants Limited	2,035,500	-	2,035,500	-	-	2,035,500	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.2.3)	4,183,727	1,787,400	5,971,127	486,900	1,148,725	3,105,000	4,501,752	1,168,851	763,632	(405,219)	2.97	3.05	1.15
Sui Southern Gas Pipelines Limited	1,693,500	-	1,693,500	912,000	-	1,850,000	755,500	18,274	15,624	(2,650)	0.06	0.06	0.09
Sui Northern Gas Pipelines Limited	14,258,300	-	14,258,300	4,410,500	-	4,409,000	14,259,800	1,309,194	990,914	(318,280)	3.85	3.96	2.25
											7.97	8.19	5.01

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to		
											Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)
							Number of shares		Rupees in '000		%		
Oil and Gas Exploration Companies													
Oil and Gas Development													
Company Limited	25,784,700	-	25,784,700	6,207,900	-	11,666,700	20,325,900	3,108,728	2,672,653	(436,075)	10.38	10.68	0.47
Pakistan Oilfields Limited	2,620,597	415,600	3,036,197	548,550	595,439	271,050	3,909,136	2,140,249	1,586,679	(553,570)	6.16	6.34	1.38
Pakistan Petroleum Limited	9,530,950	-	9,530,950	7,066,700	1,449,682	1,239,700	16,807,632	3,065,117	2,427,526	(637,591)	9.43	9.70	0.74
Mari Petroleum Company Limited (note 6.2.3)	1,975,820	-	1,975,820	52,840	200,338	126,160	2,102,838	2,873,322	2,122,457	(750,865)	8.25	8.48	1.73
											34.22	35.20	4.32
Pharmaceuticals													
Abbott Laboratories (Pakistan) Limited	562,350	-	562,350	6,950	-	459,950	109,350	74,690	51,902	(22,788)	0.20	0.21	0.11
AGP Limited	5,623,500	-	5,623,500	453,000	-	1,113,000	4,963,500	436,652	340,149	(96,503)	1.32	1.36	1.77
Glaxo Smithkline Pakistan Limited	50,816	-	50,816	-	-	45,000	5,816	965	554	(411)	-	-	-
Glaxo Smithkline Consumer Healthcare Products Limited	411,256	-	411,256	161,700	-	214,300	358,656	134,123	69,221	(64,902)	0.27	0.28	0.31
Highnoon Laboratories Limited (note 6.2.3)	726	-	726	-	72	-	798	298	202	(96)	-	-	-
The Searle Company Limited (note 6.2.3)	3,204,329	281,397	3,485,726	965,000	531,153	1,330,200	3,651,679	989,592	535,190	(454,402)	2.08	2.14	1.72
											3.87	3.99	3.91
Power Generation and Distribution													
The Hub Power Company Limited	6,738,716	10,377,900	17,116,616	3,665,901	-	1,878,000	18,904,517	1,645,744	1,488,731	(157,013)	5.78	5.95	1.63
K - Electric Limited (6.2.1)	181,109,500	-	181,109,500	14,512,500	-	9,493,500	186,128,500	1,053,461	817,104	(236,357)	3.17	3.27	0.67
											8.95	9.22	2.30
Cable & Electrical Goods													
Pak Elektron Limited	1,850	-	1,850	9,500	-	11,350	-	-	-	-	-	-	-
Fertilizer													
Dawood Hercules Corporation Limited	4,503,400	-	4,503,400	721,600	-	5,225,000	-	-	-	-	-	-	-
Engro Corporation Limited (note 6.2.2)	9,910,267	-	9,910,267	686,700	850,506	1,956,900	9,480,573	2,708,100	2,518,040	(190,060)	9.78	10.07	1.65
Engro Fertilizers Limited	31,274,200	-	31,274,200	174,500	-	6,987,000	24,461,700	1,832,447	1,564,815	(267,632)	6.08	6.26	1.83
											15.86	16.33	3.48
Engineering													
Amreli Steels Limited	-	-	-	300,000	-	300,000	-	-	-	-	-	-	-
Crescent Steel & Allied Products Limited													
International Industries Limited	70,600	-	70,600	-	-	70,600	-	-	-	-	-	-	-
International Steel Limited	737,400	-	737,400	382,000	-	187,000	932,400	191,536	71,860	(119,676)	0.28	0.29	0.78
Mughal Iron & Steel Industries Limited	2,988,000	-	2,988,000	1,518,800	-	2,039,000	2,467,800	216,975	97,996	(118,979)	0.38	0.39	0.57
K.S.B. Pumps Company Limited	566,000	-	566,000	2,000	-	568,000	-	-	-	-	-	-	-
	79,900	-	79,900	-	-	-	79,900	22,372	8,070	(14,302)	0.03	0.03	0.61
											0.69	0.71	1.96
Food and Personal Care Products													
Al-Shaheer Corporation Limited (note 6.2.3)	60,741	-	60,741	-	-	-	60,741	1,655	765	(890)	-	-	0.04
Al-Tahir Limited	-	-	-	1,081,132	-	972,000	109,132	2,299	2,151	(148)	0.01	0.01	0.07
Friesland Campina Engro Pakistan Limited (Formerly Engro Foods Limited)	14,221	-	14,221	3,500	-	-	17,721	1,586	1,034	(552)	-	-	-
National Foods Limited (note 6.2.1)	-	-	-	197,100	-	-	197,100	36,949	36,298	(651)	0.14	0.15	0.16
											0.15	0.16	0.27

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to			
											Net assets of the Fund	Total market value of investments	Paid-up capital of investee company (with face value of investment)	
	Number of shares						(Rupees in '000)			%				
Vanaspati & Allied Industries														
Unity Foods Limited	1,159,000	-	1,159,000	15,706,346	-	6,152,500	11,712,846	187,877	120,642	(67,235)	0.47	0.48	2.15	
Glass and Ceramics														
Tariq Glass Industries Limited	-	-	-	792,500	-	-	792,500	75,239	60,729	(14,510)	0.24	0.24	1.08	
Textile Composite														
Feroze1888 Mills Limited	-	-	-	2,291,500	-	749,000	1,542,500	104,306	155,592	51,286	0.60	0.62	0.41	
Kohinoor Textile Mills Limited (note 6.2.3)	2,014	-	2,014	871,500	-	201,000	672,514	29,667	16,846	(12,821)	0.07	0.07	0.22	
Nishat Mills Limited	3,991,400	104,000	4,095,400	2,050,100	-	770,800	5,374,700	748,702	501,675	(247,027)	1.95	2.01	1.53	
											2.62	2.70	2.16	
Textile and Apparel														
Interloop Limited	-	-	-	8,335,000	-	-	8,335,000	382,240	368,990	(13,250)	1.43	1.48	0.96	
Right Certificates														
Chemicals														
Engro Polymer & Chemicals Limited*	4,866,221	-	4,866,221	-	-	4,866,221	-	-	-	-	-	-	-	
Power Generation and Distribution														
The Hub Power Company Limited*	-	-	-	2,034,401	-	2,034,401	-	-	-	-	-	-	-	
Vanaspati & Allied Industries														
Unity Foods Limited*	-	-	-	10,430,346	-	10,430,346	-	-	-	-	-	-	-	
Total as at June 30, 2019								32,395,058	25,014,329	(7,380,729)				
Total as at June 30, 2018								40,410,019	34,063,436	(6,346,583)				

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited, The Hub Power Company Limited and Unity Foods Limited above.

- 6.2.1** All shares have a nominal value of Rs 10 each except for the shares of Thal Limited and National Foods Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.2.2** Investments include 1,000,000 shares of Engro Corporation Limited, having market value of Rs 265.60 million as at June 30, 2019 (June 30, 2018: Rs. 313.86 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.2.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

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In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs 40.686 million (2018: Rs 73.918 million).

	2019	2018
	----- Rupees '000 -----	
6.3 Unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss		
Market value of investments	25,014,329	34,063,436
Carrying value of investments	<u>(32,395,058)</u>	<u>(40,410,019)</u>
	<u>(7,380,729)</u>	<u>(6,346,583)</u>
6.4 Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'		
Market value of investments	-	3,125,246
Carrying value of investments	<u>-</u>	<u>(2,502,852)</u>
	-	622,394
Less: unrealised diminution on re-measurement of investments classified as available for sale as at July 1	<u>-</u>	<u>1,480,997</u>
	<u>-</u>	<u>(858,603)</u>
7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES		
Security deposit with Central Depository Company of Pakistan Limited	100	100
Security deposit with National Clearing Company of Pakistan Limited	2,500	2,500
Advance against IPO subscription	-	500
Profit receivable on saving accounts with banks	15,966	19,232
	<u>18,566</u>	<u>22,332</u>

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2019	2018
			----- Rupees '000 -----	
	Management fee payable	8.1	43,986	65,700
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	5,718	8,541
	Allocated expenses payable	8.3	2,199	3,285
	Selling and marketing expenses payable	8.4	27,811	114,604
	Sales load payable		221	2,636
	Sindh Sales Tax on sales load payable		29	343
			<u>79,964</u>	<u>195,109</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 2% of the average annual net assets in case of an Equity Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 88.563 million (2018: Rs 114.984 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 91.387 million (2018: Rs 118.387 million) has been paid to the Management Company which acts as a collecting agent.

8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

8.4 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 net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged to the Fund during the current year at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019	2018
			-----Rupees in '000-----	
	Trustee fee payable	9.1	2,282	3,367
	Sindh Sales Tax payable on trustee fee	9.2	297	438
			<u>2,579</u>	<u>3,805</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 1,000 million Rs 0.7 million or 0.20% per annum of NAV, whichever is higher
- on amount exceeding Rs 1,000 million Rs 2 million plus 0.10% per annum of NAV, on amount exceeding Rs 1,000 million

9.2 During the year, an amount of Rs 4.558 million (2018: Rs. 5.879 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 4.700 million (2018: Rs 6.048 million) was paid to the Trustee which acts as a collecting agent.

10 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

10.1 In accordance with the NBFC Regulations, a collective investment scheme classified as a Equity Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% (June 30, 2018: 0.095%) of the average annual net assets of the Fund as annual fee.

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11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
		-----Rupees in '000-----	
Auditors' remuneration payable		480	630
Printing charges payable		483	321
Shariah advisor fee payable		2,245	2,148
Charity payable	11.1	30,781	29,281
Brokerage payable		9,357	-
Withholding tax payable		922	922
Capital gain tax payable		4,237	4,291
Provision for Sindh Workers' Welfare Fund	11.2	340,482	340,482
Zakat payable		399	185
Sales load payable		-	11
Sindh Sales Tax on sales load		-	1
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	32,607	31,217
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	231,867	224,672
		<u>653,860</u>	<u>634,161</u>

- 11.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2019, non-shariah compliant income amounting to Rs 27.448 million (2018: Rs 30.495 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor.

- 11.2 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.63 per unit (2018: Re 0.55 per unit).

- 11.3 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 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

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

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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 264.474 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2018 would have been higher by Re 0.49 (2018: Re 0.41) per unit.

During the year, FED amounting to Rs. 8.585 million has been paid to the Fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

12 CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION

	2019	2018
	-----Rupees in '000-----	
Annual audit fee	552	509
Half yearly review fee	159	159
Out of pocket expenses	29	29
	740	697

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.14% which includes 0.38% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal Excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

15 PERFORMANCE TABLE

	2019	2018	2017	2016
Net assets (Rs. '000) (ex-distribution)	25,740,339	39,114,651	54,852,709	32,554,406
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	47.9235	63.3300	76.4100	66.2100
Offer price per unit as at June 30, (Rs.) (ex-distribution)	49.0065	64.7613	78.1400	67.9600
Highest offer price per unit (Rs.)	66.7191	79.1600	94.0900	72.0300
Lowest offer price per unit (Rs.)	46.8951	60.4300	68.3600	56.9400
Highest redemption price per unit (Rs.)	65.2446	77.4100	92.0100	70.1700
Lowest redemption price per unit (Rs.)	45.8587	59.0900	66.8500	55.4700
Distribution (%)				
Interim	N/A	N/A	N/A	5.90
Final	N/A	N/A	5.00	4.40
Date of distribution				
Interim	N/A	June 23, 2018	June 23, 2017	June 23, 2016
Final	N/A	N/A	N/A	July 3, 2015
Income distribution (Rupees in '000)	N/A	N/A	N/A	-
Growth distribution (Rupees in '000)	N/A	N/A	3,316,003	2,277,467
Total return (%)	(24.33)	(17.12)	22.96	17.40
	One Year	Two Year	Three Year	Four Year
Average annual return as at June 30, 2019 (%)	(24.33)	(20.81)	(8.30)	(2.45)

Investment portfolio composition of the Fund

Investment portfolio composition of the Fund is as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 19.

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16 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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 as per Section 4B of the Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** 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	2019	2018
	-----Rupees in '000-----	
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable	43,986	65,700
Sindh Sales Tax on management fee payable	5,718	8,541
Sales load payable	221	2,636
Sindh Sales Tax and on sales load payable	29	343
Allocated expenses	2,199	3,285
Selling and marketing expense payable	27,811	114,604
Investment of 10,011,729 units (2018: 7,290,007 units)	479,797	461,676
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposits refundable	100	100
Remuneration Payable	2,282	3,367
Sindh Sales Tax on trustee fee payable	297	438
Meezan Bank Limited		
Balance with bank	113,831	514,696
Profit receivable on saving accounts	508	482
Sales load payable	119	1,110
Sindh Sales Tax on sales load payable	16	144
Investment in 8,040,597 shares (2018: 577 shares)	700,818	47
Investment of 12,475,049 units (2018: 12,475,049 units)	597,848	790,045
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of 180,189 units (2018: 180,189 units)	8,635	11,411

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	2019	2018
	-----Rupees in '000-----	
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan Investment of 5,706,435 units (2018: 5,893,702 units)	<u>273,472</u>	<u>373,276</u>
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan Investment of 2,116,314 units (2018: 2,444,911 units)	<u>101,421</u>	<u>154,836</u>
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan Investment of 1,149,027 units (2018: 1,116,559 units)	<u>55,065</u>	<u>70,712</u>
Meezan Financial Planning Fund of Funds - MAAP - I Investment of 171,373 units (2018: nil units)	<u>8,213</u>	<u>-</u>
Meezan Financial Planning Fund of Funds - MAAP - IV Investment of nil units (2018: 3,990,160 units)	<u>-</u>	<u>252,697</u>
Meezan Strategic Allocation Fund - MSAP - I Investment of 3,358,170 units (2018: 16,154,958 units)	<u>160,935</u>	<u>1,023,093</u>
Meezan Strategic Allocation Fund - MSAP - II Investment of 2,983,781 units (2018: 7,263,762 units)	<u>142,993</u>	<u>460,014</u>
Meezan Strategic Allocation Fund - MSAP - III Investment of 10,949,083 units (2018: 15,057,857 units)	<u>524,718</u>	<u>953,614</u>
Meezan Strategic Allocation Fund - MSAP - IV Investment of 12,489,103 units (2018: 17,367,260 units)	<u>598,522</u>	<u>1,099,869</u>
Meezan Strategic Allocation Fund - MSAP - V Investment of 3,635,008 units (2018: 4,968,509 units)	<u>174,202</u>	<u>314,656</u>
Directors and executives of the Management Company Investment of 1,016,776 units (2018: 6,611,012 units)	<u>48,727</u>	<u>418,675</u>
Transactions during the year	For the year ended June 30,	
	2019	2018
	-----Rupees in '000-----	
Al Meezan Investment Management Limited - Management Company		
Remuneration for the year	<u>681,257</u>	<u>884,489</u>
Sindh Sales Tax on management fee	<u>88,563</u>	<u>114,984</u>
Allocated expenses	<u>34,063</u>	<u>44,224</u>
Selling and marketing expenses	<u>136,251</u>	<u>176,898</u>
Issuance of 9,950,748 units (2018: 3,079,227 units)	<u>533,253</u>	<u>200,116</u>
Redemption of 7,229,026 units (2018: 7,559,016 units)	<u>435,200</u>	<u>500,000</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	<u>35,063</u>	<u>45,224</u>
Sindh Sales Tax on remuneration of the Trustee	<u>4,558</u>	<u>5,879</u>
CDS charges	<u>881</u>	<u>939</u>
Meezan Bank Limited		
Profit on saving accounts	<u>3,338</u>	<u>3,067</u>
Purchase of 11,583,000 shares (2018: 585,500 shares)	<u>1,028,161</u>	<u>42,735</u>
Sale of 4,401,500 shares (2018: 5,390,000 shares)	<u>403,299</u>	<u>402,209</u>
Bonus issue of 858,520 shares (2018: nil shares)	<u>-</u>	<u>-</u>
Right issue of nil shares (2018: 302,410 shares)	<u>-</u>	<u>15,121</u>
Dividend income	<u>21,923</u>	<u>11,120</u>

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	For the year ended June 30,	
	2019	2018
	-----Rupees in '000-----	
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Issuance of 897,308 units (2018: 1,483,388 units)	49,654	101,641
Redemption of 1,084,575 units (2018: 1,345,266 units)	58,020	91,653
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Issuance of 421,442 units (2018: 844,035 units)	22,096	55,185
Redemption of 750,039 units (2018: 1,076,095 units)	43,846	71,957
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Issuance of 417,630 units (2018: 466,107 units)	22,559	30,738
Redemption of 385,162 units (2018: 684,717 units)	22,528	45,916
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of 660,324 units (2018: 5,743,872 units)	34,250	396,000
Redemption of 488,951 units (2018: 19,161,669 units)	25,369	1,358,884
Meezan Financial Planning Fund of Funds - MAAP - II		
Issuance of nil units (2018: 660,921 units)	-	44,000
Redemption of nil units (2018: 11,519,979 units)	-	733,000
Meezan Financial Planning Fund of Funds - MAAP - III		
Issuance of nil units (2018: 12,630,712 units)	-	833,000
Redemption of nil units (2018: 41,120,601 units)	-	2,667,494
Meezan Financial Planning Fund of Funds - MAAP - IV		
Issuance of nil units (2018: 1,265,749 units)	-	84,000
Redemption of 3,990,160 units (2018: 6,297,397 units)	249,454	432,260
Meezan Strategic Allocation Fund - MSAP - I		
Issuance of 5,815,081 units (2018: 5,512,380 units)	337,500	360,000
Redemption of 18,611,869 units (2018: 13,719,672 units)	1,103,435	904,570
Meezan Strategic Allocation Fund - MSAP - II		
Issuance of 1,453,481 units (2018: 2,169,030 units)	79,000	144,000
Redemption of 5,733,462 units (2018: 5,213,170 units)	320,470	347,650
Meezan Strategic Allocation Fund - MSAP - III		
Issuance of 1,966,861 units (2018: 2,518,261 units)	107,400	167,000
Redemption of 6,075,635 units (2018: 5,795,234 units)	336,840	382,690
Meezan Strategic Allocation Fund - MSAP - IV		
Issuance of 2,195,916 units (2018: 8,813,267 units)	120,000	605,000
Redemption of 7,074,073 units (2018: 7,649,800 units)	399,610	508,880
Meezan Strategic Allocation Fund - MSAP - V		
Issuance of 646,341 units (2018: 6,593,519 units)	34,750	434,838
Redemption of 1,979,842 units (2018: 1,625,010 units)	108,291	110,000
Directors and executives of the Management Company		
Issuance of 712,437 units (2018: 2,589,514 units)	42,876	176,934
Redemption of 6,332,657 units (2018: 2,029,869 units)	342,916	145,479

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

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18 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

Balances with banks
Investments
Receivable against sale of investments
Receivable against conversion of units
Dividend receivable
Advances, deposits and other receivables

2019		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
1,340,974	-	1,340,974
-	25,014,329	25,014,329
152,085	-	152,085
62,891	-	62,891
117,132	-	117,132
18,566	-	18,566
<u>1,691,648</u>	<u>25,014,329</u>	<u>26,705,977</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company Limited - Trustee
Payable against redemption and conversion of units
Payable against purchase of investments
Payable to Meezan Bank Limited
Accrued expenses and other liabilities

2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	79,964	79,964
-	2,579	2,579
-	74,075	74,075
-	122,665	122,665
-	135	135
-	43,346	43,346
-	<u>322,764</u>	<u>322,764</u>

Financial assets

Balances with banks
Investments
Receivable against conversion of units
Dividend receivable
Advances, deposits and other receivables

2018		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		
2,730,709	-	2,730,709
-	37,188,682	37,188,682
98,887	-	98,887
150,745	-	150,745
22,332	-	22,332
<u>3,002,673</u>	<u>37,188,682</u>	<u>40,191,355</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company Limited - Trustee
Payable against redemption and conversion of units
Payable against purchase of investments
Payable to Meezan Bank Limited
Accrued expenses and other liabilities

2018		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		
-	195,109	195,109
-	3,805	3,805
-	183,929	183,929
-	16,430	16,430
-	42,013	42,013
-	32,392	32,392
-	<u>473,678</u>	<u>473,678</u>

19 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, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

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19.1 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 / interest rate risk, currency risk and price risk.

(i) Profit rate risk

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts. At June 30, 2019, if there had been increase / decrease of 100 basis points in interest rates or in rates with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 13.402 million (2018: Rs 26.866 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value interest rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

Effective interest rate (%)	2019				Total
	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	
	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	3.32% - 12.50%	1,340,177	-	-	797	1,340,974
Investments		-	-	-	25,014,329	25,014,329
Receivable against sale of investments		-	-	-	152,085	152,085
Receivable against conversion of units		-	-	-	62,891	62,891
Dividend receivable		-	-	-	117,132	117,132
Advances, deposits and other receivables		-	-	-	18,566	18,566
		1,340,177	-	-	25,365,800	26,705,977

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	79,964	79,964
Payable to Central Depository Company Limited - Trustee		-	-	-	2,579	2,579
Payable against redemption and conversion of units		-	-	-	74,075	74,075
Payable against purchase of investments		-	-	-	122,665	122,665
Payable to Meezan Bank Limited		-	-	-	135	135
Accrued expenses and other liabilities		-	-	-	43,346	43,346
		-	-	-	322,764	322,764

On-balance sheet gap (a)		1,340,177	-	-	25,043,036	26,383,213
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,340,177	-	-		
Cumulative interest rate sensitivity gap		1,340,177	1,340,177	1,340,177		

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2018					
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	2.00% - 6.60%	2,686,559	-	-	44,150	2,730,709
Investments		-	-	-	37,188,682	37,188,682
Receivable against conversion of units		-	-	-	98,887	98,887
Dividend receivable		-	-	-	150,745	150,745
Advances, deposits and other receivables		-	-	-	22,332	22,332
		2,686,559	-	-	37,504,796	40,191,355
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	195,109	195,109
Payable to Central Depository Company Limited - Trustee		-	-	-	3,805	3,805
Payable against redemption and conversion of units		-	-	-	183,929	183,929
Payable against purchase of investments		-	-	-	16,430	16,430
Payable to Meezan Bank Limited		-	-	-	42,013	42,013
Accrued expenses and other liabilities		-	-	-	32,392	32,392
		-	-	-	473,678	473,678
On-balance sheet gap (a)		2,686,559	-	-	37,031,118	39,717,677
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		2,686,559	-	-		
Cumulative interest rate sensitivity gap		2,686,559	2,686,559	2,686,559		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'available-for-sale' or 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total income of the Fund and "other comprehensive income" for the year would increase / decrease by Rs 250.143 million and Rs nil million respectively (2018: Rs. 340.634 and Rs 31.252 million respectively) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale and financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

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19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	1,340,974	-	-	-	-	1,340,974
Investments	-	-	-	-	25,014,329	25,014,329
Receivable against sale of investments	152,085	-	-	-	-	152,085
Receivable against conversion of units	62,891	-	-	-	-	62,891
Dividend receivable	117,132	-	-	-	-	117,132
Advances, deposits and other receivables	15,966	-	-	-	2,600	18,566
	1,689,048	-	-	-	25,016,929	26,705,977
Financial liabilities						
Payable to AI Meezan Investment Management - Management Company	79,964	-	-	-	-	79,964
Payable to Central Depository Company (CDC) Limited - Trustee	2,579	-	-	-	-	2,579
Payable against redemption and conversion of units	74,075	-	-	-	-	74,075
Payable against purchase of investments	122,665	-	-	-	-	122,665
Payable to Meezan Bank Limited	135	-	-	-	-	135
Accrued expenses and other liabilities	-	12,082	31,264	-	-	43,346
	279,418	12,082	31,264	-	-	322,764
Net assets / (liabilities)	1,409,630	(12,082)	(31,264)	-	25,016,929	26,383,213

2018						
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	2,730,709	-	-	-	-	2,730,709
Investments	-	-	-	-	37,188,682	37,188,682
Receivable against conversion of units	98,887	-	-	-	-	98,887
Dividend receivable	150,745	-	-	-	-	150,745
Advances, deposits and other receivables	19,732	-	-	-	2,600	22,332
	3,000,073	-	-	-	37,191,282	40,191,355
Financial liabilities						
Payable to Al Meezan Investment Management - Management Company	195,109	-	-	-	-	195,109
Payable to Central Depository Company (CDC) Limited - Trustee	3,805	-	-	-	-	3,805
Payable against redemption and conversion of units	183,929	-	-	-	-	183,929
Payable against purchase of investments	16,430	-	-	-	-	16,430
Payable to Meezan Bank Limited	42,013	-	-	-	-	42,013
Accrued expenses and other liabilities	12	2,778	29,602	-	-	32,392
	441,298	2,778	29,602	-	-	473,678
Net assets / (liabilities)	2,558,775	(2,778)	(29,602)	-	37,191,282	39,717,677

19.3 Credit risk

19.3.1 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:

	2019		2018	
	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	1,340,974	1,340,974	2,730,709	2,730,709
Investments	25,014,329	-	37,188,682	-
Receivable against sale of investments	152,085	152,085	-	-
Receivable against conversion of units	62,891	62,891	98,887	98,887
Dividend receivable	117,132	117,132	150,745	150,745
Advances, deposits and other receivables	18,566	18,566	22,332	22,332
	26,705,977	1,691,648	40,191,355	3,002,673

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 25,014.329 million (2018: 37,188.682 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

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19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued 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	
	2019	2018
AAA	2.42	59.17
AA+	34.76	23.95
AA-	0.00	0.56
AA	6.52	0.24
A+	51.63	16.08
A	4.67	-
	<u>100.00</u>	<u>100.00</u>

19.3.3 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.

20 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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	25,014,329	-	-
	<u>25,014,329</u>	<u>-</u>	<u>-</u>
	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	34,063,436	-	-
Available-for-sale	3,125,246	-	-
AA 1 W	<u>37,188,682</u>	<u>-</u>	<u>-</u>

21 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 has no restriction 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 19, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	26,140	13,544,277	52.62	26,052	20,292,579	51.88
Associated Companies / Directors	17	3,151,048	12.24	17	6,356,494	16.25
Insurance Companies	6	879,855	3.42	9	1,091,815	2.79
Banks and DFIs	3	219,815	0.85	4	189,799	0.49
Retirement Funds	143	4,539,812	17.64	165	6,519,868	16.67
Public Limited Companies	3	207,614	0.81	-	-	-
Others	166	3,197,918	12.42	186	4,664,099	11.92
	<u>26,478</u>	<u>25,740,339</u>	<u>100.00%</u>	<u>26,433</u>	<u>39,114,654</u>	<u>100.00%</u>

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
BMA Capital Management Limited	11%	JS Global Capital Limited	11%
Alfalah Securities (Private) Limited	9%	Arif Habib Limited	9%
AKD Securities Limited	8%	Foundation Securities (Private) Limited	8%
Top Line Securities (Private) Limited	7%	AKD Securities Limited	7%
JS Global Capital Limited	7%	Alfalah Securities (Private) Limited	6%
Fortune Securities Limited	7%	Optimus Capital Management (Private) Limited	6%
Foundation Securities (Private) Limited	6%	BMA Capital Management Limited	6%
Optimus Capital Management (Private) Limited	6%	Next Capital Limited	5%
Arif Habib Limited	6%	Elixir Securities Pakistan (Private) Limited	5%
Shajar Capital Pakistan (Private) Limited	5%	Top Line Securities (Private) Limited	5%

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24 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

24.1 The Fund manager of the Fund is Mr. Muhammad Mohsin. The Fund Manager is not managing any other fund.

25 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

*Mr. Atif Azim resigned on May 07, 2019.

26 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.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 19, 2019.

28 GENERAL

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

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director




**Al Meezan
Mutual Fund**

AL-MEEZAN MUTUAL FUND (AMMF)

Al Meezan Mutual Fund aims to optimize the total investment returns in the form of capital gains and dividend income, through prudent investment management.

**REACHING NEW
MILESTONES IN THE
SECOND BIGGEST
CITY OF SINDH**

 Hyderabad Branch

**QUTB SHAH TOMBS
(HYDERABAD)**



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 Shaikat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER Al Meezan Mutual Fund (AMMF)

Type of Fund

Open end equity fund

Objective

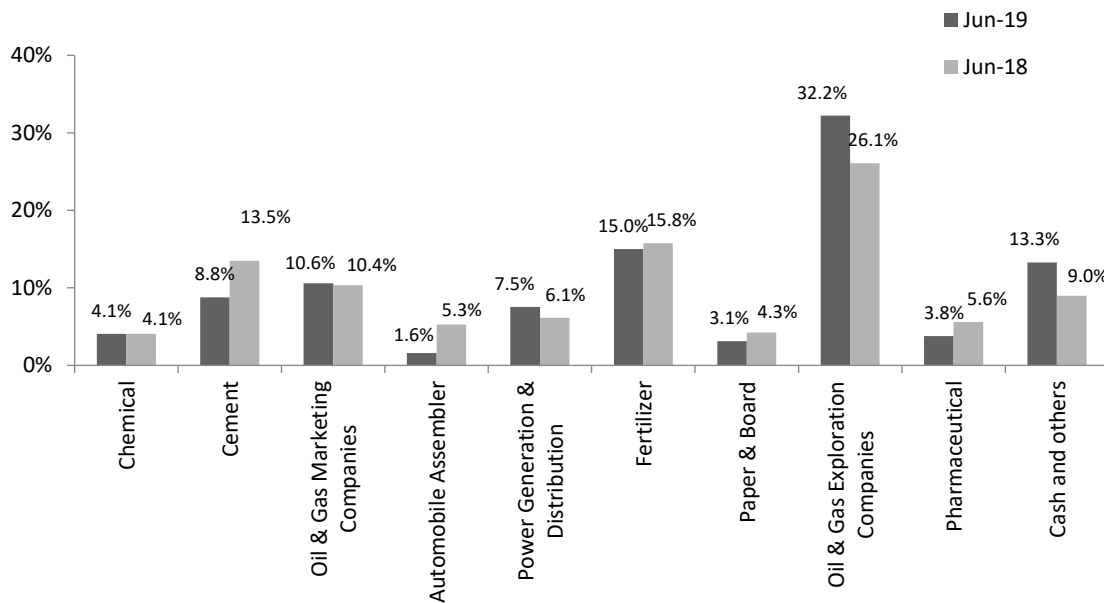
The objective of AMMF is to provide maximum total return to the shareholders by investing in “Shariah compliant” equity avenues for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

Strategy, Investment Policy and Asset Allocation

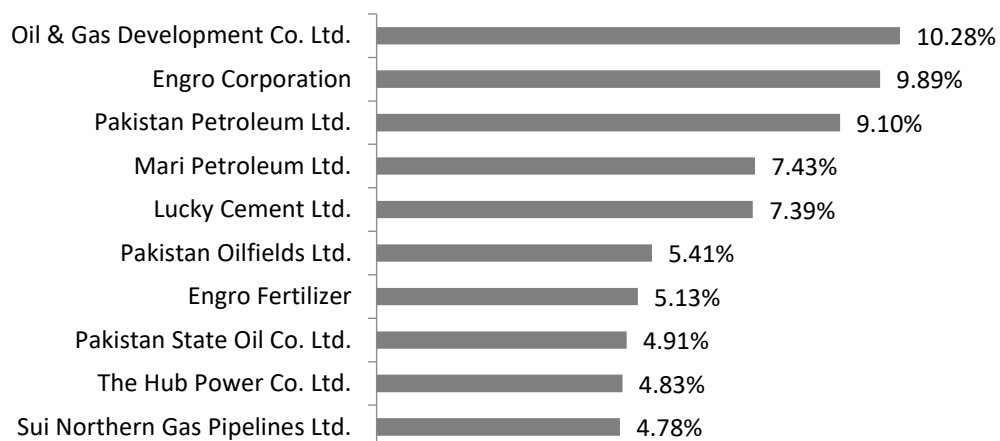
The performance of AMMF is directly linked to the performance of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposure near troughs.

AMMF started the year with a 95% exposure to equities, touched a maximum of 98.3% and minimum of around 92% during the fiscal year, on average remaining around 95% invested and while closing the year at 97% invested percentage. Although allocation remained diversified across sectors, major holdings remained in the Oil & Gas Exploration and Fertilizer sectors. However, exposure in Paper and Board, Auto Assemblers and Cement sectors was gradually reduced due to weak outlook.

Sector Allocation for the year ended FY18 and FY19



Top Holdings

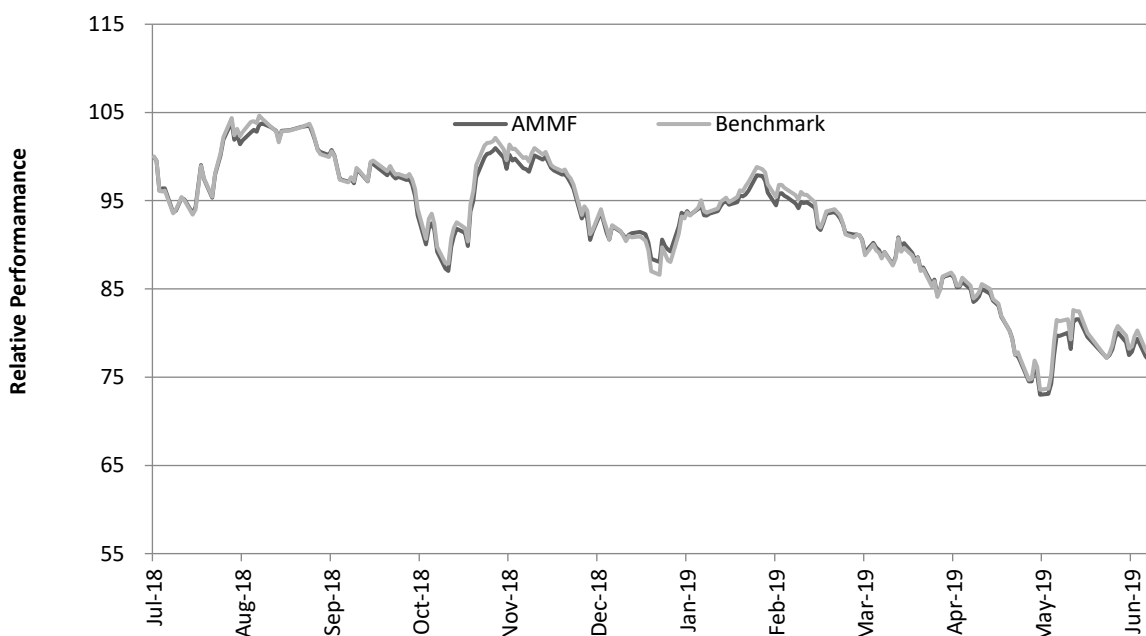


Performance Review

During FY19, Al Meezan Mutual Fund (AMMF) provided a negative return of 24.36% to its investors while the KSE Meezan Index (KMI 30) depreciated by 23.84% to close at 54,119 pts.

	<u>AMMF (NAV)</u>	<u>KMI-30 (Index Points)</u>
Net Asset Value (NAV) as on June 30, 2018- Rs.	17.66	71,060
Net Asset Value (NAV) as on June 30, 2019- Rs.	13.36	54,119
Return During the Period	-24.36%	-23.84%

AMMF posted a total loss of Rs. 1,471 million in the fiscal year 2019 as compared to a total loss of Rs. 926 million last year. Total loss comprised of realized and unrealized capital losses on investments of Rs. 493 million and Rs. 1,308 million respectively, while the net outflow in the Fund during the year was 425 million. Dividend income contributed Rs. 299 million to income, while profit on saving accounts with banks amounted to Rs. 31 million. After accounting for expenses of Rs. 200 million, the Fund posted a net loss of Rs. 1,671 million. The net assets of the Fund as at June 30, 2019 were Rs. 4,768 million as compared to Rs. 6,864 million last year depicting a decline of 31%. The net asset value per unit as at June 30, 2019 was Rs. 13.35 as compared to Rs. 17.66 per unit as on June 30, 2018. The net outflow during the year was Rs. 423 mn.



Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable / welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 5.3 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	3,028
10,000 - 49,999	881
50,000 - 99,999	232
100,000 - 499,999	207
500,000 and above	54
Total	4,402



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Al Meezan Mutual Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Twenty fourth year of operations of Al Meezan Mutual Fund (AMMF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah* Adviser, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of AMMF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of AMMF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.25%	36%	77.25	128
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	





Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
The Hub Power Co. Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.

- ii. On the basis of information provided by the management, all operations of AMMF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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
Shari'ah Advisor

Head Office

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TRUSTEE REPORT TO THE UNIT HOLDERS

AL MEEZAN MUTUAL 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 Al Meezan Mutual 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Al Meezan Mutual Fund
Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al Meezan Mutual Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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:

Table with 3 columns: S. No., Key Audit Matter, and How the matter was addressed in our audit. Row 1: 1, Net Asset Value (Refer note 6 to the financial statements), The investments constitute the most significant component of the net asset value... Our audit procedures included the following: 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 as at June 30, 2019 and reconciled it with the books and records of the Fund... Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 18, 2019



**AL MEEZAN MUTUAL FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
Assets			
Balances with banks	5	271,162	440,313
Investments	6	4,614,607	6,555,048
Receivable against sale of investments		20,993	-
Receivable against conversion of units		13,534	6,503
Dividend receivable		25,200	19,091
Advances, deposits, prepayments and other receivables	7	8,444	8,445
Total assets		4,953,940	7,029,400
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	8	14,897	33,696
Payable to Central Depository Company of Pakistan Limited - Trustee	9	552	747
Payable to the Securities and Exchange Commission of Pakistan	10	5,952	7,236
Payable to Meezan Bank Limited		23	199
Payable against purchase of investments		3,468	-
Payable against conversion and redemption of units		45,466	19,411
Dividend payable		4,917	4,917
Accrued expenses and other liabilities	11	110,859	99,184
Total liabilities		186,134	165,390
NET ASSETS		4,767,806	6,864,010
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,767,806	6,864,010
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		357,035,000	388,711,880
		(Rupees)	
NET ASSET VALUE PER UNIT		13.3539	17.6583

The annexed notes from 1 to 28 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**AL MEEZAN MUTUAL FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 (Rupees in '000)	2018
Income			
Dividend income		298,529	357,313
Profit on saving account with banks		30,699	22,550
Realised loss on sale of investments - net		(492,541)	(458,507)
		(163,313)	(78,644)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.4	(1,307,555)	(847,665)
Total loss		(1,470,868)	(926,309)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	125,315	152,325
Sindh Sales Tax on remuneration of the Management Company	8.2	16,291	19,803
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	7,266	8,616
Sindh Sales Tax on remuneration of the Trustee	9.2	945	1,120
Annual fee to Securities and Exchange Commission of Pakistan	10	5,952	7,236
Auditors' remuneration	13	891	754
Fees and subscription		772	911
Legal and professional charges		-	49
Brokerage expense		4,755	3,918
Bank and settlement charges		1,044	875
Allocated expenses	8.3	6,266	7,616
Selling and marketing expenses	8.4	25,063	30,465
Printing expenses		-	156
Charity expense	11.1	5,268	5,031
Total expenses		199,828	238,875
Net loss for the year before taxation		(1,670,696)	(1,165,184)
Taxation	16	-	-
Net loss for the year after taxation		(1,670,696)	(1,165,184)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution		-	-
- Relating to capital gains		-	-
- Excluding capital gains		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

AL MEEZAN MUTUAL FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019



Al Meezan
Mutual Fund

	Note	2019 (Rupees in '000)	2018
Net loss for the year after taxation		(1,670,696)	(1,165,184)
Other comprehensive (loss) / income for the year			
<i>Income that may be re-classified subsequently to Income Statement</i>			
Net unrealised diminution in the value of investments classified as 'available-for-sale'	6.5	-	(348,931)
Total comprehensive loss for the year		<u>(1,670,696)</u>	<u>(1,514,115)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**AL MEEZAN MUTUAL FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019				2018			
	Capital Value	Undistributed income / (Accumulated losses)	Unrealised appreciation / (diminution) on 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation / (diminution) on 'available for sale' investments	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year as previously reported (Audited)	5,302,941	1,361,518	199,551	6,864,010	6,004,281	2,526,702	548,482	9,079,465
Change in accounting policy - note 3.2	-	199,551	(199,551)	-	-	-	-	-
Net assets at the beginning of the year	5,302,941	1,561,069	-	6,864,010	6,004,281	2,526,702	548,482	9,079,465
Issuance of 132,552,885 units (2018: 85,725,163 units)								
- Capital value (at net asset value per unit at the beginning of the year)	2,340,659	-	-	2,340,659	1,812,230	-	-	1,812,230
- Element of loss	(243,925)	-	-	(243,925)	(196,184)	-	-	(196,184)
Total proceeds on issuance of units	2,096,734	-	-	2,096,734	1,616,046	-	-	1,616,046
Redemption of 164,229,765 units (2018: 126,424,524 units)								
- Capital value (at net asset value per unit at the beginning of the year)	2,900,018	-	-	2,900,018	2,673,883	-	-	2,673,883
- Element of income	(377,776)	-	-	(377,776)	(356,497)	-	-	(356,497)
Total payments on redemption of units	2,522,242	-	-	2,522,242	2,317,386	-	-	2,317,386
Total comprehensive loss for the year	-	(1,670,696)	-	(1,670,696)	-	(1,165,184)	(348,931)	(1,514,115)
Distribution during the year	-	-	-	-	-	-	-	-
Refund of Capital during the year	-	-	-	-	-	-	-	-
Net loss for the year less distribution	-	(1,670,696)	-	(1,670,696)	-	(1,165,184)	(348,931)	(1,514,115)
Net assets at the end of the year	4,877,433	(109,627)	-	4,767,806	5,302,941	1,361,518	199,551	6,864,010
Undistributed income brought forward								
- Realised income		2,209,183				1,760,181		
- Unrealised loss		(847,665)				766,521		
		1,361,518				2,526,702		
Change in accounting policy - note 3.2		199,551				-		
		1,561,069				2,526,702		
Accounting income available for distribution (after adjusting income already paid on units redeemed)								
- Relating to capital gains		-				-		
- Excluding capital gains		-				-		
		-				-		
Net loss for the year after taxation		(1,670,696)				(1,165,184)		
Distribution during the year		-				-		
(Accumulated losses) / undistributed income carried forward		(109,627)				1,361,518		
(Accumulated losses) / Undistributed income carried forward								
- Realised income		1,197,928				2,209,183		
- Unrealised loss		(1,307,555)				(847,665)		
		(109,627)				1,361,518		
					(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year					17.6583			21.1400
Net assets value per unit at the end of the year					13.3539			17.6583

The annexed notes from 1 to 28 form an integral part of these financial statements.

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**AL MEEZAN MUTUAL FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



**Al Meezan
Mutual Fund**

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(1,670,696)	(1,165,184)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,307,555	847,665
		(363,141)	(317,519)
(Increase) / decrease in assets			
Investments - net		632,886	683,373
Dividend receivable		(6,109)	21,390
Receivable against sale of investments		(20,993)	-
Advances, deposits, prepayments and other receivables		1	6,451
		605,785	711,214
Increase / (decrease) in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(18,799)	2,271
Payable to Central Depository Company of Pakistan Limited - Trustee		(195)	(214)
Payable to the Securities and Exchange Commission of Pakistan		(1,284)	(117)
Payable to Meezan Bank Limited		(176)	(585)
Payable against purchase of investments		3,468	(15,116)
Accrued expenses and other liabilities		11,675	(22,936)
		(5,311)	(36,697)
Net cash generated from operating activities		237,333	356,998
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		2,089,703	1,626,916
Payment against issuance and conversion of units		(2,496,187)	(2,304,805)
Dividend paid		-	(37,232)
Net cash used in financing activities		(406,484)	(715,121)
Net decrease in cash and cash equivalents		(169,151)	(358,123)
Cash and cash equivalents at the beginning of the year		440,313	798,436
Cash and cash equivalents at the end of the year	5	271,162	440,313

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

AL MEEZAN MUTUAL FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Al Meezan Mutual Fund (the Fund) was constituted by virtue of a scheme of arrangement for conversion of Al Meezan Mutual Fund Limited (AMMFL) into an Open End Scheme under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on June 17, 2011 in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. The objective of the Fund is to provide the maximum total return to the unitholders from investment in "Shariah Compliant" equity investments for the given level of risk, while abiding by the regulations and any other prevailing rules and regulations. At least seventy percent of its net assets shall remain invested in listed equity securities during the year based on quarterly average investment calculated on daily basis. The remaining net assets shall be invested in cash and near cash instruments. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end fund listed on the Pakistan Stock Exchange Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorized as an Equity Scheme.
- 1.4 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations) and the requirements of the Trust Deed.

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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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as FVPL.

The Fund has adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current year.

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018	As at June 30, 2019
-----Rs. In '000-----				
Impact on Statement of Assets and Liabilities				
Investments - 'available for sale'	814,267	(814,267)	-	-
Investments - 'At fair value through profit or loss'	5,740,781	814,267	6,555,048	4,614,607
Impact on Statement of Unitholders' fund				
Unrealised appreciation on 'available-for-sale'				
investments	199,551	(199,551)	-	-
(Accumulated loss) / undistributed income	1,361,518	199,551	1,561,069	(109,627)

There is no impact on the income statement, statement of comprehensive income and cash flow statement of the Fund on the date of adoption of IFRS 9.

There are no other standards, amendments to standards or interpretations that are effective for annual accounting periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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:

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Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as 'at fair value through profit or loss' which are measured at their 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 Company operates. These financial statements are presented in Pakistani Rupee, which is the Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

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All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 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.

4.3.4 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.

4.3.5 Derecognition

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.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

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4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 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 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.

4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Profit on saving account with banks is recognised on a time proportion basis using the effective yield method.
- Dividend income is recognised when the right to receive the dividend is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.

4.12 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.

4.13 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.

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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 utilised. 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. Furthermore, 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).

4.14 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.

4.15 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	2019	2018
----- Rupees in '000 -----			
5	BALANCES WITH BANKS		
	Balances with banks in:		
	Savings accounts	263,605	427,181
	Current account	7,557	13,132
		<u>271,162</u>	<u>440,313</u>

5.1 The balances in saving accounts of the Fund carry profit rates ranging from 3.32% to 12.50% per annum (2018: 2.00% to 6.60% per annum).

	Note	2019	2018
----- Rupees in '000 -----			
6	INVESTMENTS		
	Investments - 'available for sale'	-	814,267
	Investments - 'at fair value through profit or loss'	4,614,607	5,740,781
		<u>4,614,607</u>	<u>6,555,048</u>

6.1 During the year, the Fund has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 814.267 million have been reclassified from 'Available for sale' category as at June 30, 2018 to the 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 3.2).

	Note	2019	2018
----- Rupees in '000 -----			
6.2	Investments - 'at fair value through profit or loss'		
	Listed equity securities	4,614,607	5,740,781
		<u>4,614,607</u>	<u>5,740,781</u>

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6.3 Investments in equity securities - listed

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market Value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to		
											Net assets of the Fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)
							(Number of shares)	(Rupees in '000)	%				
Cement													
Cherat Cement Company Limited	1,360,940	-	1,360,940	80,000	-	1,440,940	-	-	-	-	-	-	-
Dewan Cement Limited	928,500	-	928,500	-	-	928,500	-	-	-	-	-	-	-
DG Khan Cement Company Limited	1,309,905	3,500	1,313,405	1,475,000	-	2,440,000	348,405	27,734	19,699	(8,035)	0.41	0.43	0.08
Fauji Cement Company Limited	-	-	-	1,500,000	-	1,500,000	-	-	-	-	-	-	-
Kohat Cement Limited	610,400	-	610,400	-	183,120	63,000	730,520	69,158	38,374	(30,784)	0.80	0.83	0.36
Lucky Cement Limited	436,640	465,027	901,667	349,400	-	287,000	964,067	484,291	366,799	(117,492)	7.69	7.95	0.30
Maple Leaf Cement Limited	713,812	-	713,812	1,271,000	-	1,559,500	425,312	10,770	10,161	(609)	0.21	0.22	0.06
Pioneer Cement Limited	1,709,300	-	1,709,300	200,000	-	1,901,500	7,800	369	177	(192)	-	-	-
											9.11	9.43	0.80
Commercial Banks													
BankIslami Pakistan Limited	-	875	875	-	-	875	-	-	-	-	-	-	-
Meezan Bank Limited	-	-	-	2,576,500	102,550	1,781,000	898,050	75,547	78,274	2,727	1.64	1.70	0.07
											1.64	1.70	0.07
Oil and Gas Exploration Companies													
Mari Petroleum Company Limited (note 6.3.3)	322,100	-	322,100	10,000	33,210	-	365,310	500,391	368,718	(131,673)	7.73	7.99	0.30
Oil and Gas Development Company Limited	3,627,400	-	3,627,400	1,725,000	-	1,472,600	3,879,800	588,719	510,155	(78,564)	10.70	11.06	0.09
Pakistan Oilfields Limited	600,851	31,340	632,191	220,000	117,438	308,000	661,629	355,353	268,549	(86,804)	5.63	5.82	0.23
Pakistan Petroleum Limited	1,665,533	-	1,665,533	1,296,000	265,489	100,000	3,127,022	569,901	451,636	(118,265)	9.47	9.79	0.14
											33.53	34.66	0.76
Oil & Gas Marketing Companies													
Attock Petroleum Limited	71,500	240	71,740	22,650	14,348	3,600	105,138	51,437	30,333	(21,104)	0.64	0.66	0.11
Hascol Petroleum Limited (note 6.3.3)	144,196	-	144,196	84,000	66,661	89,100	205,757	43,460	14,119	(29,341)	0.30	0.31	0.10
Hi-Tech Lubricant Limited	195,000	-	195,000	-	-	195,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited (note 6.3.3)	577,764	445,376	1,023,140	408,500	213,267	208,000	1,436,907	361,584	243,743	(117,841)	5.11	5.28	0.37
Sui Northern Gas Pipeline Limited	2,936,500	-	2,936,500	1,150,000	-	675,000	3,411,500	317,428	237,065	(80,363)	4.97	5.14	0.54
Sui Southern Gas Company Limited	-	-	-	50,000	-	50,000	-	-	-	-	-	-	-
											11.02	11.39	1.12
Engineering													
Amreli Steels Limited	-	-	-	350,000	-	350,000	-	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	121,600	-	121,600	-	-	121,600	-	-	-	-	-	-	-
International Industries Limited	88,700	-	88,700	85,000	-	173,700	-	-	-	-	-	-	-
International Steel Limited	25,100	-	25,100	711,000	-	736,100	-	-	-	-	-	-	-
K.S.B. Pumps Company Limited	500	-	500	-	-	500	-	-	-	-	-	-	-
Automobile Assembler													
Gandhara Industries Limited	63,850	-	63,850	75,000	63,850	34,000	168,700	51,248	14,739	(36,509)	0.31	0.32	0.40
Honda Atlas Cars (Pakistan) Limited	296,800	96,000	392,800	118,000	-	510,800	-	-	-	-	-	-	-
Milat Tractors Company Limited	85,750	-	85,750	2,000	-	12,000	75,750	89,440	65,325	(24,115)	1.37	1.42	0.17
Pak Suzuki Motor Company Limited	117,500	-	117,500	-	-	117,500	-	-	-	-	-	-	-
											1.68	1.74	0.57
Automobile Parts and Accessories													
Gandhara Nissan Limited	297,663	-	297,663	-	-	294,500	3,163	568	166	(402)	-	-	0.01
Thal Limited (note 6.3.1)	213	-	213	-	-	213	-	-	-	-	-	-	0.01
Technology and Communication													
Pakistan Telecommunication Company Limited "A"	-	-	-	200,000	-	200,000	-	-	-	-	-	-	-
Avanceon Limited	65,000	-	65,000	369,000	2,400	228,000	208,400	9,510	10,220	710	0.21	0.22	0.11
Systems Limited	155,500	-	155,500	27,000	15,750	25,000	173,250	16,071	16,627	556	0.35	0.36	0.14
											0.56	0.58	0.25

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market Value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to			
											Net assets of the Fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)	
										%				
										-				
Chemicals														
Dynea Pakistan Limited (note 6.3.1)	1,000	-	1,000	-	-	1,000	-	-	-	-	-	-	-	-
Engro Polymer & Chemicals Limited *	2,741,000	-	2,741,000	2,818,041	-	4,193,500	1,365,541	41,312	36,815	(4,497)	0.77	0.80	0.15	
KCI Pakistan Limited	119,122	91,557	210,679	21,000	-	-	231,679	162,804	123,362	(59,442)	2.59	2.67	0.25	
Lotte Chemical Pakistan Limited	-	-	-	1,500,000	-	1,500,000	-	-	-	-	-	-	-	
Sitara Chemical Industries Limited	57,000	-	57,000	-	-	-	57,000	20,994	17,435	(3,559)	0.37	0.38	0.27	
Sitara Peroxide Limited	-	-	-	124,000	-	124,000	-	-	-	-	-	-	-	
										3.73	3.85	0.67		
Fertilizer														
Dawood Hercules Corporation Limited	905,200	-	905,200	94,000	-	999,200	-	-	-	-	-	-	-	
Engro Fertilizers Limited	5,297,000	-	5,297,000	-	-	1,321,000	3,976,000	297,842	254,345	(43,497)	5.33	5.51	0.30	
Engro Corporation Limited (note 6.3.2)	1,947,900	-	1,947,900	117,000	169,790	387,800	1,846,890	527,062	490,534	(36,528)	10.29	10.63	0.32	
										15.62	16.14	0.62		
Paper and Board														
Century Paper and Board Mills	500	-	500	-	-	500	-	-	-	-	-	-	-	
Cherat Packaging Limited	146,301	-	146,301	82,100	21,945	1,500	248,846	34,592	20,067	(14,525)	0.42	0.43	0.64	
Packages Limited	204,850	362,878	567,728	31,000	-	151,300	447,428	215,747	134,479	(81,268)	2.82	2.91	0.50	
										3.24	3.34	1.14		
Food and Personal Care Products														
Al-Shaheer Corporation Limited (note 6.3.3)	12,230	-	12,230	-	-	-	12,230	333	154	(179)	-	-	0.01	
Al-Tahir Limited	-	-	-	355,042	-	355,042	-	-	-	-	-	-	-	
Friesland Campina Engro Pakistan Limited (Formerly Engro Foods Limited)	800	-	800	-	-	800	-	-	-	-	-	-	-	
National Foods Limited (note 6.3.1)	-	-	-	4,500	100	-	4,600	898	847	(51)	0.02	0.02	-	
										0.02	0.02	0.01		
Glass and Ceramics														
Shabbir Tiles and Ceramics Limited (note 6.3.1)	-	-	-	500	-	500	-	-	-	-	-	-	-	
Tariq Glass Industries Limited	-	-	-	294,700	-	15,000	279,700	25,740	21,433	(4,307)	0.45	0.46	0.38	
										0.45	0.46	0.38		
Power Generation and Distribution														
The Hub Power Company Limited	1,392,000	1,445,600	2,837,600	979,216	-	776,000	3,040,816	262,304	239,464	(22,840)	5.02	5.19	0.26	
K-Electric Limited (note 6.3.1)	29,861,500	-	29,861,500	7,081,000	-	6,429,000	30,513,500	174,043	133,954	(40,089)	2.81	2.90	0.11	
										7.83	8.09	0.37		
Pharmaceuticals														
Abbott Laboratories Pakistan Limited	43,200	-	43,200	5,000	-	43,050	5,150	3,299	2,444	(855)	0.05	0.05	0.01	
AGP Limited	1,019,250	-	1,019,250	206,000	-	20,000	1,205,250	105,141	82,596	(22,545)	1.73	1.79	0.43	
GlaxoSmithKline Consumer Health Care Limited	249,900	-	249,900	8,100	-	50,000	208,000	83,834	40,144	(43,690)	0.84	0.87	0.18	
GlaxoSmithKline Pakistan Limited	20,000	-	20,000	-	-	20,000	-	-	-	-	-	-	-	
Hignoon Laboratories Limited (note 6.3.3)	1,448	-	1,448	-	144	-	1,592	594	403	(191)	0.01	0.01	0.01	
The Searle Company Limited (note 6.3.3)	501,007	-	501,007	250,900	76,741	409,400	419,248	98,135	61,445	(36,690)	1.29	1.33	0.20	
										3.92	4.05	0.83		
Textile Composite														
Kohinoor Textile Mills Limited	-	-	-	150,000	-	150,000	-	-	-	-	-	-	-	
Nishat Mills Limited	624,700	-	624,700	496,200	-	491,500	629,400	83,944	58,748	(25,196)	1.23	1.27	0.18	
										1.23	1.27	0.18		
Textile Weaving														
Feroze1888 Mills Limited	-	-	-	450,000	-	7,000	443,000	30,163	44,685	14,522	0.94	0.97	0.12	
Textiles and Apparel														
Interloop Limited	-	-	-	2,233,000	-	100,000	2,133,000	97,896	94,428	(3,468)	1.98	2.05	0.25	

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Bonus / right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market Value as at June 30, 2019	Unrealised appreciation / (diminution) as at June 30, 2019	Percentage in relation to			
											Net assets of the Fund	Market value of total investment	Paid-up capital of investee company (with face value of investment)	
							(Number of shares)	(Rupees in '000)			%			
Refinery														
Attock Refinery Limited	600	-	600	10,000	150	10,750	-	-	-	-	-	-	-	
Byco Petroleum Pakistan Limited	-	-	-	1,000	-	1,000	-	-	-	-	-	-	-	
National Refinery Limited	3,000	-	3,000	-	-	3,000	-	-	-	-	-	-	-	
Vanaspati and Allied Industries														
Unity Foods Limited	400,000	-	400,000	1,665,345	-	905,500	1,159,845	12,506	11,946	(560)	0.25	0.26	0.21	
Miscellaneous														
Shifa International Hospitals Limited	90	-	90	-	-	90	-	-	-	-	-	-	-	
Right Certificate														
Chemicals														
Engro Polymer & Chemicals Limited *	1,088,170	-	1,088,170	-	-	1,088,170	-	-	-	-	-	-	-	
Vanaspati and Allied Industries														
Unity Foods Limited *	-	-	-	-	1,243,345	1,243,345	-	-	-	-	-	-	-	
Power Generation and Distribution														
The Hub Power Company Limited *	-	-	-	-	329,216	329,216	-	-	-	-	-	-	-	
Total as at June 30, 2019							<u>5,922,162</u>			<u>4,614,607</u>	<u>(1,307,555)</u>			
Total as at June 30, 2018							<u>6,588,446</u>			<u>5,740,781</u>	<u>(847,665)</u>			

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited, The Hub Power Company Limited and Unity Foods Limited above.

- 6.3.1** All shares have a nominal value of Rs 10 each except for the shares of Thal Limited, Dynea Pakistan Limited, National Foods Limited and Shabbir Tiles and Ceramics Limited which have a nominal value of Rs 5 each and K-Electric Limited which have a nominal value of Rs 3.5 each.
- 6.3.2** 150,000 shares (June 30, 2018: 150,000 shares) of Engro Corporation Limited, having market value of Rs 39.84 million (June 30, 2018: Rs 47.08 million) as at June 30, 2019, have been pledged as collateral in favour of National Clearing Company Pakistan Limited against exposure margins and mark to market losses.
- 6.3.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 6.060 million (2018: 11.069 million).

	Note	2019	2018
		----- Rupees in '000 -----	
6.4 Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss			
Market value of investments	6.3	4,614,607	5,740,781
Carrying value of investments	6.3	(5,922,162)	(6,588,446)
		<u>(1,307,555)</u>	<u>(847,665)</u>
6.5 Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'			
Market value of investments	6.3	-	814,267
Carrying value of investments	6.3	-	(614,716)
		-	199,551
Less: unrealised diminution on re-measurement of investments classified as available for sale as at July 1		-	(548,482)
		-	<u>(348,931)</u>
7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposit with Central Depository Company of Pakistan Limited		238	238
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against Initial Public Offer subscription		-	500
Prepayments		28	-
Profit accrued on balances with banks		5,678	5,207
		<u>8,444</u>	<u>8,445</u>
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	8,138	11,568
Sindh Sales Tax payable on remuneration of the Management Company	8.2	1,058	1,504
Allocated expenses payable	8.3	407	579
Sales load payable		82	94
Sindh Sales Tax on sales load		11	12
Selling and marketing expenses payable	8.4	5,201	19,939
		<u>14,897</u>	<u>33,696</u>
8.1	As per regulation 61 of the NBFC Regulations 2008, Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of an Equity Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.		
8.2	During the year, an amount of Rs. 16.291 million (2018: Rs. 19.803 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. 16.737 million (2018: Rs. 20.336 million) has been paid to the Management Company which acts as a collecting agent.		

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- 8.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

- 8.4** 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 net assets of the fund or actual expenses whichever is lower. Accordingly, such expenses have been charged to the Fund during the current year at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

	Note	2019	2018
----- Rupees in '000 -----			
9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee payable	489	661
	Sindh Sales Tax payable on trustee fee	63	86
		552	747

- 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 1,000 million Rs 0.7 million or 0.20% per annum of net assets, whichever is higher.
- exceeding Rs.1,000 million Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

- 9.2** During the year, an amount of Rs 0.945 million (2018: Rs. 1.120 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. 0.967 million (2018: Rs. 1.145 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, a collective investment scheme classified as a Equity Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% (June 30, 2018: 0.095%) of the average annual net assets of the Fund as annual fee.

	Note	2019	2018
----- Rupees in '000 -----			
11	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Auditors' remuneration payable	565	695
	Brokerage payable	4,775	1,694
	Shariah advisor fee payable	817	372
	Charity payable	5,197	4,929
	Withholding tax payable	7,394	1,237
	Capital gain tax payable	695	721
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	37,524	35,988
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	3,732	3,458
	Provision for Sindh Workers' Welfare Fund (SWWF)	50,068	50,068
	Zakat payable	92	22
		110,859	99,184

- 11.1** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2019, non-Shariah compliant income amounting to Rs 5.268 million (2018: Rs 5.031 million) was charged as an expense in the books of the Fund. As per the requirement of Clause 3.3.2 of Offering document, following is the list of charitable / welfare organizations to whom charity payments were made in excess of Rs. 200,000 during the year ended June 30, 2019.

- Akhuwat Foundation
- Alamgir Welfare Trust
- Idara Al Khair
- Jamiyat Punjabi Saudagaran-e-Delhi
- The Hunar Foundation
- Shaukat Khanum - Memorial Cancer Hospital & Research Center

- 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 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 41.257 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2019 would have been higher by Re 0.12 (2018: Re 0.10) per unit.

During the year, FED amounting to Rs. 1.811 million has been paid to the Fund by the Management Company in respect of management fee and sales load pertaining to prior years.

- 11.3** 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.14 per unit (2018: Re 0.13 per unit).

12 CONTINGENCIES AND COMMITMENTS

- 12.1** There were no other contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

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13 AUDITORS' REMUNERATION	2019	2018
	----- Rupees in '000 -----	
Annual audit fee	567	465
Half yearly review	128	110
Fee for other certifications	120	120
Out of pocket expenses	76	76
	<u>891</u>	<u>771</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.19% which includes 0.38% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal Excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

15 PERFORMANCE TABLE	2019	2018	2017	2016	2015
Net assets (Rs. in '000) (ex-distribution)	4,767,806	6,864,010	9,079,465	5,418,397	4,006,911
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	13.3539	17.6583	21.1400	17.9900	16.2800
Offer price per unit as at June 30 (Rs.) (ex-distribution)	13.6557	18.0574	21.6200	18.4700	16.7100
Highest offer price per unit (Rs.)	18.6141	21.9300	25.5900	19.5700	17.8200
Lowest offer price per unit (Rs.)	13.0763	16.7800	18.9000	15.4900	13.5400
Highest redemption price per unit (Rs.)	18.2027	21.4500	25.0200	19.0700	17.3600
Lowest redemption price per unit (Rs.)	12.7874	16.4100	18.4800	15.0900	13.1600
Distribution (%)					
- Annual	N/A	N/A	N/A	N/A	N/A
- Interim	N/A	N/A	10.00	8.20	6.80
Dates of distribution	N/A	N/A	June 23, 2018	June 24, 2016	June 26, 2015
Income distribution (Rupees in '000)	N/A	N/A	412,311	235,503	142,033
Growth distribution (Rupees in '000)	N/A	N/A	N/A	N/A	418,364
Total return (%)	-24%	-16%	23%	16%	22%
	One year	Two year	Three year	Four year	Five year
Average annual return (%) as at June 30, 2019	-24%	-20%	-6%	0%	4%

Investment portfolio composition of the Fund

Investment portfolio composition of the Fund is as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 19.

16 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. The Fund has not recorded any tax liability as the Fund has incurred net loss during the year.

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 as per Section 4B of the Income Tax Ordinance 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS


- 17.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

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- 17.2 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.
- 17.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 17.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5 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

	2019	2018
	----- Rupees in '000 -----	
Al Meezan Investment Management Limited (Management Company)		
Remuneration Payable	8,138	11,568
Sindh Sales Tax on management fee payable	1,058	1,504
Sales load payable	82	94
Sindh Sales Tax on sales load payable	11	12
Allocated expenses payable	407	579
Selling and marketing expenses payable	5,201	19,939
Investment of 37,780,110 units (2018: 49,744,595 units)	504,511	878,407
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit refundable	238	238
Remuneration payable	489	661
Sindh Sales Tax on trustee fee payable	63	86
Meezan Bank Limited		
Profit receivable on saving account	548	394
Balance with bank	33,383	62,131
Sales load payable	20	176
Sindh Sales Tax on sales load	3	23
Investment of 22,232,227 units (2018: 22,232,227 units)	296,887	392,583
Investment in 898,050 shares (2018: nil shares)	78,274	-
M SAF - Meezan Strategic Allocation Plan - I		
Investment of 18,848,469 units (2018: 12,933,368 units)	251,700	228,381
M SAF - Meezan Strategic Allocation Plan - II		
Investment of 22,818,600 units (2018: 22,818,600 units)	304,717	402,938
M SAF - Meezan Strategic Allocation Plan - IV		
Investment of 1,877,734 units (2018: 1,877,734 units)	25,075	33,158
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment 39,791 units (2018: 39,791 units)	531	703
Meezan Financial Planning Fund of Funds - MAAP - IV		
Investment of nil units (2018: 1,304,322 units)	-	23,034
Directors and executives of the Management Company		
Investment 32,730,550 units (2018: 19,238,654 units)	437,080	339,722
Pakistan Kuwait Investment Company (Private) Limited		
Investment of 16,895,690 units (2018: 16,895,690 units)	225,623	298,349
Unitholders holding 10% or more units of the Fund	504,511	-



Transactions during the year	For the year ended June 30,	
	2019	2018
	----- Rupees in '000 -----	
AI Meezan Investment Management Limited (Management Company)		
Remuneration charged	125,315	152,325
Sindh Sales Tax on remuneration of the Management Company	16,291	19,803
Allocated expenses	6,266	7,616
Selling and marketing expenses	25,063	30,465
Issuance of 3,939,591 units (2018: 9,972,626 units)	61,050	178,927
Redemption of 5,931,451 units (2018: 9,972,626 units)	100,000	178,927
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Remuneration of the Trustee	7,266	8,616
Sindh Sales Tax on remuneration of the Trustee	945	1,120
CDS charges	217	168
Meezan Bank Limited		
Profit on saving account	647	381
Purchase of 2,576,500 shares (2018: nil shares)	229,377	-
Sale of 1,781,000 shares (2018: 65,000 shares)	160,017	5,132
Issuance of nil units (2018: 1,131,074 units)	-	22,316
MSAF - Meezan Strategic Allocation Plan - I		
Issuance of 5,972,333 units (2018: 1,139,692 units)	100,000	20,000
Redemption of 57,232 units (2018: 1,695,601 units)	760	31,000
MSAF - Meezan Strategic Allocation Plan - II		
Redemption of nil units (2018: 3,227,112 units)	-	59,000
MSAF - Meezan Strategic Allocation Plan - IV		
Redemption of nil units (2018: 273,484 units)	-	5,000
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of nil units (2018: 2,332,317 units)	-	43,000
Redemption of nil units (2018: 5,709,108 units)	-	110,990
Meezan Financial Planning Fund of Funds - MAAP - IV		
Redemption of 1,304,322 units (2018: 2,636,917 units)	21,964	49,000
Directors and executives of the Management Company		
Issuance of 15,998,263 units (2018: 3,085,022 units)	219,503	57,044
Redemption of 2,534,463 units (2018: 2,562,223 units)	40,705	47,446
17.6 Other balances due to / from related parties / connected persons are included in the respective notes to the financial statements.		

18 FINANCIAL INSTRUMENTS BY CATEGORY

	----- 2019 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000 -----		
Financial assets			
Balances with banks	271,162	-	271,162
Investments	-	4,614,607	4,614,607
Receivable against sale of investments	20,993	-	20,993
Receivable against conversion of units	13,534	-	13,534
Dividend receivable	25,200	-	25,200
Advances, deposits and other receivables	8,416	-	8,416
	339,305	4,614,607	4,953,912

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	14,897	14,897
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	552	552
Payable to Meezan Bank Limited	-	23	23
Payable against conversion and redemption of units	-	45,466	45,466
Payable against purchase of investments	-	3,468	3,468
Dividend payable	-	4,917	4,917
Accrued expenses and other liabilities	-	11,354	11,354
	-	80,677	80,677

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

----- Rupees in '000 -----

Financial assets

Balances with banks	440,313	-	440,313
Investments	-	6,555,048	6,555,048
Receivable against conversion of units	6,503	-	6,503
Dividend receivable	19,091	-	19,091
Advances, deposits and other receivables	8,445	-	8,445
	474,352	6,555,048	7,029,400

2018		
At amortised cost	At fair value through profit or loss	Total

----- Rupees in '000 -----

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	-	33,696	33,696
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	747	747
Payable to Meezan Bank Limited	-	199	199
Payable against conversion and redemption of units	-	19,411	19,411
Dividend payable	-	4,917	4,917
Accrued expenses and other liabilities	-	7,690	7,690
	-	66,660	66,660

2018		
At fair value through profit or loss	At amortised cost	Total

----- Rupees in '000 -----

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unitholders and seeks to minimise potential adverse effects on the Fund's financial performance. Risks of the Fund are being managed by the Fund manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks, (including price risk and interest rate risk) credit risk and liquidity risk. Further, overall exposure of the Fund complies with the NBFC Regulations, and the directives issued by Securities and Exchange Commission of Pakistan (SECP). Risks managed and measured by the Fund are explained below:

19.1 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: profit risk, currency risk and price risk.

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(i) Profit rate risk

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 2.636 million (2018: Rs. 4.272 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

2019						
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	3.32% - 12.50%	263,605	-	-	7,557	271,162
Investments		-	-	-	4,614,607	4,614,607
Receivable against sale of investments		-	-	-	20,993	20,993
Receivable against conversion of units		-	-	-	13,534	13,534
Dividend receivable		-	-	-	25,200	25,200
Advances, deposits and other receivables		-	-	-	8,416	8,416
		263,605	-	-	4,690,307	4,953,912
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	14,897	14,897
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	552	552
Payable to Meezan Bank Limited		-	-	-	23	23
Payable against conversion and redemption of units		-	-	-	45,466	45,466
Payable against purchase of investments		-	-	-	3,468	3,468
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	11,354	11,354
		-	-	-	80,677	80,677
On-balance sheet gap (a)		263,605	-	-	4,609,630	4,873,235
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		263,605	-	-		
Cumulative profit rate sensitivity gap		263,605	263,605	263,605		

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2018						
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	2.00% - 6.60%	427,181	-	-	13,132	440,313
Investments		-	-	-	6,555,048	6,555,048
Receivable against conversion of units		-	-	-	6,503	6,503
Dividend receivable		-	-	-	19,091	19,091
Advances, deposits and other receivables		-	-	-	8,445	8,445
		427,181	-	-	6,602,219	7,029,400
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	33,696	33,696
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	747	747
Payable to Meezan Bank Limited		-	-	-	199	199
Payable against conversion and redemption of units		-	-	-	19,411	19,411
Dividend payable		-	-	-	4,917	4,917
Accrued expenses and other liabilities		-	-	-	7,690	7,690
		-	-	-	66,660	66,660
On-balance sheet gap (a)		427,181	-	-	6,535,559	6,962,740
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		427,181	-	-		
Cumulative profit rate sensitivity gap		427,181	427,181	427,181		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, the total income of the Fund and "other comprehensive income" with all other variables held constant, would increase / decrease by Rs 46.146 million and Rs nil million (2018: Rs 57.408 million and Rs 8.143 million) respectively and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale and financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

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19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	271,162	-	-	-	-	-	271,162
Investments	-	-	-	-	-	4,614,607	4,614,607
Receivable against sale of investments	20,993	-	-	-	-	-	20,993
Receivable against conversion of units	13,534	-	-	-	-	-	13,534
Dividend receivable	25,200	-	-	-	-	-	25,200
Advances, deposits and other receivables	5,678	-	-	-	-	2,738	8,416
	336,567	-	-	-	-	4,617,345	4,953,912

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	14,897	-	-	-	-	-	14,897
Payable to Central Depository Company of Pakistan Limited - Trustee	552	-	-	-	-	-	552
Payable to Meezan Bank Limited	23	-	-	-	-	-	23
Payable against conversion and redemption of units	45,466	-	-	-	-	-	45,466
Payable against purchase of investments	3,468	-	-	-	-	-	3,468
Dividend payable	4,917	-	-	-	-	-	4,917
Accrued expenses and other liabilities	4,775	6,579	-	-	-	-	11,354
	74,098	6,579	-	-	-	-	80,677

Net assets / (liabilities)

AM

	262,469	(6,579)	-	-	-	4,617,345	4,873,235
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----- 2018 -----						
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	440,313	-	-	-	-	440,313
Investments	-	-	-	-	6,555,048	6,555,048
Receivable against conversion of units	6,503	-	-	-	-	6,503
Dividend receivable	19,091	-	-	-	-	19,091
Advances, deposits and other receivables	5,207	-	-	-	3,238	8,445
	471,114	-	-	-	6,558,286	7,029,400

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	33,696	-	-	-	-	33,696
Payable to Central Depository Company of Pakistan Limited - Trustee	747	-	-	-	-	747
Payable to Meezan Bank Limited	199	-	-	-	-	199
Payable against conversion and redemption of units	19,411	-	-	-	-	19,411
Dividend payable	4,917	-	-	-	-	4,917
Accrued expenses and other liabilities	1,694	5,996	-	-	-	7,690
	60,664	5,996	-	-	-	66,660
Net assets / (liabilities)	410,450	(5,996)	-	-	6,558,286	6,962,740

19.3 Credit risk

19.3.1 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:

	2019		2018	
	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) -----

Bank balances	271,162	271,162	440,313	440,313
Investment	4,614,607	-	6,555,048	-
Receivable against issue of units	13,534	13,534	6,503	6,503
Dividend receivable	25,200	25,200	19,091	19,091
Advances, deposits, and other receivables	8,444	8,444	8,445	8,445
	4,932,947	318,340	7,029,400	474,352

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs 4,614.607 million (2018: Rs 6,555.048 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent control established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

11/15

19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.03%	66.69%
AA+	41.01%	32.95%
AA	0.10%	-
AA-	0.00%	0.06%
A+	58.73%	0.30%
A	0.13%	-
	100%	100%

19.3.3 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.

20 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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
Financial assets	'(Rupees in '000)		
At fair value through profit or loss	4,614,607	-	-
Available-for-sale	-	-	-
	4,614,607	-	-

	2018		
	Level 1	Level 2	Level 3
Financial assets	'(Rupees in '000)		
At fair value through profit or loss	5,740,781	-	-
Available-for-sale	814,267	-	-
	6,555,048	-	-


21 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 has no restriction 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 19, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	4,329	1,410,777	29.59	4,091	2,567,694	37.41
Associated Companies / Directors	8	1,876,037	39.35	7	2,190,033	31.91
Insurance Companies	1	118,104	2.48	1	156,173	2.28
Banks and DFIs	3	380,456	7.98	2	402,387	5.86
Retirement Funds	24	894,304	18.76	30	1,300,944	18.95
Public Limited Companies	1	148	-	1	195	-
Others	36	87,980	1.84	39	246,584	3.59
	4,402	4,767,806	100%	4,171	6,864,010	100%

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	8%	JS Global Capital Limited	9%
Taurus Securities Limited	8%	Optimus Capital Management (Pvt) Limited	8%
Foundation Securities (Private) Limited	7%	Arif Habib Securities Limited	8%
Invest and Finance Securities Limited	6%	Foundation Securities (Private) Limited	7%
AKD Securities Limited	6%	Taurus Securities Limited	7%
BMA Capital Management Limited	6%	Fortune Securities Limited	6%
Alfalah Securities (Private) Limited	6%	Alfalah Securities (Private) Limited	6%
Arif Habib Securities Limited	5%	Standard Capital Securities (Private) Limited	6%
Summit Capital Market	5%	BMA Capital Management Limited	5%
Intermarket Securities Limited	5%	Aba Ali Habib Securities (Private) Limited	4%

24 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

- 24.1 The Fund manager of the Fund is Mr. Ahmed Hassan. Other Funds being managed by the Fund Manager are as follows:

- Meezan Energy Fund; and
- Meezan Tahaffuz Pension Fund

25 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

*Mr. Atif Azim resigned on May 07, 2019.

26 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.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 19, 2019.

28 GENERAL

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

DM 10

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



KSE-Meezan Index Fund

KSE-MEEZAN INDEX FUND (KMIF)

KSE Meezan Index Fund(KMIF) is a Shariah compliant Index Fund that aims to provide investors an opportunity to closely track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages.

REDEFINING INVESTMENT IN THE CITY OF LIGHTS

KMC BUILDING
(KARACHI)



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 Shaukat Khan (Kamila)	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

Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited
National Bank of Pakistan - 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 KSE Meezan Index Fund (KMIF)

Type of Fund

Open end index tracker fund

Objective

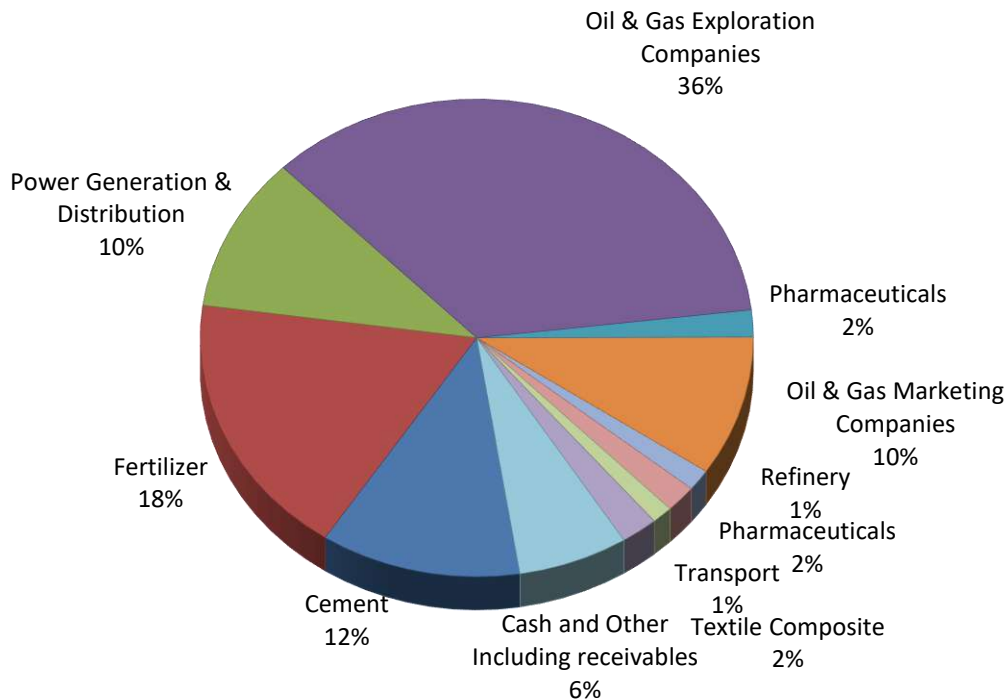
The objective of KMIF is to provide investors an opportunity to track the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the Index in proportion to their weightages.

Strategy, Investment Policy and Asset Allocation

The performance of KMIF is linked directly to the performance of KSE-Meezan Index 30 (KMI 30). The Fund Manager, Al Meezan Investment Management Limited, manages the fund with an aim to closely track the returns of the index. The Fund Manager strives to completely match the weightages of the constituent stocks of the index. Hence, this is a passively managed fund.

As on June 30, 2019, the asset allocation of the fund is as given below:

Sector Allocation as on 30th June 2019

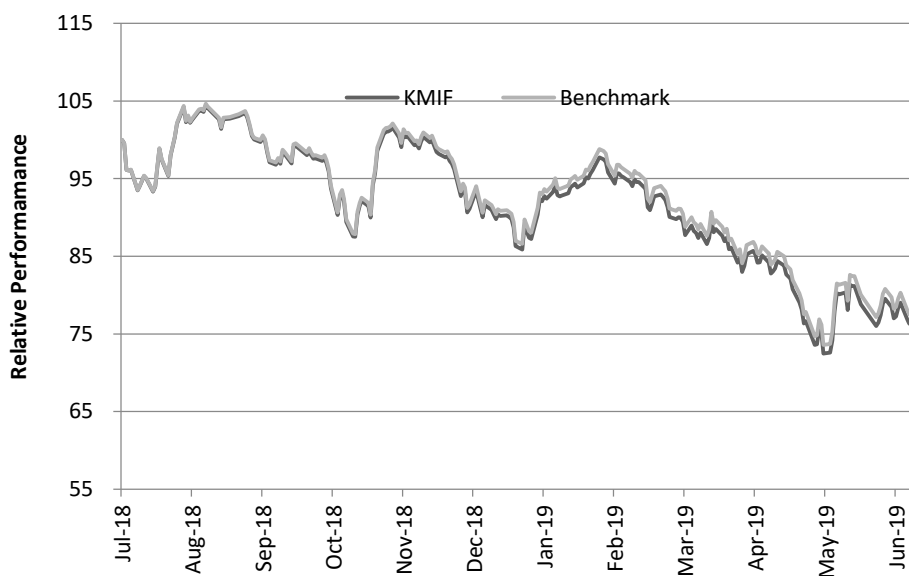


Performance Review

During FY19, KSE Meezan Index Fund (KMIF) provided a return of negative 25.06% to its investors while KSE Meezan Index (KMI 30) returned negative 23.84% to close at 54,119 pts. On a gross basis, the fund's return was -23.26%, thus tracking 97.56% of the benchmark return with tracking error remaining within the stipulated limits.

	KMIF	KMI-30
Net Asset Value (NAV) as on June 30, 2018	70.66	71,060
Net Asset Value (NAV) as on June 30, 2019	52.95	54,119
Return During the Period	-25.06%	-23.84%

KMIF posted a total loss of Rs. 450 million in the fiscal year 2019 as compared to a total loss of Rs. 187 million last year. Total loss comprised of realized and unrealized capital losses on investments of Rs. 90 million and Rs. 447 million respectively, while the net inflow in the Fund during the year was 310 million. Dividend income contributed Rs. 84 million to income, while profit on saving accounts with banks amounted to Rs. 0.55 million. After accounting for expenses of Rs. 30 million, the Fund posted a net loss of Rs. 480 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,517 million as compared to Rs. 1,687 million at the end of last year depicting a decline of 10%. The net asset value per unit as at June 30, 2019 was Rs. 52.95 as compared to Rs. 70.66 per unit as on June 30, 2018.



Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 1.843 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	2	2	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	920
10,000 - 49,999	87
50,000 - 99,999	10
100,000 - 499,999	10
500,000 and above	8
Total	1,035



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor –KSE Meezan Index Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Seventh year of operations of KSE Meezan Index Fund (KMIF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of KMIF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of KMIF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	

Page 1 of 2



Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
The Hub Power Company***	Power Generation and Distribution	31.38%	0.00%	0.43%	41%	(29.25)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Sui Northern Gas Pipelines Ltd.	Oil & Gas Marketing Companies	15.27%	0.00%	1.51%	50%	(360.99)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.

- ii. On the basis of information provided by the management, all operations of KMIF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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
Shari'ah Advisor

Head Office

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Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

KSE MEEZAN INDEX 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 KSE Meezan Index 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

**To the Unit holders of KSE Meezan Index Fund
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of KSE Meezan Index Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,522.876 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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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 Requirement

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 18, 2019

KSE MEEZAN INDEX FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019



KSE-Meezan
Index Fund

	Note	2019	2018
		-----Rupees in '000'-----	
Assets			
Balances with banks	5	8,935	19,141
Investments	6	1,522,876	1,686,929
Receivable against conversion of units		40,106	654
Dividend receivable		9,994	62
Deposits and other receivables	7	2,756	2,781
Total assets		1,584,667	1,709,567
Liabilities			
Remuneration of AI Meezan Investment Management Limited - - Management Company	8	1,507	1,803
Payable to Central Depository Company of Pakistan Limited - Trustee	9	229	253
Payable to Securities and Exchange Commission of Pakistan	10	1,564	1,647
Payable to Meezan Bank Limited		14	43
Payable against conversion and redemption of units		274	69
Payable against purchase of investments		44,670	266
Accrued expenses and other liabilities	11	19,271	18,006
Total liabilities		67,529	22,087
NET ASSETS		1,517,138	1,687,480
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,517,138	1,687,480
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		28,653,899	23,882,324
		(Rupees)	
NET ASSET VALUE PER UNIT		52.9470	70.6581

The annexed notes from 1 to 28 form an integral part of these financial statements.

For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**KSE MEEZAN INDEX FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 -----Rupees in '000'-----	2018
Income			
Dividend income		83,572	91,836
Profit on saving accounts with banks		555	305
Net realised loss on sale of investments		(89,688)	(96,851)
Other income		2,084	1,176
		(3,477)	(3,534)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(446,872)	(183,503)
Total loss		(450,349)	(187,037)
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	16,463	17,339
Sindh Sales Tax on remuneration of the Management Company	8.2	2,140	2,254
Allocated expenses	8.3	1,646	1,734
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,645	2,731
Sindh Sales Tax on remuneration of the Trustee	9.2	344	355
Annual fees to Securities and Exchange Commission of Pakistan	10	1,564	1,647
Brokerage expense		1,642	1,673
Auditors' remuneration	13	385	359
Fee and subscription		561	568
Printing expense		40	36
Legal and professional charges		-	49
Charity expense	11.2	1,726	1,678
Bank and settlement charges		632	38
Total expenses		29,788	30,461
Net loss for the year before taxation		(480,137)	(217,498)
Taxation	16	-	-
Net loss for the year after taxation		(480,137)	(217,498)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution		-	-
- Relating to capital gains		-	-
- Excluding capital gains		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**KSE MEEZAN INDEX FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



**KSE-Meezan
Index Fund**

	2019	2018
	-----Rupees in '000'-----	
Net loss for the year after taxation	(480,137)	(217,498)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(480,137)</u>	<u>(217,498)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**KSE MEEZAN INDEX FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019			2018		
	Capital Value	Undistributed income / (accumulated losses)	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,469,611	217,869	1,687,480	1,473,507	435,367	1,908,874
Issuance of 15,900,473 units (2018: 15,357,871 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,123,497	-	1,123,497	1,221,872	-	1,221,872
- Element of loss	(113,994)	-	(113,994)	(52,313)	-	(52,313)
Total proceeds on issuance of units	1,009,503	-	1,009,503	1,169,559	-	1,169,559
Redemption of 11,128,898 units (2018: 15,468,331 units)						
- Capital value (at net asset value per unit at the beginning of the year)	786,347	-	786,347	1,230,660	-	1,230,660
- Element of income	(86,639)	-	(86,639)	(57,205)	-	(57,205)
Total payments on redemption of units	699,708	-	699,708	1,173,455	-	1,173,455
Total comprehensive loss for the year	-	(480,137)	(480,137)	-	(217,498)	(217,498)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(480,137)	(480,137)	-	(217,498)	(217,498)
Net assets at the end of the year	1,779,406	(262,268)	1,517,138	1,469,611	217,869	1,687,480
Undistributed income brought forward						
- Realised income		401,372			485,214	
- Unrealised loss		(183,503)			(49,847)	
		<u>217,869</u>			<u>435,367</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(480,137)			(217,498)	
Distribution during the year		-			-	
(Accumulated losses) / undistributed income carried forward		<u>(262,268)</u>			<u>217,869</u>	
(Accumulated losses) / undistributed income carried forward						
- Realised income		184,604			401,372	
- Unrealised loss		(446,872)			(183,503)	
		<u>(262,268)</u>			<u>217,869</u>	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year		<u>70.6581</u>				<u>79.5600</u>
Net assets value per unit at the end of the year		<u>52.9470</u>				<u>70.6581</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**KSE MEEZAN INDEX FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



**KSE-Meezan
Index Fund**

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(480,137)	(217,498)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		446,872	183,503
		(33,265)	(33,995)
Decrease / (increase) in assets			
Investments - net		(282,819)	45,649
Receivable against investments		-	155,028
Dividend receivable		(9,932)	6,882
Deposits and other receivables		25	74
		(292,726)	207,633
(Decrease) / Increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		(296)	(373)
Payable to Central Depository Company of Pakistan Limited - Trustee		(24)	(33)
Payable to Securities and Exchange Commission of Pakistan		(83)	555
Payable to Meezan Bank Limited		(29)	(4)
Payable against investments		44,404	266
Accrued expenses and other liabilities		1,265	(13,706)
		45,237	(13,295)
Net cash (used in) / generated from operating activities		(280,754)	160,343
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		970,051	1,169,750
Payment against redemption and conversion of units		(699,503)	(1,175,111)
Dividend paid		-	(146,426)
Net cash generated from / (used in) financing activities		270,548	(151,787)
Net decrease in cash and cash equivalents during the year		(10,206)	8,556
Cash and cash equivalents at the beginning of the year		19,141	10,585
Cash and cash equivalents at the end of the year	5	8,935	19,141

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** KSE Meezan Index Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on March 13, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations, 2008). The Management Company has been licensed by Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, (the NBFC Rules) through a certificate of registration issued by SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund is a Shariah Compliant Index Fund that aims to provide investors an opportunity to track closely the performance of the KSE-Meezan Index 30 (KMI 30) by investing in companies of the index in proportion to their weightages. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The Management Company has appointed Meezan Bank Limited (MBL) as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end fund listed on Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and be redeemed by surrendering them to the Fund. The Fund is categorized as a Shariah Compliant Index Fund.
- 1.4** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.5** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part 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.

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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).

3.5 Accounting convention

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

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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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair Value through Other Comprehensive Income (FVOCI). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under Fair Value through Profit or Loss is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 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.

4.3.4 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.

4.3.5 Derecognition

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.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

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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 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 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.

4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Profit on saving accounts with bank is recognised on a time proportion basis using the effective yield method.

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4.12 Expenses

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

4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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 profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit 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.

5	BALANCES WITH BANKS	Note	2019	2018
			(Rupees in '000)	
	Balances with banks in:			
	Savings accounts	5.1	7,559	18,559
	Current account		1,376	582
			<u>8,935</u>	<u>19,141</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.32% to 12.30% per annum (2018: 2.00% to 2.4% per annum).

6	INVESTMENTS	Note	2019	2018
			(Rupees in '000)	
	At fair value through profit or loss			
	Quoted equity securities	6.1	<u>1,522,876</u>	<u>1,686,929</u>

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6.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each except K-Electric Limited whose shares have a face value of Rs 3.5 each.

Name of the Investee Company	As at July 01, 2018	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to				
									Net Assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments		
					Number of shares held			Rupees in '000'			Percentage		
Sectors / companies													
Automobile Assembler													
Millat Tractors Limited	39,920	8,920	-	48,840	-	-	-	-	-	-	-		
Pak Suzuki Motor Company Limited	41,000	11,800	-	52,800	-	-	-	-	-	-	-		
Cable And Electrical Goods													
Pak Elektron Limited	448,803	296,500	-	180,000	565,303	17,737	11,317	(6,420)	0.75	0.11	0.74		
Cement													
D.G. Khan Cement Company Limited	400,000	208,400	-	109,900	498,500	51,945	28,185	(23,760)	1.86	0.01	1.85		
Fauji Cement Company Limited	1,370,875	784,500	-	420,000	1,735,375	38,115	27,297	(10,818)	1.80	0.13	1.79		
Lucky Cement Limited	237,130	130,650	-	75,100	292,680	142,293	111,356	(30,937)	7.34	0.09	7.31		
Maple Leaf Cement Limited	491,955	242,700	-	130,500	604,155	28,419	14,433	(13,986)	0.95	0.09	0.95		
Chemical													
Engro Polymer & Chemicals Limited *	420,000	954,771	-	347,500	1,027,271	34,768	27,695	(7,073)	1.83	0.11	1.82		
Lotte Chemical Pakistan Limited	-	976,000	-	118,500	857,500	14,699	13,077	(1,622)	0.86	0.06	0.86		
Engineering													
International Industries Limited	97,100	52,600	-	27,200	122,500	24,553	9,441	(15,112)	0.62	0.10	0.62		
International Steels Limited	314,000	164,300	-	84,900	393,400	35,363	15,622	(19,741)	1.03	0.09	1.03		
Mughal Iron & Steel Industries Limited	113,000	52,000	-	165,000	-	-	-	-	-	-	-		
Investment Banks / Investment Companies / Securities Companies													
Dawood Hercules Corporation Limited	607,875	136,200	-	744,075	-	-	-	-	-	-	-		
Fertilizers													
Engro Corporation Limited	530,819	277,500	63,581	155,000	716,900	204,807	190,409	(14,398)	12.55	0.12	12.50		
Engro Fertilizer Limited	1,106,636	559,500	-	309,000	1,357,136	100,664	86,816	(13,848)	5.72	0.10	5.70		
Food And Personal Care Products													
FrieslandCampina Engro Pakistan Limited (formerly Engro Foods Limited)	140,500	123,000	-	89,000	174,500	14,465	10,179	(4,286)	0.67	0.02	0.67		
Oil And Gas Exploration Companies													
Mari Petroleum Company Limited	39,731	26,160	4,079	14,940	55,030	72,635	55,544	(17,091)	3.66	0.05	3.65		
Oil & Gas Development Company Limited	1,188,218	608,300	-	336,900	1,459,618	221,257	191,925	(29,332)	12.65	0.03	12.60		
Pakistan Oilfields Limited	197,867	188,700	40,113	132,550	294,130	150,260	119,385	(30,875)	7.87	0.10	7.84		
Pakistan Petroleum Limited	885,526	607,900	133,353	372,500	1,254,279	225,254	181,156	(44,098)	11.94	0.06	11.90		
Oil And Gas Marketing Companies													
Hascol Petroleum Limited	93,453	81,200	37,877	53,200	159,330	29,438	10,933	(18,505)	0.72	0.08	0.72		
Pakistan State Oil Company Limited	-	453,900	-	55,200	398,700	91,050	67,631	(23,419)	4.46	0.10	4.44		
Shell Pakistan Limited	-	58,700	-	9,800	48,900	13,567	8,922	(4,645)	0.59	0.05	0.59		
Sui Northern Gas Pipelines Limited	513,833	303,500	-	171,500	645,833	59,020	44,879	(14,141)	2.96	0.10	2.95		
Sui Southern Gas Company Limited	567,231	299,000	-	171,000	695,231	20,297	14,377	(5,920)	0.95	0.08	0.94		
Paper & Board													
Packages Limited	56,462	30,850	-	26,500	60,812	26,732	18,278	(8,454)	1.20	0.07	1.20		
Pharmaceuticals													
The Searle Company Limited	135,995	87,000	20,864	52,100	191,759	51,395	28,104	(23,291)	1.85	0.09	1.85		
Power Generation & Distribution													
K-Electric Limited (face value of Rs. 3.5)	5,001,540	2,242,500	-	993,000	6,251,040	34,632	27,442	(7,190)	1.81	0.02	1.80		
Kot Addu Power Company Limited	262,000	-	-	262,000	-	-	-	-	-	-	-		
The Hub Power Company Limited *	1,256,732	866,165	-	419,000	1,703,897	146,928	134,182	(12,746)	8.84	0.15	8.81		

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Name of the Investee Company	As at July 01, 2018	Acquired during the year	Bonus / Right shares during the year	Sold during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to			
									Net Assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments	
----- Number of shares held -----						----- Rupees in '000' -----			----- Percentage -----			
Refinery												
Attock Refinery Limited	62,733	70,600	15,658	50,900	98,091	14,981	7,580	(7,401)	0.50	0.09	0.50	
Byco Petroleum Pakistan Limited	-	1,386,500	-	175,500	1,211,000	10,674	7,763	(2,911)	0.51	0.02	0.51	
National Refinery Limited	46,348	31,900	-	19,200	59,048	20,503	6,700	(13,803)	0.44	0.07	0.44	
Pakistan Refinery Limited	165,000	54,000	-	219,000	-	-	-	-	-	-	-	
Textile Composite												
Nishat Mills Limited	285,700	160,500	-	87,900	358,300	48,983	33,444	(15,539)	2.20	0.10	2.20	
Transport												
Pakistan International Bulk Terminal Limited	-	2,529,000	-	301,000	2,228,000	24,314	18,804	(5,510)	1.24	0.12	1.22	
Right Certificates												
Chemical												
Engro Polymer & Chemicals Limited *	154,290	-	-	154,290	-	-	-	-	-	-	-	
Power Generation & Distribution												
The Hub Power Company Limited *			186,187	186,187	-	-	-	-	-	-	-	
Total as at June 30, 2019						1,969,748	1,522,876	(446,872)	100		100	
Total as at June 30, 2018						1,870,432	1,686,929	(183,503)	-			

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited and The Hub Power Company Limited above.

6.1.1 Investments include 682,000 shares (June 30, 2018: 682,000 shares) of Pakistan Petroleum Limited having market value of Rs 98.50 million as at June 30, 2019 (June 30, 2018: Rs 146.56 million), which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.

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

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

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As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.883 million (2018: Rs. 1.58 million).

6.2 Unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	Note	2019 (Rupees in '000)	2018
Market value of investments	6.1	1,522,876	1,686,929
Carrying value of investments	6.1	1,969,748	1,870,432
		<u>(446,872)</u>	<u>(183,503)</u>
7 DEPOSITS AND OTHER RECEIVABLES			
Profit receivable on saving account		153	178
Security deposit with Central Depository Company of Pakistan Limited		103	103
Security deposit with the National Clearing Company of Pakistan Limited		2,500	2,500
		<u>2,756</u>	<u>2,781</u>
8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
Management fee payable	8.1	1,224	1,422
Sindh Sales Tax payable on remuneration of the Management Company	8.2	159	185
Allocated expenses payable	8.3	122	142
Sales load payable		1	48
Sindh Sales Tax payable on sales load		1	6
		<u>1,507</u>	<u>1,803</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 1.5% of the average annual net assets in case of Index Schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.
- 8.2** During the year, an amount of Rs. 2.140 million (2018: Rs 2.254 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. 2.166 million (2018: Rs. 2.292 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019 (Rupees in '000)	2018
Trustee fee payable	9.1	183	204
Sindh Sales Tax payable on trustee fee	9.2	46	49
		<u>229</u>	<u>253</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 1,000 million Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
- from Rs 1,000 million and above Rs 2.0 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

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- 9.2 During the year, an amount of Rs 0.344 million (2018: Rs. 0.355 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. 0.347 million (2018: Rs. 0.359 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 classified as a Index Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

11 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 (Rupees in '000)	2018
Auditors' remuneration payable		225	325
Printing charges payable		115	77
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.1	5,741	5,404
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		497	429
Brokerage payable		1,071	769
Shariah advisor fee payable		264	269
Charity payable	11.2	1,843	1,117
Withholding tax payable		245	323
Provision for Sindh Workers' Welfare Fund	11.3	9,270	9,270
Zakat payable		-	23
		<u>19,271</u>	<u>18,006</u>

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

With effect from July 1, 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 6.238 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 0.22 (June 30, 2018: Re 0.24) per unit.

During the year, FED amounting to Rs. 0.405 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

- 11.2 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2019, non-shariah compliant income amounting to Rs 1.73 million (2018: Rs. 1.68 million) was charged as an expense in the books of the Fund. As per the requirement of Clause 3.3.2 of Offering document, following is the list of charitable / welfare organizations to whom charity payments were made in excess of Rs. 200,000 during the year ended June 30, 2019:

- Sharmeen Khan Memorial Foundation; and
- National Institute of Blood Diseases.

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- 11.3** 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.32 per unit (2018: Re 0.39 per unit).

12 CONTINGENCIES AND COMMITMENTS

- 12.1** There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION

	2019	2018
	(Rupees in '000)	
Annual audit fee	228	202
Half yearly review of condensed interim financial statements	101	101
Fee for other certifications	40	40
Out of pocket expenses	16	16
	385	359

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.81% which includes 0.26% representing government levies on the Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Index scheme.

15 PERFORMANCE TABLE

	2019	2018	2017	2016	2015
Net assets (Rs in '000) (ex-distribution)	1,517,138	1,687,480	1,908,874	881,629	1,159,323
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	52.9470	70.6581	79.56	78.91	71.7
Offer price per unit as at June 30 (Rs.) (ex-distribution)	54.2760	72.4316	81.36	81	73.79
Highest offer price per unit (Rs.)	73.3295	66.4	109.77	85.05	77.64
Lowest offer price per unit (Rs.)	50.8823	83.95	80.6	65.44	61.18
Highest redemption price per unit (Rs.)	75.1701	82.0908	107.34	82.86	75.44
Lowest redemption price per unit (Rs.)	52.1594	64.767	78.82	63.75	59.45
Distribution (%)	N/A	N/A	24	4.7	3.7
Date of distribution	N/A	N/A	June 23, 2017	June 24, 2016	July 3, 2015
Growth distribution (Rupees in '000)	N/A	N/A	270,893	24,604	N/A
Total return (%)	(25)	(11)	16	13	17
Average annual return (%) as at June 30, 2019	One Year (25)	Two Year (18)	Three Year (8)	Four Year (3)	Five Year 1

Investment portfolio composition of the Fund as described in Note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 19.

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16 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, 2008, 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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 per Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2 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.
- 17.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5 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:

	2019	2018
	(Rupees in '000)	
Balances		
Al Meezan Investment Management Limited (Management Company)		
Remuneration Payable	1,224	1,422
Sindh Sales Tax on management fee	159	185
Sales load payable	1	48
Sindh Sales Tax on sales load	1	6
Allocated expenses payable	122	142
Outstanding 7,651,969 units (2018: 4,241,874 units) - at net asset value	405,149	299,723
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	183	204
Sindh Sales Tax on Trustee fee payable	46	49
Security Deposit	103	103
Meezan Bank Limited		
Bank balance	3,425	1,744
Profit receivable on saving accounts	62	25
Sales load payable	14	43
Sindh Sales Tax on sales load payable	2	6
Outstanding 2,113,224 units (2018: 2,113,224 units) - at net asset value	111,889	149,316
Directors and their close family members and key management		
Outstanding 18,925 units (2018: 19,890 units) - at net asset value	1,002	1,405
Unitholders holding 10% or more units of the Fund		
Investment as at June 30, 2019: 9,725,888 units (June 30, 2018: 9,725,888 units)	514,957	687,213

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2019 2018
(Rupees in '000)
AI Meezan Investment Management Limited (GF)

Investment as at June 30, 2019: 133,559 units (2018: nil units)

7,072 -
Meezan Strategic Allocation Fund MSAP-I

Investment as at June 30, 2019: 201,580 units (2018: nil units)

10,673 -
Meezan Strategic Allocation Fund MSAP-II

Investment as at June 30, 2019: 137,526 units (2018: nil units)

7,282 -
Meezan Strategic Allocation Fund MSAP-III

Investment as at June 30, 2019: 167,669 units (2018: nil units)

8,879 -
Meezan Strategic Allocation Fund MSAP-IV

Investment as at June 30, 2019: 190,276 units (2018: nil units)

10,075 -
Meezan Strategic Allocation Fund MSAP-V

Investment as at June 30, 2019: 56,518 units (2018: nil units)

2,992 -
For the year ended June 30,
2019 2018
(Rupees in '000)
Transactions during the year
AI Meezan Investment Management Limited (Management Company)

Remuneration charged

16,463 17,339

Sindh Sales Tax on remuneration of the Management Company

2,140 2,254

Allocated expenses

1,646 1,734

Issue of 4,655,875 units (2018: 309,662 units)

291,388 22,500

Redemption of 1,245,780 units (2018: nil units)

76,200 -
Central Depository Company of Pakistan Limited (CDC) - Trustee

Remuneration of the Trustee

2,645 2,731

Sindh Sales Tax on remuneration of the Trustee

344 355

CDS charges

84 90
Meezan Bank Limited

Profit on saving account

214 67
Meezan Financial Planning Fund of Funds - MAAP I

Issue of nil units (2018: 911,030 units)

- 64,736

Redemption of nil units (2018: 1,259,360 units)

- 91,118
Directors and their close family members and key management
personnel of the Management Company

Issue of 749,321 units (2018: 4,933 units)

50,056 365

Redemption of 750,286 units (2018: 369,419 units)

38,776 26,367
Meezan Strategic Allocation Fund MSAP-I

Issue of 201,580 units (2018: nil units)

10,700 -
Meezan Strategic Allocation Fund MSAP-II

Issue of 137,526 units (2018: nil units)

7,300 -
Meezan Strategic Allocation Fund MSAP-III

Issue of 167,669 units (2018: nil units)

8,900 -
Meezan Strategic Allocation Fund MSAP-IV

Issue of 190,276 units (2018: nil units)

10,100 -
Meezan Strategic Allocation Fund MSAP-V

Issue of 56,518 units (2018: nil units)

3,000 -

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

AI Meezan

18 FINANCIAL INSTRUMENTS BY CATEGORY

2019			
At amortised cost	At fair value through profit or loss	Total	
Rupees in '000'			
Balances with banks	8,935	-	8,935
Investments	-	1,522,876	1,522,876
Receivable against conversion of units	40,106	-	40,106
Dividend receivable	9,994	-	9,994
Deposits and other receivables	2,756	-	2,756
	<u>61,791</u>	<u>1,522,876</u>	<u>1,584,667</u>

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Dividend receivable

Deposits and other receivables

2019			
At fair value through profit or loss	At amortised cost	Total	
Rupees in '000'			
Payable to Al Meezan Investment Management Limited - Management Company	-	1,507	1,507
Payable to Central Depository Company Limited - Trustee	-	229	229
Payable to Meezan Bank Limited	-	14	14
Payable against conversion and redemption of units	-	274	274
Payable against purchase of investments	-	44,670	44,670
Accrued expenses and other liabilities	-	3,518	3,518
	<u>-</u>	<u>50,212</u>	<u>50,212</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to Central Depository Company Limited - Trustee

Payable to Meezan Bank Limited

Payable against conversion and redemption of units

Payable against purchase of investments

Accrued expenses and other liabilities

2018			
At amortised cost	At fair value through profit or loss	Total	
Rupees in '000'			
Balances with banks	19,141	-	19,141
Investments	-	1,686,929	1,686,929
Receivable against conversion of units	654	-	654
Dividend receivable	62	-	62
Deposits and other receivables	2,781	-	2,781
	<u>22,638</u>	<u>1,686,929</u>	<u>1,709,567</u>

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Dividend receivable

Deposits and other receivables

2018			
At fair value through profit or loss	At amortised cost	Total	
Rupees in '000'			
Payable to Al Meezan Investment Management Limited - Management Company	-	1,803	1,803
Payable to Central Depository Company Limited - Trustee	-	253	253
Payable to Meezan Bank Limited	-	43	43
Payable against conversion and redemption of units	-	69	69
Payable against purchase of investments	-	266	266
Accrued expenses and other liabilities	-	2,580	2,580
	<u>-</u>	<u>5,014</u>	<u>5,014</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to Central Depository Company Limited - Trustee

Payable to Meezan Bank Limited

Payable against conversion and redemption of units

Payable against purchase of investments

Accrued expenses and other liabilities

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

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19.1 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) Yield / profit rate risk

Yield / profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

During the year ended June 30, 2019, the net income would have increased / (decreased) by Rs. 0.08 million (2018: Rs. 0.186 million) had the profit rates on profit and loss saving accounts increased / (decreased) by 100 basis points.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / 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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

2019					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	3.32% - 12.30%	7,559	-	1,376	8,935
Investments		-	-	1,522,876	1,522,876
Receivable against conversion of units		-	-	40,106	40,106
Dividend receivable		-	-	9,994	9,994
Deposits and other receivables		-	-	2,756	2,756
		7,559	-	1,577,108	1,584,667
Financial liabilities					
Payable to AI Meezan Investment Management Limited - Management Company		-	-	1,507	1,507
Payable to Central Depository Company Limited - Trustee		-	-	229	229
Payable to Meezan Bank Limited		-	-	14	14
Payable against conversion and redemption of units		-	-	274	274
Payable against purchase of investments		-	-	44,670	44,670
Accrued expenses and other liabilities		-	-	3,518	3,518
		-	-	50,212	50,212
On-balance sheet gap (a)		7,559	-	1,526,896	1,534,455
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		7,559	-	-	-
Cumulative profit rate sensitivity gap		7,559	7,559	7,559	

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2018					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	2.00% to 2.40%	18,559	-	-	582	19,141
Investments		-	-	-	1,686,929	1,686,929
Receivable against conversion of units		-	-	-	654	654
Dividend receivable		-	-	-	62	62
Deposits and other receivables		-	-	-	2,781	2,781
		18,559	-	-	1,691,008	1,709,567
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	1,803	1,803
Payable to Central Depository Company Limited - Trustee		-	-	-	253	253
Payable to Meezan Bank Limited		-	-	-	43	43
Payable against conversion and redemption of units		-	-	-	69	69
Payable against purchase of investments		-	-	-	266	266
Accrued expenses and other liabilities		-	-	-	2,580	2,580
		-	-	-	5,014	5,014
On-balance sheet gap (a)		18,559	-	-	1,685,994	1,704,553
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		18,559	-	-		
Cumulative profit rate sensitivity gap		18,559	18,559	18,559		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 15.229 million (2018: Rs. 16.869 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

All ✓


19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	8,935	-	-	-	-	8,935
Investments	-	-	-	-	1,522,876	1,522,876
Receivable against conversion of units	40,106	-	-	-	-	40,106
Dividend receivable	9,994	-	-	-	-	9,994
Deposits and other receivables	153	-	-	-	2,603	2,756
	59,188	-	-	-	1,525,479	1,584,667
Financial liabilities						
Payable to AI Meezan Investment Management Limited - Management Company	1,507	-	-	-	-	1,507
Payable to Central Depository Company Limited - Trustee	229	-	-	-	-	229
Payable to Meezan Bank Limited	14	-	-	-	-	14
Payable against conversion and redemption of units	274	-	-	-	-	274
Payable against purchase of investments	44,670	-	-	-	-	44,670
Accrued expenses and other liabilities	3,518	-	-	-	-	3,518
	50,212	-	-	-	-	50,212
Net assets / (liabilities)	8,976	-	-	-	1,525,479	1,534,455

AI Meezan

2018						
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	19,141	-	-	-	-	19,141
Investments	-	-	-	-	1,686,929	1,686,929
Receivable against conversion of units	654	-	-	-	-	654
Dividend receivable	62	-	-	-	-	62
Deposits and other receivables	178	-	-	-	2,603	2,781
	20,035	-	-	-	1,689,532	1,709,567
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	1,803	-	-	-	-	1,803
Payable to Central Depository Company Limited - Trustee	253	-	-	-	-	253
Payable to Meezan Bank Limited	43	-	-	-	-	43
Payable against conversion and redemption of units	69	-	-	-	-	69
Payable against purchase of investments	266	-	-	-	-	266
Accrued expenses and other liabilities	2,580	-	-	-	-	2,580
	5,014	-	-	-	-	5,014
Net assets / (liabilities)	15,021	-	-	-	1,689,532	1,704,553

19.3 Credit risk

19.3.1 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:

	2019		2018	
	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	8,935	8,935	19,141	19,141
Investments	1,522,876	-	1,686,929	-
Receivable against conversion of units	40,106	40,106	654	654
Dividend receivables	9,994	9,994	62	62
Deposits and other receivables	2,756	2,756	2,781	2,781
	1,584,667	61,791	1,709,567	22,638

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued 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:

Nil

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.01	0.05
AA+	99.98	99.87
AA	0.01	-
AA-	-	0.08
	<u>100.00</u>	<u>100.00</u>

20 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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

2019		
Level 1	Level 2	Level 3
Rupees in '000		

Financial assets

At fair value through profit or loss

1,522,876	-	-
<u>1,522,876</u>	<u>-</u>	<u>-</u>

2018		
Level 1	Level 2	Level 3
Rupees in '000		

Financial assets

At fair value through profit or loss

1,686,929	-	-
<u>1,686,929</u>	<u>-</u>	<u>-</u>

21 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 has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 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.

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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 19, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	1,014	262,510	17.30	912	317,520	18.82
Associated Companies /						
Directors	6	445,048	29.34	3	449,039	26.61
Retirement Funds	5	82,671	5.45	11	100,171	5.94
Others	10	726,909	47.91	5	820,750	48.63
	<u>1,035</u>	<u>1,517,138</u>	<u>100.00</u>	<u>931</u>	<u>1,687,480</u>	<u>100.00</u>

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Standard Capital Securities (Private) Limited	8.94	Topline Securities (Private) Limited	8.66
Foundation Securities (Private) Limited	8.28	Optimus Capital Management Limited	6.74
Alfalah Securities (Private) Limited	8.17	Insight Securities (Private) Limited	7.49
Aba Ali Habib Securities (Private) Limited	7.58	Taurus Securities Limited	6.10
Intermarket Securities (Private) Limited	7.20	Aba Ali Habib Securities (Private) Limited	5.56
Fortune Securities (Private) Limited	5.07	Vector Capital (Private) Limited	6.10
Fawad Yousuf Securities (Private) Limited	5.03	Al Habib Capital market (Private) Limited	5.99
Shajar Capital Pakistan (Private) Limited	4.74	BMA Capital Management Limited	5.45
Topline Securities (Private) Limited	4.44	BIPL Securities Limited	5.13
Vector Capital (Private) Limited	4.31	Alfalah Securities (Private) Limited	5.35

24 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	Twenty nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Eight years

Ali Asghar

The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund manager are as follows :

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III ;and
- Meezan Dedicated Equity Fund

25 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019.

26 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.

27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 19, 2019.

28 GENERAL

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

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



Meezan Energy Fund

MEEZAN ENERGY FUND (MEF)

Meezan Energy Fund (MEF) is a Shariah compliant Energy Sector (Equity) Scheme. It is an actively managed fund offering a simple way to take exposure to Shariah compliant energy sector stocks available at Pakistan Stock Exchange (PSX).

◆ Swat Branch

● WHITE PALACE
MARGHAZAR
(SWAT)

MAKING OUR MARK IN THE LAND OF MOUNTAINS



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 Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Energy Fund (MEF)

Type of Fund

Sector specific open end equity fund. The fund was launched on November 29, 2016.

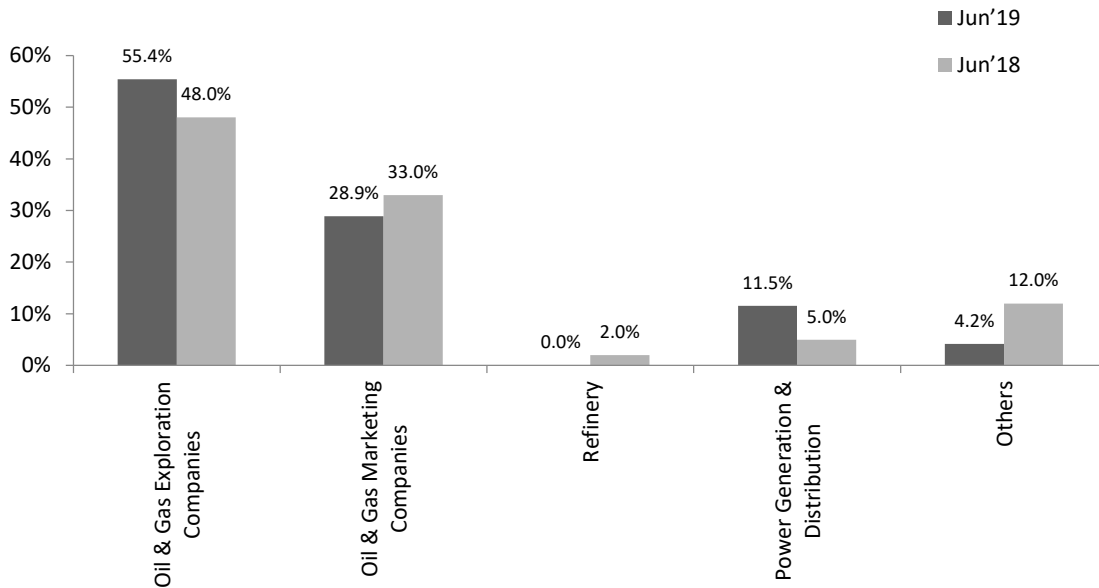
Objective

The objective of MEF is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector/segment/industry as defined in the constitutive documents, and provide maximum total return to the shareholders for the given level of risk, while abiding by the Regulations and any other prevailing rules and regulations.

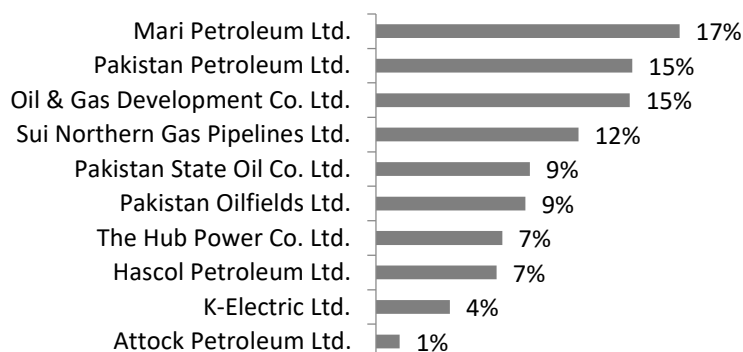
Strategy, Investment Policy and Asset Allocation

The performance of MEF is directly linked to the performance of the energy sector of the equity market. The fund manager, Al Meezan Investment Management Limited, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. To control risk, the exposure in growth stocks is balanced against that of high dividend stocks. Moreover, the fund manager strives to reduce equity exposure in times when the market is trading above valuations while increasing equity exposure near troughs.

Sector Allocation for the year ended FY18 and FY19



Top Holdings



Performance Review

During FY19, Meezan Energy Fund (MEF) provided a return of -32.98% to its investors while the KSE Meezan Index (KMI 30) depreciated by 23.84% to close at 54,119 pts.

The Fund earned a gross loss of Rs. 311 million in fiscal year 2019. Total loss comprised of realized and unrealized capital losses on investments of Rs. 205 million and Rs. 141 million respectively, while the net outflow in the Fund during the year was 693 million. Dividend income contributed Rs. 32 million to income, while profit on saving accounts with banks amounted to Rs. 3 million. After accounting for expenses of Rs. 34 million, the Fund posted a net loss of Rs. 345 million. The net assets of the Fund as at June 30, 2019 were Rs. 599 million as compared to Rs. 1,637 million at the end of last year depicting a decline of 63%. The net asset value per unit as at June 30, 2019 was Rs. 33.36 as compared to Rs. 49.78 per unit as on June 30, 2018. The net outflow during the year was Rs. 691 mn.

	<u>MEF</u>	<u>KMI-30</u>
Net Asset Value (NAV) as on June 30, 2018 –Rs.	49.78	71,060
Net Asset Value (NAV) as on June 30, 2019 –Rs.	33.36	54,119
Return During the Period	-32.98%	-23.84%

Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable / welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 0.73 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	1	1	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	1,181
10,000 - 49,999	224
50,000 - 99,999	30
100,000 - 499,999	7
500,000 and above	3
Total	1,445



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Third year of operations of Meezan Energy Fund (MEF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of MEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MEF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66



Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Sui Northern Gas Company	Oil & Gas Marketing Companies	15.27%	0.00%	1.51%	50%	(360.99)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	
Hascol Petroleum Ltd	Oil and Gas Marketing Companies	22.35%	1.29%	0.13%	62%	(182.72)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.
 ** All interest based debts.

ii. On the basis of information provided by the management, all operations of MEF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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
Shari'ah Advisor

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 ENERGY 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 Energy 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, 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, September 20, 2019

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Energy Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Energy Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 583.85 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 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.

AM



- 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 Requirement

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 18, 2019

**MEEZAN ENERGY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



Meezan
Energy Fund

	Note	2019 (Rupees in '000)	2018
Assets			
Balances with banks	5	20,442	195,027
Investments	6	583,850	1,441,891
Receivable against conversion of units		557	12,736
Dividend receivable		2,127	3,697
Advances, deposits and other receivables	7	1,890	2,073
Preliminary expenses and floatation costs	8	483	683
Total assets		<u>609,349</u>	<u>1,656,107</u>
Liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	9	2,039	8,016
Payable to Central Depository Company of Pakistan Limited - Trustee	10	129	244
Payable to Meezan Bank Limited		1	52
Payable to Securities and Exchange Commission of Pakistan		933	1,432
Payable against redemption and conversion of units		724	3,885
Payable against purchase of investments		3,424	2,314
Accrued expenses and other liabilities	12	3,396	3,591
Total liabilities		<u>10,646</u>	<u>19,534</u>
NET ASSETS		<u>598,703</u>	<u>1,636,573</u>
CONTINGENCIES AND COMMITMENTS			
	13		
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		<u>598,703</u>	<u>1,636,573</u>
(Number of units)			
NUMBER OF UNITS IN ISSUE		<u>17,944,102</u>	<u>32,874,573</u>
(Rupees)			
NET ASSET VALUE PER UNIT		<u>33.3649</u>	<u>49.7823</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN ENERGY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	2019 (Rupees in '000)	2018
Income		
Net realised loss on sale of investments	(205,302)	(76,865)
Dividend income	32,139	69,812
Profit on balances with banks	3,379	3,970
	<u>(169,784)</u>	<u>(3,083)</u>
Net unrealised (diminution) / appreciation on re-measurement of investments - 'at fair value through profit or loss'	6.2 (141,019)	24,737
Total (loss) / income	<u>(310,803)</u>	<u>21,654</u>
Expenses		
Remuneration to AI Meezan Investment Management Limited - Management Company	9.1 19,642	30,138
Sindh Sales Tax on remuneration of the Management Company	9.2 2,553	3,918
Remuneration to Central Depository Company of Pakistan Limited - Trustee	10.1 1,833	2,506
Sindh Sales Tax on Remuneration of the Trustee fee	10.2 238	326
Annual fee to Securities and Exchange Commission of Pakistan	11 933	1,432
Auditors' remuneration	14 287	313
Charity expense	12.1 732	1,513
Fees and subscription	563	564
Legal and professional charges	-	58
Brokerage expense	1,928	1,869
Bank and settlement charges	186	694
Printing charges	24	51
Selling and marketing expense	9.4 3,928	6,028
Amortisation of preliminary expenses and floatation costs	200	200
Allocated expenses	9.3 982	1,507
Total expenses	<u>34,029</u>	<u>51,117</u>
Net loss for the year before taxation	<u>(344,832)</u>	<u>(29,463)</u>
Taxation	17 -	-
Net loss for the year after taxation	<u>(344,832)</u>	<u>(29,463)</u>
Allocation of net income for the year		
Net income for the year after taxation	-	-
Income already paid on units redeemed	-	-
	<u>-</u>	<u>-</u>
Accounting income available for distribution		
- Relating to capital gains	-	-
- Excluding capital gains	-	-
	<u>-</u>	<u>-</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

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For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN ENERGY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Energy Fund

	2019	2018
	(Rupees in '000)	
Net loss for the year after taxation	(344,832)	(29,463)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u><u>(344,832)</u></u>	<u><u>(29,463)</u></u>

The annexed notes 1 to 29 form an integral part of these financial statements.

AM

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ENERGY FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019			2018		
	Capital Value	Accumulated Losses	Total	Capital Value	Undistributed income / (accumulated losses)	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at beginning of the year	1,660,781	(24,208)	1,636,573	1,134,009	5,255	1,139,264
Issue of 27,187,162 units (June 30, 2018: 41,452,434 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,353,439	-	1,353,439	2,082,156	-	2,082,156
- Element of loss	(265,069)	-	(265,069)	(1,483)	-	(1,483)
Total proceeds on issuance of units	1,088,370	-	1,088,370	2,080,673	-	2,080,673
Redemption of 42,117,633 units (June 30, 2018: 31,258,024 units)						
- Capital value (at net asset value per unit at the beginning of the year)	2,096,713	-	2,096,713	1,570,091	-	1,570,091
- Element of loss	(315,305)	-	(315,305)	(16,190)	-	(16,190)
Total payments on redemption of units	1,781,408	-	1,781,408	1,553,901	-	1,553,901
Total comprehensive loss for the year	-	(344,832)	(344,832)	-	(29,463)	(29,463)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(344,832)	(344,832)	-	(29,463)	(29,463)
Net assets at end of the year	967,743	(369,040)	598,703	1,660,781	(24,208)	1,636,573
(Accumulated losses) / undistributed income brought forward						
- Realised (loss) / income		(48,945)			21,241	
- Unrealised income / (loss)		24,737			(15,986)	
		<u>(24,208)</u>			<u>5,255</u>	
Accounting income available for distribution						
- Realised (loss) / income		-			-	
- Unrealised income / (loss)		-			-	
Net loss for the year after taxation		(344,832)			(29,463)	
Distribution during the year		-			-	
Accumulated losses carried forward		<u>(369,040)</u>			<u>(24,208)</u>	
Accumulated losses carried forward						
- Realised loss		(228,021)			(48,945)	
- Unrealised (loss) / income		(141,019)			24,737	
		<u>(369,040)</u>			<u>(24,208)</u>	
Net asset value per unit at the beginning of the year		(Rupees)			(Rupees)	
		49.7823			50.2300	
Net asset value per unit at the end of the year		<u>33.3649</u>			<u>49.7823</u>	

The annexed notes 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ENERGY FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



**Meezan
Energy Fund**

	2019 (Rupees in '000)	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(344,832)	(29,463)
Adjustments for:		
Amortisation of preliminary expenses and floatation costs	200	200
Net unrealised diminution / (appreciation) on re-measurement of investments - 'at fair value through profit or loss'	141,019	(24,737)
	<u>(203,613)</u>	<u>(54,000)</u>
(Increase) / decrease in assets		
Investments	717,022	(357,160)
Dividend receivable	1,570	(505)
Advances, deposits and other receivables	183	(51)
	<u>718,775</u>	<u>(357,716)</u>
Decrease in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(5,977)	3,231
Payable to Central Depository Company of Pakistan Limited - Trustee	(115)	41
Payable to Meezan Bank Limited	(51)	(868)
Payable to Securities and Exchange Commission of Pakistan	(499)	918
Payable against purchase of investments - net	1,110	2,198
Accrued expenses and other liabilities	(195)	(6,973)
	<u>(5,727)</u>	<u>(1,453)</u>
Net cash generated from / (used in) operating activities	<u>509,435</u>	<u>(413,169)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	1,100,549	2,073,263
Dividend paid	-	(4,028)
Payment against redemption and conversion of units	(1,784,569)	(1,552,614)
Net cash (used in) / generated from financing activities	<u>(684,020)</u>	<u>516,621</u>
Net (decrease) / increase in cash and cash equivalents during the year	<u>(174,585)</u>	<u>103,452</u>
Cash and cash equivalents at beginning of the year	195,027	91,575
Cash and cash equivalents at end of the year	<u>20,442</u>	<u>195,027</u>

The annexed notes 1 to 29 form an integral part of these financial statements.

AMIC

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ENERGY FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Energy Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Company as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on September 09, 2016 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shariah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The objective of the Fund is to seek long term capital appreciation through investments in Shariah compliant equity stocks, primarily from the energy sector / segment / industry, as defined in the constitutive documents. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited. The Fund is categorised as an Open End Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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, 2008 (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.

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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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 standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards 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, 2019 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 6.2).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value to profit or loss' are measured at their respective 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 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.

4.3.4 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.

4.3.5 Derecognition

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.



4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

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.

4.9 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.

4.10 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 per unit on the issuance or redemption date, as the case may be, of units and the net assets value 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 net asset value 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.

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4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the commencement of book closure of the investee company / institution declaring the dividend.
- Profit on balances with banks is recognised on a time proportion basis using the effective yield method.

4.12 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.

4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

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.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.16 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / 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.

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4.17 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.

5 BALANCES WITH BANKS

Note	2019	2018
	(Rupees in '000)	
Balances with banks in:		
Savings accounts	19,835	191,184
Current accounts	607	3,843
	<u>20,442</u>	<u>195,027</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.32% to 12.35% per annum (2018: 2% to 6.6% per annum).

6 INVESTMENTS

Note	2019	2018
	(Rupees in '000)	
Investment at 'fair value through profit or loss'		
Listed equity securities	<u>583,850</u>	<u>1,441,891</u>

6.1 Investment at 'fair value through profit or loss'

All shares have a nominal value of Rs. 10 each except for the shares of K-Electric Limited which has nominal value of Rs. 3.50 each.

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus / Right issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage in relation to		
									Net Assets of the Fund	Paid-up capital of investee company (with face value of investment)	Total Market Value of Investment
						Number of shares		(Rupees in '000)		%	
Sectors / companies											
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	80,550	28,220	8,355	11,740	105,385	137,434	106,368	(31,066)	17.77	0.09	18.22
Oil and Gas Development Company Limited	1,509,100	839,000	-	1,671,500	676,600	98,692	88,966	(9,726)	14.86	0.02	15.24
Pakistan Oilfields Limited	223,400	110,500	33,880	238,600	129,180	61,185	52,433	(8,752)	8.76	0.05	8.98
Pakistan Petroleum Limited	1,343,100	450,000	125,265	1,296,600	621,755	111,118	89,802	(21,316)	15.00	0.03	15.38
Oil and Gas Marketing Companies											
Attock Petroleum Limited	10,000	17,000	2,000	-	29,000	10,738	8,367	(2,371)	1	0.03	1.43
Hascoi Petroleum Limited	423,920	700,700	162,932	670,900	616,652	80,678	42,315	(38,363)	7	0.31	7.25
Hi-Tech Lubricants Limited	550,200	-	-	550,200	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	369,700	468,100	61,940	581,500	318,240	63,824	53,983	(9,841)	9	0.08	9.25
Sui Northern Gas Pipelines Limited	1,740,300	997,000	-	1,716,000	1,021,300	84,446	70,970	(13,476)	12	0.16	12.16
Sui Southern Gas Pipelines Limited	1,557,000	300,000	-	1,840,000	17,000	350	352	2	0	-	0.06
Power Generation and Distribution											
Hub Power Company Limited	360,000	917,996	34,848	750,000	562,844	43,815	44,324	509	7	0.05	7.59
K - Electric Limited	7,728,000	3,863,000	-	5,675,000	5,916,000	32,589	25,970	(6,619)	4	0.02	4.45
Refinery											
Attock Refinery Limited	900	70,000	225	71,125	-	-	-	-	-	-	-
National Refinery Limited	72,000	-	-	72,000	-	-	-	-	-	-	-
Total as at June 30, 2019						<u>724,869</u>	<u>583,850</u>	<u>(141,019)</u>	<u>98</u>		<u>100</u>
Total as at June 30, 2018						<u>1,417,154</u>	<u>1,441,891</u>	<u>24,737</u>			

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

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.824 million (2018: 1.289 million).

6.2 Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss	Note	2019 (Rupees in '000)	2018
Market value of investments	6.1	583,850	1,441,891
Carrying value of investments	6.1	724,869	1,417,154
		<u>(141,019)</u>	<u>24,737</u>
7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Profit accrued on balances with banks		359	537
Security deposit with Central Depository Company of Pakistan Limited		100	100
Advance tax	7.1	1,431	1,436
		<u>1,890</u>	<u>2,073</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends and profit on debt amounts to Rs 1.431 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

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8	Note	2019	2018
(Rupees in '000)			
At the beginning of the year		683	883
Less: Amortisation during the year	8.1	200	200
At the end of the year		483	683

8.1 Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation.

9	Note	2019	2018
(Rupees in '000)			
Management fee payable	9.1	1,137	2,670
Sindh Sales Tax payable on remuneration of the Management Company	9.2	148	347
Sales load		13	538
Sindh Sales Tax payable on sales load		2	70
Allocated expense payable	9.3	57	133
Selling and marketing expenses payable	9.4	682	4,258
		2,039	8,016

9.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of an equity scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) per annum of the average net assets of the Fund during the year ended 30 June 2019. The remuneration is payable to the Management Company monthly in arrears.

9.2 During the year, an amount of Rs. 2.553 million (2018: Rs 3.918 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. 2.753 million (2018: Rs.3.825 million) has been paid to the Management Company which acts as a collecting agent.

9.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

9.4 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. Accordingly, such expenses have been charged to the Fund at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

10	Note	2019	2018
(Rupees in '000)			
Trustee fee payable	10.1	114	216
Sindh Sales Tax payable on remuneration of the Trustee	10.2	15	28
		129	244

10.1 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 1,000 million Rs 0.7 million or 0.20% per annum of net assets, whichever is higher.
- Over Rs. 1,000 million Rs 2 million plus 0.10% per annum of net assets exceeding Rs 1,000 million.

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- 10.2 During the year, an amount of Rs 0.238 million (2018: Rs. 0.326 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. 0.252 million (2018: Rs.0.321 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a collective investment scheme classified as a equity scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

	Note	2019 (Rupees in '000)	2018
12 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		195	245
Printing charges payable		38	21
Shariah advisor fee payable		265	267
Charity payable	12.1	924	1,492
Capital gain tax payable		211	25
Provision for Sindh Workers' Welfare Fund	12.2	1,527	1,527
Brokerage payable		231	-
Zakat payable		5	14
		<u>3,396</u>	<u>3,591</u>

- 12.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

During the year ended June 30, 2019, non-Shariah compliant income amounting to Rs 0.732 million (2018: Rs 1.513 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor.

- 12.2 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.09 per unit (2018: Re. 0.05 per unit).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

	2019 (Rupees in '000)	2018
14 AUDITORS' REMUNERATION		
Annual audit fee	210	251
Half yearly review	62	50
Out of pocket expenses	15	12
	<u>287</u>	<u>313</u>

15 PERFORMANCE TABLE

	2019	2018	2017
Net assets (Rs. '000) (ex-distribution)	598,703	1,636,573	1,139,264
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	33.3649	49.7823	50.2300
Offer price per unit as at June 30, (Rs.) (ex-distribution)	34.4960	51.4699	51.9300
Highest offer price per unit (Rs.)	51.5773	56.0800	63.7900
Lowest offer price per unit (Rs.)	33.5857	46.7400	50.0000
Highest redemption price per unit (Rs.)	49.8862	55.3300	61.7000
Lowest redemption price per unit (Rs.)	32.4845	45.2100	49.9600
Distribution (%)			
Interim	-	-	6.50
Final	-	-	-
Date of distribution			
Interim	-	-	June 23, 2017
Final	-	-	-
Income distribution (Rupees in '000)	-	-	-
Growth distribution (Rupees in '000)	-	-	69,559
Total return (%)	(32.98)	(0.89)	6.96
	One Year	Two Year	Three Year
Average annual return as at June 30, 2019 (%)	(32.98)	(18.50)	(10.77)

Investment portfolio composition of the Fund

Investment portfolio composition of the Fund is as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 15.

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.47% which includes 0.41% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, Shariah advisors fee. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Equity Scheme.

17 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, 2008, 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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 as per Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

18.2 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.

Al Meezan

- 18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5 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	2019	2018
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration payable	1,137	2,670
Sindh Sales Tax on management fee payable	148	347
Sales load payable	13	538
Sindh Sales Tax on sales load payable	2	70
Allocated expenses	57	133
Selling and marketing expense payable	682	4,258
Investment of 6,150,459 units (June 30, 2018: 8,090,670 units)	205,209	402,772
Meezan Bank Limited		
Bank balance	1,120	128,649
Profit receivable on saving accounts	162	203
Sales load payable	1	46
Sindh Sales Tax on sales load payable	-	6
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	114	216
Sindh Sales Tax on trustee fee payable	15	28
Security deposit	100	100
Directors and executives of the Management Company		
Investment of 234,114 units (June 30, 2018: 885,563 units)	7,811	44,085
Unitholders holding 10 percent or more of the Fund		
Investment of nil units (June 30, 2018: 3,826,614 units)	-	190,498
Transactions during the year		
	2019	2018
	(Rupees in '000)	
AI Meezan Investment Management Limited - Management Company		
Remuneration for the year	19,642	30,138
Sindh Sales Tax on remuneration of the Management Company	2,553	3,918
Allocated expenses	982	1,507
Selling and marketing expense	3,928	6,028
Units issued: 2,613,203 units (June 30, 2018: 4,955,848 units)	90,233	250,000
Units redeemed: 4,553,414 units (June 30, 2018: 1,090,991 units)	221,000	53,000
Meezan Bank Limited		
Profit on saving accounts	1,210	1,730
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	1,833	2,506
Sindh Sales Tax on Remuneration of the Trustee	238	326
CDS charges	73	90
Directors and executives of the Management Company		
Units issued: 1,710,794 units (June 30, 2018: 920,036 units)	69,365	45,012
Units redeemed: 2,362,243 units (June 30, 2018: 47,738 units)	86,903	2,356

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

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19 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

Balances with banks
Investments
Receivable against conversion of units
Dividend receivable
Advances, deposits and other receivables

2019		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
20,442	-	20,442
-	583,850	583,850
557	-	557
2,127	-	2,127
459	-	459
<u>23,585</u>	<u>583,850</u>	<u>607,435</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against conversion and redemption of units
Payable to Meezan Bank Limited
Payable against purchase of investments
Accrued expenses and other liabilities

2019		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
-	2,039	2,039
-	129	129
-	724	724
-	1	1
-	3,424	3,424
-	1,653	1,653
-	<u>7,970</u>	<u>7,970</u>

Financial assets

Balances with banks
Investments
Receivable against conversion of units
Dividend receivable
Advances, deposits and other receivables

2018		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
195,027	-	195,027
-	1,441,891	1,441,891
12,736	-	12,736
3,697	-	3,697
637	-	637
<u>212,097</u>	<u>1,441,891</u>	<u>1,653,988</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against conversion and redemption of units
Payable to Meezan Bank Limited
Payable against purchase of investments
Accrued expenses and other liabilities

2018		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
-	8,016	8,016
-	244	244
-	3,885	3,885
-	52	52
-	2,314	2,314
-	2,025	2,025
-	<u>16,536</u>	<u>16,536</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies:

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

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

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20.1 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: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 0.198 million (2018: Rs. 0.01 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

	2019					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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 in:	3.32% to 12.35%	19,835	-	-	607	20,442
Investment		-	-	-	583,850	583,850
Receivable against issue of units		-	-	-	557	557
Dividend receivable		-	-	-	2,127	2,127
Advances, deposits and other receivables		-	-	-	459	459
		19,835	-	-	587,600	607,435
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	2,039	2,039
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	129	129
Payable against conversion and redemption of units		-	-	-	724	724
Payable to Meezan Bank Limited		-	-	-	1	1
Payable against purchase of investments		-	-	-	3,424	3,424
Accrued expenses and other liabilities		-	-	-	1,653	1,653
		-	-	-	7,970	7,970
On-balance sheet gap (a)		19,835	-	-	579,630	599,465
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		19,835	-	-	-	-
Cumulative profit rate sensitivity gap		19,835	19,835	19,835	-	-

All 1.5

2018					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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 in:	2% - 6.60%	191,184	-	-	3,843	195,027
Investment		-	-	-	1,441,891	1,441,891
Receivable against issue of units		-	-	-	12,736	12,736
Dividend receivable		-	-	-	3,697	3,697
Advances, deposits and other receivables		-	-	-	637	637
		191,184	-	-	1,462,804	1,653,988

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	8,016	8,016
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	244	244
Payable against conversion and redemption of units		-	-	-	3,885	3,885
Payable to Meezan Bank Limited		-	-	-	52	52
Payable against purchase of investments		-	-	-	2,314	2,314
Accrued expenses and other liabilities		-	-	-	2,025	2,025
		-	-	-	16,536	16,536

On-balance sheet gap (a)

191,184	-	-	1,446,268	1,637,452
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap (b)

-	-	-	-	-
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Total profit rate sensitivity gap (a+b)

191,184	-	-		
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Cumulative profit rate sensitivity gap

191,184	191,184	191,184		
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 5.839 million (2018: Rs.14.419 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

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The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	20,442	-	-	-	-	20,442
Investments	-	-	-	-	583,850	583,850
Receivable against conversion of units	557	-	-	-	-	557
Dividend receivable	2,127	-	-	-	-	2,127
Advances, deposits and other receivables	459	-	-	-	-	459
	23,585	-	-	-	583,850	607,435
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	2,039	-	-	-	-	2,039
Payable to Central Depository Company of Pakistan Limited - Trustee	129	-	-	-	-	129
Payable against conversion and redemption of units	724	-	-	-	-	724
Payable to Meezan Bank Limited	1	-	-	-	-	1
Payable against purchase of investments	3,424	-	-	-	-	3,424
Dividend payable	-	-	-	-	-	-
Accrued expenses and other liabilities	-	1,653	-	-	-	1,653
	6,317	1,653	-	-	-	7,970
Net assets / (liabilities)	17,268	(1,653)	-	-	583,850	599,465

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2018						
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	195,027	-	-	-	-	195,027
Investments	-	-	-	-	1,441,891	1,441,891
Receivable against conversion of units	12,736	-	-	-	-	12,736
Dividend receivable	3,697	-	-	-	-	3,697
Advances, deposits and other receivables	637	-	-	-	-	637
	212,097	-	-	-	1,441,891	1,653,988

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	8,016	-	-	-	-	8,016
Payable to Central Depository Company of Pakistan Limited - Trustee	244	-	-	-	-	244
Payable against conversion and redemption of units	3,885	-	-	-	-	3,885
Payable to Meezan Bank Limited	52	-	-	-	-	52
Payable against purchase of investments	2,314	-	-	-	-	2,314
Dividend payable	-	-	-	-	-	-
Accrued expenses and other liabilities	-	2,025	-	-	-	2,025
	14,511	2,025	-	-	-	16,536

Net assets / (liabilities)

	197,586	(2,025)	-	-	1,441,891	1,637,452
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20.3 Credit risk

20.3.1 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:

2019		2018	
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	20,442	20,442	195,027	195,027
Investments	583,850	-	1,441,891	-
Receivable against conversion of units	557	557	12,736	12,736
Dividend receivable	2,127	2,127	3,697	3,697
Advances, deposits and other receivables	459	459	637	637
	607,435	23,585	1,653,988	212,097

The difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in equity securities of Rs 583.850 million (2018: Rs 1,441.891 million) is not exposed to credit risk.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued on bank balances, 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	
	2019	2018
AAA	2.38	22.85
AA+	82.04	77.15
A+	15.58	-
	100.00	100.00

20.3.3 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.

21 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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	583,850	-	-
	2018		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
At fair value through profit or loss	1,441,891	-	-

22 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 has no restriction 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 20, 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.

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23 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	1,432	358,289	59.84	1,523	777,758	47.52
Associated Companies /						
Directors	1	205,209	34.28	2	443,610	27.11
Retirement Funds	1	180	0.03	2	1,051	0.06
Insurance Companies	1	22,128	3.70	4	169,324	10.35
Others	10	12,897	2.15	11	244,830	14.96
	1,445	598,703	100.00	1,542	1,636,573	100.00

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	12%	BMA Capital Management Limited	13%
BMA Capital Management Limited	10%	AKD Securities Limited	12%
Optimus Capital Management (Private) Limited	9%	Foundation Securities (Private) Limited	11%
EFG Hermes Pakistan Limited	8%	Shajar Capital Pakistan (Private) Limited	9%
Foundation Securities (Private) Limited	8%	Arif Habib Limited	8%
Taurus Securities Limited	7%	Top Line Securities (Private) Limited	7%
Alfalah Securities (Private) Limited	7%	EFG Hermes Pakistan Limited	7%
Arif Habib Limited	6%	Standard Capital Securities (Private) Limited	5%
Vector Securities (Private) Limited	5%	Optimus Capital Management (Private) Limited	5%
Aba Ali Habib Securities (Private) Limited	5%	Next Capital Limited	4%

25 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA, FRM, MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

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

- Al Meezan Mutual Fund;
- Meezan Tahaffuz Pension Fund.

26 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:

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Name of Directors	Designation	Meeting held on					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	CEO	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim*	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azeem resigned on May 07, 2019.

27 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.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on August 19, 2019.

29 GENERAL

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



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

Chief Executive

Chief Financial Officer

Director

PICKING UP SPEED IN THE CITY OF BAZAARS


**MAUSOLEUM OF AKHUND
ABDUL GHAFOOR
(RAWALPINDI)**



Meezan
Balanced Fund

MEEZAN BALANCED FUND (MBF)

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

 Rawalpindi Branch

FUND INFORMATION

MANAGEMENT COMPANY

Al Meezan Investment Management Limited
Ground Floor, Block "B", Finance & Trade Centre,
Shahrah-e-Faisal Karachi 74400, Pakistan.
Phone (9221) 35630722-6, 111-MEEZAN
Fax: (9221) 35676143, 35630808
Website: www.almeezangroup.com
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 Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Balanced Fund

Type of Fund

Balanced category fund that invests in Shariah compliant listed equity securities and listed or unlisted Islamic fixed income products.

Objective

The objective of MBF is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic fixed income avenues such as Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Shariah compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic income products.

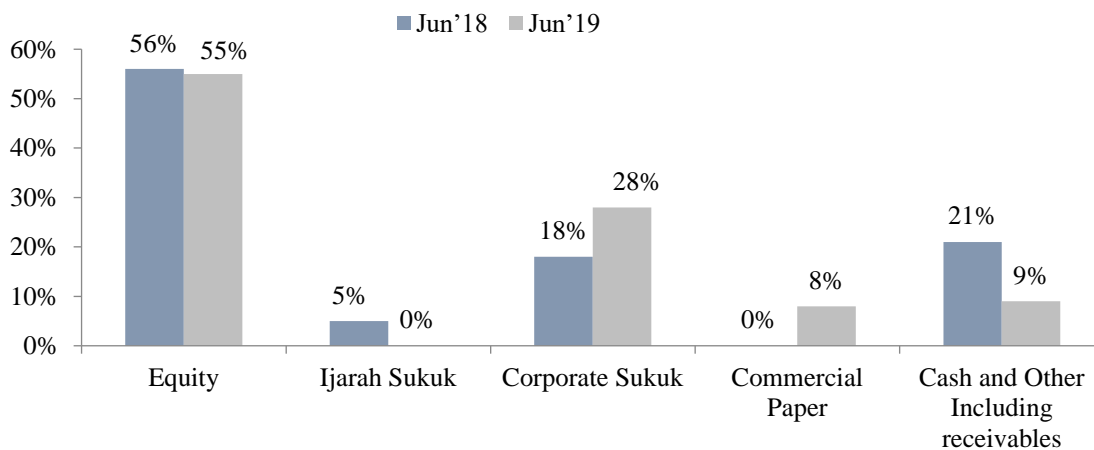
The fund invests only in Shariah Compliant instruments with the objective of maximizing total return to its unit holders and maintaining risks within acceptable levels. The fund also has a focus of long term preservation of capital and aims to maximize total returns by varying fund's allocations to fixed income and equity exposures in accordance with the economic conditions and market scenario.

Strategy and Investment Policy

Being a balanced fund, performance of MBF is linked proportionately to the performance of stock market and Islamic fixed income instruments. The fund manager, Al Meezan Investments, actively manages the fund with an aim to provide maximum risk adjusted total return to the investors. The fund primarily aims at controlling risk by balancing growth and income earning objectives of certificate holders. To achieve this purpose, the fund manager strives to reduce equity exposure in times when the market is trading above valuations and increase exposure to high quality liquid Islamic fixed income instruments. As per policy, the fund can invest up to 60% in listed equities.

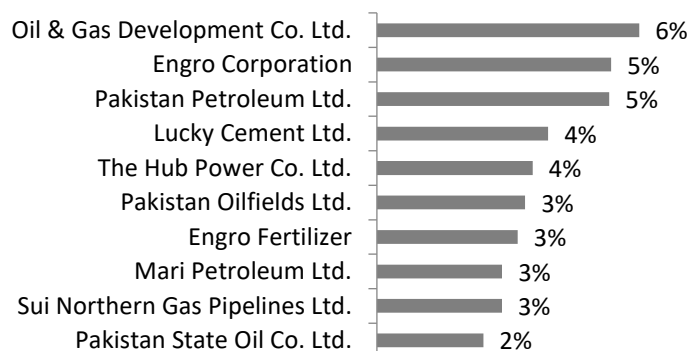
During the year, the focus was on proactive and continuous re-allocation between high yield instruments so as to optimize fund return while simultaneously minimizing risk. To keep interest rate risk at a minimum, the fund manager over the period kept the duration of the fixed income portfolio below six months.

Sector Allocation as on June 30th 2018 and 2019



During FY19, the fund maintained significant exposure to Oil & Gas and Fertilizer sectors because of better prospects of these sectors. The average equity exposure in the fund during the year was 56% while the remaining was deployed in quality fixed income instruments.

Top Holdings

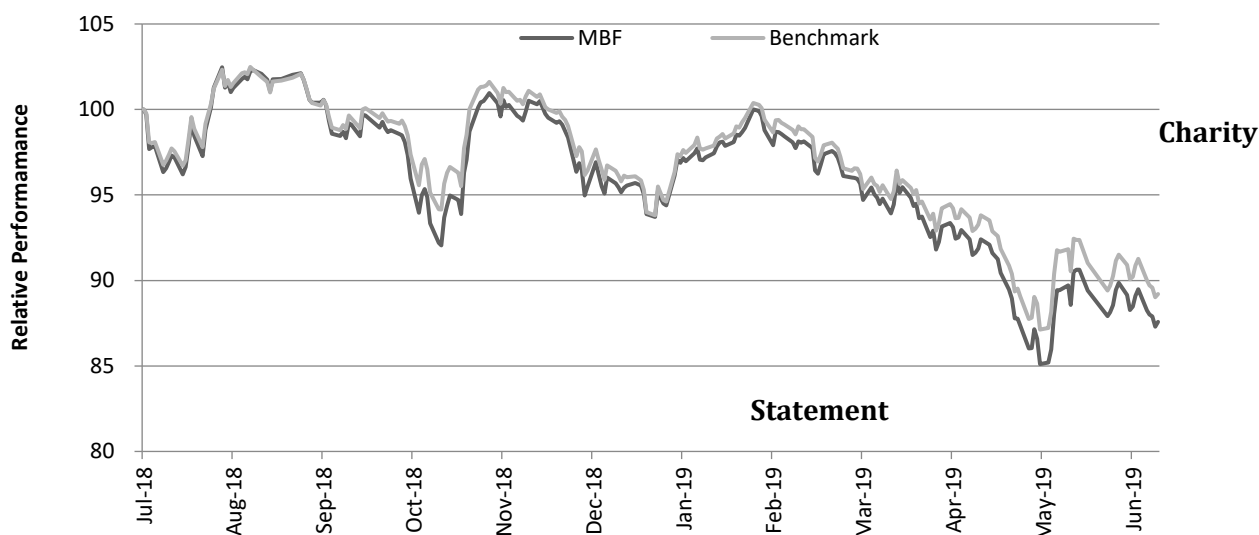


Performance Review

During FY19, Meezan Balanced Fund (MBF) provided a return of -12.81% to its investors compared to benchmark return of -12.14%.

MBF posted a total loss of Rs. 681 million in the fiscal year 2019 as compared to a total loss of Rs. 561 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 284 million and Rs. 875 million respectively, while the net outflow in the Fund during the year was 1,605 million. Dividend income contributed Rs. 193 million to income, while profit on saving accounts with banks including profit on term deposit receipts amounted to Rs. 81 million. Profit on Sukuks certificates was Rs. 202 million. After accounting for expenses of Rs. 207 million, the Fund posted a net loss of Rs. 888 million. The net assets of the Fund as at June 30, 2019 were Rs. 5,350 million as compared to Rs. 7,843 million at the end of last year depicting a decrease of 32%. The net asset value per unit as at June 30, 2019 was Rs. 13.46 as compared to Rs. 15.44 per unit as on June 30, 2018.

	30-Jun-19	30-Jun-18	Change
NAV			
Meezan Balanced Fund	13.46	15.44	-12.81 %
Benchmark Returns (Inputs)			
KMI 30	54,119	71,060	-23.84 %
Average Yield on Islamic Bank Deposits (annualised)			3.69 %
KMI 30 Return	-23.84 %	50.00 %	-11.92 %
Islamic Bank Deposit Return	3.69 %	50.00 %	1.85 %
Benchmark Return			-12.14 %
Underperformance			-0.67 %



The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 4.351 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	No. of investors
1-9,999	3452
10,000-49,999	1086
50,000-99,999	416
100,000-499,999	363
500,000 and above	109
Total	5,426



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Fifteenth year of operations of Meezan Balanced Fund (MBF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah Advisor*, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of MBF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MBF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Oil & Gas Development Company Ltd.	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	29.53%	21.57%	3.03%	65%	(75.29)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
The Hub Power Company Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.



- ii. On the basis of information provided by the management, all operations of MBF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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

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

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN BALANCED FUND

Report of the Trustee pursuant to Regulation 41(h) 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 Balanced Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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, September 20, 2019

INDEPENDENT AUDITOR'S REPORT
To the Unit holders of Meezan Balanced Fund
Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of Meezan Balanced Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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)	
	The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 4,945.739 million and balances with banks aggregated to Rs 357.560 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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.	Our audit procedures 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, 2019 and reconciled 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; and ▪ Obtained bank reconciliation statements and tested reconciling items on a sample basis.


A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 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 these 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.
- 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

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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 Requirement

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 18, 2019

**MEEZAN BALANCED FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



Meezan
Balanced Fund

	Note	2019 (Rupees in '000)	2018
Assets			
Balances with banks	5	357,560	1,682,989
Investments	6	4,945,739	6,204,967
Receivable against conversion of units		673	13,311
Dividend receivable		14,704	14,017
Receivable against sale of investments		75,910	-
Advances, deposits and other receivables	7	73,510	63,124
Total assets		5,468,096	7,978,408
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	8	16,770	18,002
Payable to Central Depository Company of Pakistan Limited - Trustee	9	615	831
Payable to the Securities and Exchange Commission of Pakistan	10	5,831	7,166
Payable to Meezan Bank Limited		1	307
Payable against purchase of investments		-	16,084
Payable against redemption and conversion of units		2,247	3,380
Dividend payable		7,490	8,437
Accrued expenses and other liabilities	11	85,052	81,196
Total liabilities		118,006	135,403
NET ASSETS		5,350,090	7,843,005
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		5,350,090	7,843,005
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		397,457,351	508,080,068
NET ASSET VALUE PER UNIT		13.4608	15.4366

The annexed notes from 1 to 28 form an integral part of these financial statements.

M U

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN BALANCED FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 (Rupees in '000)	2018
Income			
Profit on balances with banks		81,186	89,148
Dividend income		193,158	244,625
Profit on term deposit receipts		-	30,680
Profit on sukuk certificates		161,932	114,690
Profit on commercial papers		40,187	-
Net realised loss on sale of investments		(283,848)	(313,039)
Other income		1,037	289
		193,652	166,393
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss	6.5	(874,627)	(727,752)
Total loss		(680,975)	(561,359)
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	137,204	168,600
Sindh Sales Tax on remuneration of the Management Company	8.2	17,837	21,918
Allocated expenses	8.3	6,860	8,430
Selling and marketing expenses	8.4	21,814	2,347
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	7,860	9,430
Sindh Sales Tax on remuneration of the Trustee	9.2	1,022	1,226
Annual fees to the Securities and Exchange Commission of Pakistan		5,831	7,166
Brokerage expense		2,680	1,960
Auditors' remuneration	13	540	508
Fees and subscription		866	1,021
Charity expense	11.1	3,404	3,692
Printing expense		53	259
Legal and professional charges		-	76
Bank and settlement charges		852	1,061
Total expenses		206,823	227,694
Net loss before taxation		(887,798)	(789,053)
Taxation	16	-	-
Net loss for the year after taxation		(887,798)	(789,053)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
Accounting income available for distribution		-	-
- Relating to capital gains		-	-
- Excluding capital gains		-	-

The annexed notes from 1 to 28 form an integral part of these financial statements.

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For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN BALANCED FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Balanced Fund

	Note	2019	2018
		----- Rupees in '000' -----	
Net loss for the year after taxation		(887,798)	(789,053)
Other comprehensive income for the year			
<i>Income that may be re-classified subsequently to Income Statement</i>			
Net unrealised diminution in the value of investments classified as 'available-for-sale'	6.4	-	(65,026)
Total comprehensive (loss) / income for the year		<u>(887,798)</u>	<u>(854,079)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Ali

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN BALANCED FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019				2018			
	Capital Value	Undistributed income	Unrealised appreciation/(diminution) 'available for sale' investments	Total	Capital Value	Undistributed income	Unrealised appreciation/(diminution) 'available for sale' investments	Total
	(Rupees in '000)				(Rupees in '000)			
Net assets at the beginning of the year as previously reported (Audited)	7,010,292	770,770	61,943	7,843,005	7,829,313	1,559,823	126,969	9,516,105
Change in accounting policy - note 3.2	-	61,943	(61,943)	-	-	-	-	-
Net assets at the beginning of the year	7,010,292	832,713	-	7,843,005	7,829,313	1,559,823	126,969	9,516,105
Issue of 61,198,644 units (2018: 152,256,553 units)								
- Capital value (at net asset value per unit at the beginning of the year)	944,699	-	-	944,699	2,580,749	-	-	2,580,749
- Element of (loss) / income	(35,807)	-	-	(35,807)	173,991	-	-	173,991
Total proceeds on issuance of units	908,892	-	-	908,892	2,754,740	-	-	2,754,740
Redemption of 171,821,361 units (2018: 205,456,606 units)								
- Capital value (at net asset value per unit at the beginning of the year)	2,652,338	-	-	2,652,338	3,482,489	-	-	3,482,489
- Element of (income) / loss	(138,329)	-	-	(138,329)	91,272	-	-	91,272
Total payments on redemption of units	2,514,009	-	-	2,514,009	3,573,761	-	-	3,573,761
Total comprehensive loss for the year	-	(887,798)	-	(887,798)	-	(789,053)	(65,026)	(854,079)
Distribution during the year	-	-	-	-	-	-	-	-
Net loss for the year less distribution	-	(887,798)	-	(887,798)	-	(789,053)	(65,026)	(854,079)
Net assets at the end of the year	5,405,175	(55,085)	-	5,350,090	7,010,292	770,770	61,943	7,843,005

Undistributed income brought forward (as previously reported (Audited))

- Realised income	1,498,522	1,087,733
- Unrealised (loss) / income	(727,752)	472,090
	770,770	1,559,823
Change in accounting policy - note 3.2	61,943	-
Undistributed income brought forward	832,713	1,559,823
Accounting income available for distribution		
- Relating to capital gains	-	-
- Excluding capital gains	-	-
Net loss for the year after taxation	(887,798)	(789,053)
Distribution during the year	-	-
Undistributed income carried forward	(55,085)	770,770

Undistributed income carried forward

- Realised income	819,542	1,498,522
- Unrealised loss	(874,627)	(727,752)
	(55,085)	770,770

	(Rupees)	(Rupees)
Net assets value per unit at the beginning of the year	15.4366	16.9500
Net assets value per unit at the end of the year	13.4608	15.4366

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN BALANCED FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Balanced Fund

Note	2019	2018
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(887,798)	(789,053)
Adjustments for:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	874,627	727,752
Decrease / (increase) in assets		
Investments	384,601	506,430
Receivable against sale of investments	(75,910)	1,851
Dividend receivable	(687)	5,022
Advances, deposits and other receivables	(10,386)	11,230
	297,618	524,533
(Decrease) / increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	(1,232)	(11,350)
Payable to Central Depository Company of Pakistan Limited - Trustee	(216)	(162)
Payable to the Securities and Exchange Commission of Pakistan	(1,335)	956
Payable to Meezan Bank	(306)	(2,743)
Payable against purchase of investments - net	(16,084)	16,084
Accrued expenses and other liabilities	3,856	(73,704)
	(15,317)	(70,919)
Net cash generated from operating activities	269,130	392,313
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	921,530	3,185,498
Payments against redemption and conversion of units	(2,515,142)	(3,658,202)
Dividend paid	(947)	(78,933)
Net cash used in financing activities	(1,594,559)	(551,637)
Net decrease in cash and cash equivalents	(1,325,429)	(159,324)
Cash and cash equivalents at the beginning of the year	1,682,989	1,842,313
Cash and cash equivalents at the end of the year	5 357,560	1,682,989

The annexed notes from 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN BALANCED FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

1.3 The investment objective of the Fund is to generate long-term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality Shariah compliant equity securities and Islamic income instruments such as Islamic Sukuks (certificates of Islamic investment), musharaka certificates, Government Securities, cash in bank accounts, Money Market Placements, Deposits, Certificates of Deposits, Term Deposits Receipts, Commercial Papers, Islamic alternatives of Reverse Repos, Spread Transactions, and other Shariah compliant instruments as indicated by the SECP. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

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

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

1.6 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at 'fair value through other comprehensive income' (FVOCI). IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (FVOCI) or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt and equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. Consequently, on adoption of IFRS 9 all investments in equity instruments which were previously classified as "available for sale" have been transferred / redesignated as FVPL.

The Fund has adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current year.

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018	As at June 30, 2019
----- Rupees in '000 -----				
Impact on Statement of Assets and Liabilities				
Investments - 'Available for sale'	182,853	(182,853)	-	-
Investments - 'At fair value through profit or loss'	6,022,114	182,853	6,204,967	4,945,739
Impact on Statement of Unitholders' fund				
Unrealised appreciation / (diminution) on 'Available-for-sale' investments	61,943	(61,943)	-	-
Undistributed income / (accumulated loss)	770,770	61,943	832,713	(55,085)

There is no impact on the income statement, statement of comprehensive income and cash flow statement of the Fund as a result of adoption of IFRS-9.

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There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at 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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

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

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4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 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 (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

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.

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4.3.6 Derecognition

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.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 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.

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4.10 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 per unit on the issuance or redemption date, as the case may be, of units and the net assets value 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 net asset value 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in Income Statement and are recognised when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established, i.e. on the date of commencement of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, term deposit receipts and government securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with banks is recognized on a time proportion basis using the effective yield method.

4.12 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.

4.13 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).

4.14 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.

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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.

4.15 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	2019	2018	
----- Rupees in '000'-----				
5	BALANCES WITH BANKS			
Balances with banks in:				
	Savings accounts	5.1	339,909	1,673,837
	Current accounts		17,651	9,152
			<u>357,560</u>	<u>1,682,989</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.20% to 12.50% per annum (2018: 2.00% to 6.50% per annum)

	Note	2019	2018	
----- Rupees in '000'-----				
6	INVESTMENTS			
	Investments - 'available for sale'	6.1	-	182,853
	Investments - 'at fair value through profit or loss'	6.2	4,945,739	6,022,114
			<u>4,945,739</u>	<u>6,204,967</u>

6.1 During the year, the Fund has adopted IFRS-9: "Financial Instruments" which has replaced IAS-39: "Financial Instruments: Recognition and Measurement". As a result of adoption of IFRS-9, investments amounting to Rs. 182.853 million have been reclassified from 'Available for sale' as at June 30, 2018 to 'fair value through profit or loss' category with effect from July 1, 2018 (as disclosed in note 3.2).

	Note	2019	2018	
----- Rupees in '000'-----				
6.2	Investments - 'at fair value through profit or loss'			
	Shares of listed companies - 'ordinary shares'	6.2.1	2,966,177	4,242,544
	Sukuk certificates	6.2.2 & 6.2.3	1,508,261	1,779,570
	Commercial papers	6.3	471,301	-
			<u>4,945,739</u>	<u>6,022,114</u>

6.2.1 Shares of listed companies - 'ordinary shares'

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to					
											Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments			
										Number of shares		(Rupees in '000)		%		
Sectors / companies																
Automobile Assemblers																
Ghandhara Industries Limited	76,300	-	76,300	-	76,300	85,000	67,600	23,886	5,906	(17,980)	0.11	0.16	0.12			
Ghandhara Nissan Limited	264,096	-	264,096	-	-	264,096	-	-	-	-	-	-	-			
Honda Atlas Cars (Pakistan) Limited	218,600	-	218,600	10,000	-	227,800	800	249	119	(130)	-	-	-			
Millat Tractors Company Limited	28,800	-	28,800	5,000	-	-	33,800	38,630	29,148	(9,482)	0.54	0.08	0.59			
Pak Suzuki Motor Company Limited	60	-	60	-	-	60	-	-	-	-	-	-	-			
											0.65	0.24	0.71			

Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to				
											Net Assets of the Fund	Paid-up Capital of the investee company (with face value of investments)	Total market value of investments		
										Number of shares		(Rupees in '000)		%	
Cement															
Attock Cement Pakistan Limited	403	287	690	20,900	138	21,000	728	96	52	(43)	-	-	-		
Cherat Cement Company Limited	769,000	-	769,000	-	-	769,000	-	-	-	-	-	-	-		
Dewan Cement Limited	620,500	-	620,500	-	-	620,500	-	-	-	-	-	-	-		
DG Khan Cement Company Limited	894,760	249	895,009	281,700	-	821,300	355,409	34,413	20,095	(14,318)	0.38	0.08	0.41		
Fauji Cement Company Limited	4,000	-	4,000	155,000	-	159,000	-	-	-	-	-	-	-		
Kohat Cement Limited	465,400	-	465,400	50,000	139,620	149,500	505,520	46,941	26,555	(20,386)	0.50	0.25	0.54		
Lucky Cement Limited	535,400	7,451	542,851	160,300	-	150,200	552,951	276,098	210,381	(65,717)	3.93	0.17	4.25		
Maple Leaf Cement Limited	550,625	-	550,625	100,000	-	647,500	3,125	160	75	(85)	-	-	-		
Pioneer Cement Limited	1,158,500	-	1,158,500	-	-	1,158,500	-	-	-	-	-	-	-		
											4.81	0.50	5.20		
Chemicals															
Engro Polymer & Chemicals Limited	1,496,000	-	1,496,000	2,023,454	-	1,120,500	2,398,954	77,443	64,676	(12,767)	1.21	0.26	1.31		
I.C.I. Pakistan Limited	148,095	21	148,116	47,650	-	26,450	169,316	130,696	90,156	(40,540)	1.69	0.18	1.82		
Lotte Chemical Pakistan Limited	1,000	-	1,000	138,000	-	50,000	89,000	1,428	1,357	(71)	0.03	0.01	0.03		
Sitara Chemical Industries Limited	2,100	-	2,100	-	-	-	2,100	773	642	(131)	0.01	0.01	0.01		
											2.94	0.46	3.17		
Commercial Banks															
BankIslami Pakistan Limited	-	875	875	-	-	-	875	10	10	-	-	-	-		
Meezan Bank Limited	18	301	319	1,537,500	107,566	432,500	1,212,885	98,509	105,715	7,206	1.98	0.09	2.14		
											1.98	0.09	2.14		
Engineering															
Crescent Steel & Allied Products Limited	153,450	-	153,450	-	-	153,450	-	-	-	-	-	-	-		
International Industries Limited	78,500	-	78,500	25,700	-	104,000	200	42	15	(27)	-	-	-		
International Steels Limited	207,500	-	207,500	150,300	-	357,000	800	43	32	(11)	-	-	-		
K.S.B. Pumps Company Limited	-	-	-	5,000	-	-	5,000	1,387	505	(882)	0.01	0.04	0.01		
											0.01	0.04	0.01		
Fertilizers															
Fafima Fertilizer Limited	6,500	-	6,500	-	-	6,500	-	-	-	-	-	-	-		
Engro Corporation Limited (Note 6.2.1.2)	1,331,500	-	1,331,500	-	98,590	345,600	1,084,490	309,435	288,041	(21,394)	5.38	0.19	5.82		
Engro Fertilizers Limited	3,240,000	-	3,240,000	-	-	535,000	2,705,000	202,632	173,039	(29,593)	3.23	0.20	3.50		
											8.61	0.39	9.32		
Food & Personal Care Products															
Al-Shaheer Corporation Limited	7,225	-	7,225	-	-	-	7,225	197	91	(106)	-	0.01	-		
Al-Tahur Limited	-	-	-	293,311	-	229,000	64,311	1,351	1,268	(83)	0.02	0.04	0.03		
Engro Foods Limited	3,800	-	3,800	-	-	-	3,800	338	222	(116)	-	-	-		
											0.02	0.05	0.03		
Glass & Ceramics															
Tariq Glass Industries Limited	-	-	-	25,000	-	20,000	5,000	460	383	(77)	0.01	0.01	0.01		
Investment Banks / Investment Companies / Securities Companies															
Dawood Hercules Corporation Limited	493,000	-	493,000	148,000	-	641,000	-	-	-	-	-	-	-		
Miscellaneous															
Shifa International Hospitals Limited	84	-	84	-	-	-	84	23	18	(5)	-	-	-		
Oil & Gas Exploration															
Attock Petroleum Limited	10,000	-	10,000	-	2,000	-	12,000	5,900	3,462	(2,438)	0.06	0.01	0.07		
Mari Petroleum Company Limited	84,250	-	84,250	64,060	14,331	10,180	152,461	208,361	153,883	(54,478)	2.88	0.13	3.11		
Oil and Gas Development Company Limited	3,421,400	-	3,421,400	460,000	-	1,428,400	2,453,000	375,227	322,545	(52,682)	6.03	0.06	6.52		
Pakistan Oilfields Limited	398,425	-	398,425	110,400	74,085	133,900	449,010	244,718	182,249	(62,469)	3.41	0.16	3.68		
Pakistan Petroleum Limited	984,396	4,548	988,944	932,700	150,591	94,400	1,977,835	357,986	285,659	(72,327)	5.34	0.09	5.78		
											17.72	0.45	19.16		

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Name of the investee company	As at July 1, 2018	Transfers from 'Available for sale' category upon adoption of IFRS 9 - note 3.2	As at July 1, 2018 - Adjusted	Purchases during the year	Right / Bonus issue	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to				
											Net Assets of the Fund	Paid-up-Capital of the investee company (with face value of investments)	Total market value of investments		
							Number of shares			Rupees in '000			%		
Oil and Gas Marketing															
Hi-Tech Lubricants Limited	145,400	-	145,400	-	-	145,400	-	-	-	-	-	-	-	-	-
Hascol Petroleum Limited	163,491	-	163,491	130,100	58,953	70,000	282,544	50,742	19,388	(31,354)	0.36	0.14	0.39		
Pakistan State Oil Company Limited	894,244	-	894,244	51,700	180,548	355,000	771,492	203,857	130,868	(72,989)	2.45	0.20	2.65		
Sui Northern Gas Pipeline Limited	2,151,000	-	2,151,000	313,000	-	252,500	2,211,500	214,919	153,677	(61,242)	2.87	0.35	3.11		
Sui Southern Gas Company Limited	100,000	-	100,000	-	-	100,000	-	-	-	-	-	-	-		
											5.68	0.69	6.15		
Paper & Board															
Cherat Packaging Limited	-	-	-	53,400	-	1,000	52,400	8,964	4,226	(4,738)	0.08	0.14	0.09		
Packages Limited	209,923	150,000	359,923	17,400	-	103,400	273,923	131,919	82,330	(49,589)	1.54	0.31	1.66		
											1.62	0.45	1.75		
Pharmaceuticals															
Abbott Laboratories (Pakistan) Limited	32,200	-	32,200	150	-	30,000	2,350	1,590	1,115	(475)	0.02	-	0.02		
AGP Limited	705,000	-	705,000	75,000	-	154,000	626,000	55,319	42,900	(12,419)	0.80	0.22	0.87		
GlaxoSmithKline Consumer Healthcare	203,800	-	203,800	-	-	50,000	153,800	62,297	29,683	(32,614)	0.55	0.13	0.60		
Highnoon Laboratories Limited	1,453	-	1,453	-	145	-	1,598	596	405	(191)	0.01	0.01	0.01		
The Searle Company Limited	419,974	-	419,974	56,000	55,496	193,000	338,470	93,272	49,606	(43,666)	0.93	0.16	1.00		
											2.31	0.52	2.50		
Power Generation & Distribution															
K-Electric Limited	22,685,000	-	22,685,000	762,000	-	4,175,000	19,272,000	109,515	84,604	(24,911)	1.58	0.07	1.71		
The Hub Power Company Limited*	1,136,097	1,134,050	2,270,147	399,496	-	237,500	2,432,143	212,151	191,531	(20,620)	3.58	0.21	3.87		
											5.16	0.28	5.58		
Real Estate Investment Trust															
Doimen City REIT	4,659,000	-	4,659,000	-	-	2,750,000	1,909,000	24,626	19,415	(5,211)	0.36	0.09	0.39		
Refinery															
National Refinery Limited	35,000	-	35,000	-	-	35,000	-	-	-	-	-	-	-		
Technology & Communication															
Avanceon Limited	-	-	-	250,000	68,800	78,000	240,800	12,822	11,809	(1,013)	0.22	0.13	0.24		
Netsol Technologies Limited	-	-	-	243,600	-	240,000	3,600	317	237	(80)	-	-	-		
Systems Limited	160,000	-	160,000	54,000	17,050	43,500	187,550	17,785	17,989	214	0.34	0.15	0.36		
											0.56	0.28	0.60		
Textile composite															
Feroze 1888 Mills Limited	-	-	-	306,500	-	56,500	250,000	16,667	25,218	8,551	0.47	0.07	0.51		
Interloop Limited	-	-	-	1,438,222	-	-	1,438,222	65,630	63,670	(1,960)	1.19	0.17	1.29		
Kohinoor Textile Mills Limited	-	-	-	100,000	-	100,000	-	-	-	-	-	-	-		
Nishat Mills Limited	296,300	-	296,300	660,000	-	275,500	680,800	94,526	63,546	(30,980)	1.19	0.19	1.28		
											2.85	0.43	3.08		
Vanaspati & Allied Industries															
Unity Foods Limited	100,000	-	100,000	1,012,838	-	370,000	742,838	9,774	7,651	(2,123)	0.14	0.14	0.15		
Right Certificates															
Chemicals															
Engro Polymer & Chemicals Limited*	553,454	-	553,454	-	-	553,454	-	-	-	-	-	-	-		
Power Generation & Distribution															
The Hub Power Company Limited*	-	-	-	-	254,996	254,996	-	-	-	-	-	-	-		
Vanaspati & Allied Industries															
Unity Foods Limited*	-	-	-	-	684,338	684,338	-	-	-	-	-	-	-		
											3,824,719	2,966,177	(858,542)	55	60

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited, The Hub Power Company Limited and Unity Foods Limited above.

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- 6.2.1.1** All shares have a face value of Rs 10 each except for the shares of K-Electric Limited which have a face value of Rs 3.5 each.
- 6.2.1.2** Investments include 150,000 shares of Engro Corporation Limited, having a market value of Rs 39.840 million (2018: Rs 47.079 million) which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by the SECP.
- 6.2.1.3** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies were liable to withhold five percent of the bonus shares to be issued. The shares so withheld were only to be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 3.837 million (2018: 6.983 million).

6.2.2 Government Securities - GOP Ijarah Sukuk

Name of the Security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised loss as at June 30, 2019	Percentage in relation to	
			(Number of certificates)			(Rupees in '000)			Net Assets of the Fund	Total market value of investments	%
GoP Ijarah Sukuk Certificates - XVII (Note 6.2.2.1)	February 15, 2019	Weighted Average 6 months T-Bills	1,840	-	1,840	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XVIII (Note 6.2.2.1)	March 29, 2019	Weighted Average 6 months T-Bills	2,000	-	2,000	-	-	-	-	-	-
Total as at June 30, 2019							-	-	-		
Total as at June 30, 2018							393,231	384,131	(9,100)		

6.2.2.1 The nominal value of the GoP Ijarah sukuk certificates is Rs 100,000 each.

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6.2.3 Sukuk certificates

Name of the investee company	Profit payments / Principal redemptions	Maturity	Profit rate	As at July 1, 2018	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019*	Market value as at June 30, 2019*	Unrealised gain / (loss) as at June 30, 2019	Percentage in	
											Number of certificates	(Rupees in '000)
Engro Fertilizer Pakistan Limited - II (AA, PACRA, non-traded) (note 6.2.3.1)	Semi-annually	July 9, 2019	6 months KIBOR plus base rate of 1.75%	7,140	-	4,760	2,380	12,019	11,906	(113)	0.22	0.24
K Electric Limited - (7 years) (note 6.2.3.1) (AA+, JCR-VIS, non-traded)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1%	69,802	-	17,450	52,352	265,338	263,534	(1,804)	4.93	5.33
Security Leasing Corporation Limited II * (note 6.2.3.1 & 6.2.3.3)	Annually	January 19, 2022	N/A	1,540	-	-	1,540	-	-	-	-	-
Eden Housing Limited * (note 6.2.3.1 & 6.2.3.3)	Semi-annually	September 29, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Arzoo Textile Mills Limited * (note 6.2.3.1 & 6.2.3.3)	Semi-annually	April 15, 2014	N/A	5,000	-	-	5,000	-	-	-	-	-
Hascal Petroleum Limited - Sukuk (AA, JCR-VIS, non-traded) (note 6.2.3.1)	Quarterly	January 7, 2022	3 months KIBOR plus base rate of 1.50%	37,500	-	10,000	27,500	140,987	138,531	(2,456)	2.59	2.80
Fatima Fertilizer Company Limited - Sukuk (AA-, PACRA, traded) (note 6.2.3.1)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	10,298	-	2,942	7,356	37,366	37,062	(304)	0.69	0.75
Dubai Islamic Bank Pakistan Limited - Sukuk (AA-, JCR-VIS, non-traded) (note 6.2.3.1)	Semi-annually	July 14, 2027	6 months KIBOR plus base rate of 0.50%	141	-	-	141	143,637	143,637	-	2.68	2.90
International Brands Limited (AA, JCR-VIS, non-traded) (note 6.2.3.1)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	3,000	-	-	3,000	300,000	293,850	(6,150)	5.49	5.94
Neelum Jhelum Hydropower Company (Private) Limited (AAA, JCR-VIS, non-traded) (note 6.2.3.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	1,100	-	1,100	-	-	-	-	-	-
Meezan Bank Limited (AA, JCR-VIS, traded) (note 6.2.3.1)	Semi-annually	September 22, 2026	6 months KIBOR plus base rate of 0.5%	200	-	-	200	203,000	199,995	(3,005)	3.74	4.04
Shakarganj Food Products Limited (A, JCR-VIS, non-traded) (note 6.2.3.1)	Quarterly	July 10, 2024	3 months KIBOR plus base rate of 1.75%	-	82	-	82	82,000	80,225	(1,775)	1.50	1.62

Name of the investee company	Profit payments / Principal redemptions	Maturity	Profit rate	As at July 1, 2018	Purchases during the year	Sales / Redemptions / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019*	Market value as at June 30, 2019*	Unrealised gain / (loss) as at June 30, 2019	Percentage in	
				Number of certificates			Rupees in '000			%		
Javedan Corporation Limited (AA-, JCR-VIS, non-traded) (note 6.2.3.1)	Semi-annually	October 4, 2026	6 months KIBOR plus base rate of 1.75%	-	750	-	750	75,000	74,651	(349)	1.40	1.51
Agha Steel Industries Limited (A+, JCR-VIS) (note 6.2.3.1)	Quarterly	October 9, 2024	3 months KIBOR plus base rate of 0.80%	-	100	-	100	100,000	100,000	-	1.87	2.02
AGP Limited (A+, PACRA, non-traded) (note 6.2.3.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	-	735	237	498	49,999	49,800	(199)	0.93	1.01
The Hub Power Company Limited (A+, PACRA, non-traded)	Quarterly	November 27, 2019	3 months KIBOR plus base rate of 1.00%	-	20,000	-	20,000	100,000	100,000	-	1.87	2.02
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.2.3.1)	Quarterly	July 11, 2026	3 months KIBOR plus base rate of 0.90%	-	150	-	150	15,000	15,070	70	0.28	0.30
								1,524,346	1,508,261	(16,085)		

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

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

6.2.3.2 Circular No. 33 of 2012 allows the asset manager to apply a mark up / mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned sukuk certificates of Shakarganj Food Products Limited and Javedan Corporation Limited have been valued at discretionary rates of 97.8353 and 99.5347 respectively when the reported market rate on MUFAP valuation sheet as at June 28, 2019 were 95.8403 and 96.4870 respectively.

6.2.3.3 Details of non-compliant investments with the investment criteria of the assigned category

The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated July 07, 2010, prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Balanced Fund (the Fund) as a 'Balanced Scheme' in accordance with the said circular. As at June 30, 2019, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Nil

Name of non-compliant investment	Type of Investment	Note	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
						Net assets	Gross assets
--- (Rupees in '000) ---							
Listed							
Arzoo Textile Mills Limited	Non-traded sukuk certificates	6.2.3.4	25,000	25,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	6.2.3.4	4,922	4,922	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	6.2.3.5	7,701	7,701	-	-	-
Total - June 30, 2019			37,623	37,623	-	-	-
Total - June 30, 2018			37,623	37,623	-	-	-

6.2.3.4 Eden Housing Limited and Arzoo Textile Mills Limited sukuk certificates have been classified as non-performing by MUFAP. Therefore, in accordance with the requirements of SECP's Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 4.922 million and Rs. 25 million respectively has also been held as provision against the outstanding principal as at June 30, 2019.

6.2.3.5 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributories to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore in accordance with the requirement of Circular No. 33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs. 7.701 million has also been held as provision against the outstanding principal as at June 30, 2019.

6.3 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Total market value of investment
			(Number of certificates)			(Rupees in '000)		--- % ---	
Hascol Petroleum Limited CP II (note 6.3.1)	January 4, 2019	6 months KIBOR plus base rate of 1.25%	-	365	365	-	-	-	-
K-Electric Limited CP I (note 6.3.1)	March 01, 2019	6 months KIBOR plus base rate of 0.90%	-	70	70	-	-	-	-
Hascol Petroleum Limited CP III (note 6.3.1)	July 15, 2019	6 months KIBOR plus base rate of 1.50%	-	300	-	300	298,670	298,670	6.04%
K-Electric Limited CP II (note 6.3.1)	September 02, 2019	6 months KIBOR plus base rate of 0.90%	-	176	-	176	172,631	172,631	3.49%
							471,301	471,301	

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

6.3.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.4 Net unrealised diminution on re-measurement of investments classified as 'available-for-sale'	2019	2018
	--- Rupees in '000' ---	
Market value of investments	-	182,853
Carrying value of investments	-	120,910
	-	61,943
Less: unrealised diminution on re-measurement of investments classified as available for sale as at July 1	-	126,969
	-	(65,026)
6.5 Net unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss		
Market value of investments	4,945,739	6,022,114
Carrying value of investments	5,820,366	6,749,866
	(874,627)	(727,752)

7	ADVANCES, DEPOSITS AND OTHER RECEIVABLES	Note	2019	2018
			---- Rupees in '000'----	
	Security deposits		2,800	2,800
	Profit receivable on balances with banks		16,753	22,436
	Profit receivable on sukuk certificates		52,384	36,441
	Advance tax	7.1	1,573	947
	Advance against IPO subscription		-	500
			<u>73,510</u>	<u>63,124</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends and profit on debt amounts to Rs 1.573 million (2018: Rs 0.947 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2019	2018
			(Rupees in '000)	
	Management fee payable	8.1	9,227	13,044
	Sindh Sales Tax on management fee payable	8.2	1,200	1,696
	Sales load payable		70	232
	Sindh Sales Tax on sales load payable		9	30
	Allocated expenses payable	8.3	462	653
	Selling and marketing expenses payable	8.4	5,802	2,347
			<u>16,770</u>	<u>18,002</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 2% of the average annual net assets in case of Balanced schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% (2018: 2%) per annum of the average net assets of the Fund during the year ended 30 June 2019. The remuneration is payable to the Management Company monthly in arrears.
- 8.2 During the year, an amount of Rs 17.837 million (2018: Rs 21.918 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 18.333 million (2018: Rs. 22.293 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

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- 8.4 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. Accordingly, such expenses have been charged to the Fund with effect from June 04, 2018 at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC) - TRUSTEE	Note	2019 (Rupees in '000)	2018
	Trustee fee payable	9.1	544	735
	Sindh Sales Tax payable on trustee fee	9.2	71	96
			615	831

- 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 Rs. 0.7 million or 0.20% of net assets, whichever is higher
- over Rs 1 billion Rs 2.0 million plus 0.10% per annum of net assets exceeding 1 billion.

- 9.2 During the year, an amount of Rs 1.022 million (2018: Rs 1.226 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 1.047 million (2018: Rs 1.244 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 classified as a Balanced Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.085% of the average annual net assets of the Fund as annual fee.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 (Rupees in '000)	2018
	Withholding tax payable		629	-
	Provision for Sindh Workers' Welfare Fund (SWWF)	11.2	38,656	38,656
	Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.3	31,961	30,789
	Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	11.3	6,838	6,838
	Brokerage expenses payable		1,578	180
	Charity payable	11.1	4,351	3,732
	Shariah advisory fee		488	429
	Auditors' remuneration payable		369	480
	Others		182	92
			85,052	81,196

- 11.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated for charitable purposes.

During the year ended June 30, 2019, non-shariah compliant income amounting to Rs 3.404 million (2018: Rs 3.692 million) was charged as an expense in the books of the Fund. This will be distributed as charity after the approval of the Shariah Advisor.

- 11.2 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).

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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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.10 per unit (2018: Re 0.08 per unit).

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

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

During the year ended 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 38.799 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 0.10 (June 30, 2018: Re 0.07) per unit.

During the year, FED amounting to Rs. 1.172 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION	2019	2018
	(Rupees in '000)	
Annual audit fee	309	277
Half yearly review of condensed interim financial statements	110	110
Fee for other certifications	100	100
Out of pocket expenses	21	21
	<u>540</u>	<u>508</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.02% which includes 0.37% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Balanced Scheme.

15 PERFORMANCE TABLE	2018	2018	2017	2016	2015
Net assets (ex-distribution) (Rupees in '000)	5,350,090	7,843,005	9,516,105	4,707,687	3,383,460
Net assets value per unit / certificate as at June 30 (ex-distribution) (Rupees)	13.4608	15.44	16.95	15.84	14.67
Distribution					
- Final	N/A	N/A	N/A	N/A	N/A
- Interim	N/A	0.00%	12.50%	6.00%	8.00%
Dates of distribution	N/A	N/A	June 23, 2017	June 24, 2016	June 26, 2015
Distribution - income distribution (Rupees in '000')	N/A	N/A	643,935	171,188	158,790
Distribution - growth distribution (Rupees in '000')	N/A	N/A	N/A	N/A	N/A
Highest NAV per unit (Rupees)	15.7456	17.0948	19.59	16.57	15.64
Lowest NAV per unit (Rupees)	13.0783	14.6771	15.92	14.25	12.96
Total return (%)	(12.81)	(9.00)	15.00	12.00	16.00
Earnings per unit (Rupees)	-	-	-	-	-
	One year	Two years	Three years	Four years	Five Years
Average annual return as at June 30, 2019 (%)	(12.81)	8.72	10.48	10.84	11.73

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Investment portfolio composition of the Fund is as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

16 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, 2008, 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year. Moreover, super tax introduced in the Finance Act, 2015 is also not applicable on funds as per section 4B of the Income Tax Ordinance, 2001.

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 per Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** 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:

	2019	2018
	-----Rupees in '000'-----	
Balances		
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable	9,227	13,044
Sindh Sales Tax payable on management fee	1,200	1,696
Sales load payable	70	232
Sindh Sales Tax payable on sales load	9	30
Allocated expenses payable	462	653
Selling and marketing expenses payable	5,802	2,347
Outstanding 900,638 (2018: 900,638) units - at net asset value	12,123	13,903
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Trustee fee payable	544	735
Sindh Sales Tax payable on trustee fee	71	96
Security deposits refundable	300	300
Meezan Bank Limited (MBL)		
Bank balance	26,870	45,222
Sales load payable	0.838	272
Sindh Sales Tax payable on sales load	0.109	35
Investment of 18,886,746 units (June 30, 2018: 18,886,746 units)	254,231	291,547
Investment in 200 sukuk certificates (June 30, 2018: 200 sukuk certificates)	199,995	203,000
Investment in 1,212,885 shares (June 30, 2018: 319 shares)	105,715	25

ALL

	2019	2018
	-----Rupees in '000'-----	
AI Meezan Investment Management Limited - Employees Gratuity Fund		
Outstanding 445,734 (June 30, 2018: 445,734) units - at net assets	6,000	6,881
Directors and Executives of the Management Company		
Outstanding 6,395,216 units (June 30, 2018: 6,277,570 units)	86,085	96,904
	For the year ended	
	June 30	
	2019	2018
	-----Rupees in '000'-----	
AI Meezan Investment Management Limited (Management Company)		
Remuneration charged	137,204	168,600
Sindh Sales Tax on remuneration of the Management Company	17,837	21,918
Allocated expenses	6,860	8,430
Selling and marketing charges	21,814	2,347
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Remuneration of the Trustee	7,860	9,430
Sindh Sales Tax on remuneration of the Trustee	1,022	1,226
CDS charges	136	140
Meezan Bank Limited (MBL)		
Profit on saving account	573	495
Profit on sukuk certificates	18,462	990
Dividend income during the year	2,587	232
Purchase of 1,537,500 shares (2018: 90,500 shares)	135,677	6,588
Right Shares: nil (2018: 4,518 shares)	-	226
Bonus Shares: 107,566 shares (2018: nil)	-	-
Sale of 432,500 shares (2018: 95,000 shares)	39,183	7,592
AI Meezan Investment Management Limited - Employees Gratuity Fund		
Outstanding 445,734 (June 30, 2018: 445,734) units - at net assets	6,000	6,881
Directors and Executives of the Management Company		
Units issued: 312,329 (2018: 69,235 units)	4,480	1,097
Units redeemed: 194,683 (2018: 428,919 units)	2,758	6,654

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

	----- 2019 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees in '000' -----		
Financial assets			
Balances with banks	357,560	-	357,560
Investments	-	4,945,739	4,945,739
Receivable against conversion of units	673	-	673
Dividend receivable	14,704	-	14,704
Receivable against sale of investments	75,910	-	75,910
Advances, deposits and other receivables	71,937	-	71,937
	<u>520,784</u>	<u>4,945,739</u>	<u>5,466,523</u>

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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	-	16,770	16,770
Payable to the Central Depository Company - Trustee	-	615	615
Payable to Meezan Bank Limited	-	1	1
Payable against redemption and conversion of units	-	2,247	2,247
Dividend payable	-	7,490	7,490
Accrued expenses and other liabilities	-	6,786	6,786
	-	<u>33,909</u>	<u>33,909</u>

2018		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000'

Financial assets

Balances with banks	1,682,989	-	1,682,989
Investments	-	6,204,967	6,204,967
Receivable against conversion of units	13,311	-	13,311
Dividend receivable	14,017	-	14,017
Advances, deposits and other receivables	62,177	-	62,177
	<u>1,772,494</u>	<u>6,204,967</u>	<u>7,977,461</u>

2018		
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	-	18,002	18,002
Payable to the Central Depository Company - Trustee	-	831	831
Payable to Meezan Bank Limited	-	307	307
Payable against redemption and conversion of units	-	3,380	3,380
Payable against purchase of investments	-	16,084	16,084
Dividend payable	-	8,437	8,437
Accrued expenses and other liabilities	-	4,821	4,821
	-	<u>51,862</u>	<u>51,862</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

19.1 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.

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(i) Yield / profit rate risk

Yield / profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks, sukuk certificates, commercial papers and investments in government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs.18.482 million (2018: Rs. 34.534 million).

b) Sensitivity analysis for fixed rate instruments

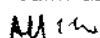
As at June 30, 2019, the Fund holds commercial papers which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value profit rate risk. In case of 100 basis points increase / decrease in rates with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been lower / higher by Rs. 4.713 million (2018: Rs. nil).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

Yield / 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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

	2019					
	Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	3.2% - 12.5%	339,909	-	-	17,651	357,560
Investments	KIBOR + 0.5% to KIBOR +1.75%	1,528,917	450,645	-	2,966,177	4,945,739
Receivable against conversion of units		-	-	-	673	673
Receivable against sale of investments		-	-	-	75,910	75,910
Dividend receivable		-	-	-	14,704	14,704
Advances, deposits and other receivables		-	-	-	71,937	71,937
		1,868,826	450,645	-	3,147,052	5,466,523
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	16,770	16,770
Payable to the Central Depository Company - Trustee		-	-	-	615	615
Payable to Meezan Bank Limited (MBL)		-	-	-	1	1
Payable against redemption and conversion of units		-	-	-	2,247	2,247
Payable against purchase of investments		-	-	-	-	-
Dividend payable		-	-	-	7,490	7,490
Accrued expenses and other liabilities		-	-	-	6,786	6,786
		-	-	-	33,909	33,909
On-balance sheet gap (a)		1,868,826	450,645	-	3,113,143	5,432,614
Off-balance sheet financial Instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		1,868,826	450,645	-		
Cumulative profit rate sensitivity gap		1,868,826	2,319,471	2,319,471		



2018					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	2.00% to 6.50%	1,673,837	-	9,152	1,682,989
Investments	Weighted Average 12 months, 6 months & 3 months T-Bills & KIBOR + 0.5% to KIBOR +2.5%	420,188	1,359,382	4,425,397	6,204,967
Receivable against conversion of units		-	-	13,311	13,311
Dividend receivable		-	-	14,017	14,017
Advances, deposits and other receivables		-	-	62,177	62,177
		2,094,025	1,359,382	4,524,054	7,977,461
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	18,002	18,002
Payable to the Central Depository Company - Trustee		-	-	831	831
Payable to Meezan Bank Limited (MBL)		-	-	307	307
Payable against purchase of investments		-	-	16,084	16,084
Payable against redemptions of units		-	-	3,380	3,380
Dividend payable		-	-	8,437	8,437
Accrued expenses and other liabilities		-	-	4,821	4,821
		-	-	51,862	51,862
On-balance sheet gap (a)		2,094,025	1,359,382	4,472,192	7,925,599
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		2,094,025	1,359,382	-	-
Cumulative profit rate sensitivity gap		2,094,025	3,453,407	3,453,407	-

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'available-for-sale' or 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

ALL

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 29.662 million (2018: Rs. 42.425 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale or financial assets at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 Index.

19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	357,560	-	-	-	-	357,560
Investments	323,170	198,742	230,937	319,284	907,429	4,945,739
Receivable against conversion of units	673	-	-	-	-	673
Dividend receivable	14,704	-	-	-	-	14,704
Receivable against sale of investments	75,910	-	-	-	-	75,910
Advances, deposits and other receivables	17,459	36,047	15,631	-	2,800	71,937
	789,476	234,789	246,568	319,284	907,429	2,968,977

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company	16,770	-	-	-	-	16,770
Payable to Central Depository Company Limited - Trustee	615	-	-	-	-	615
Payable to Meezan Bank Limited	1	-	-	-	-	1
Payable against redemption and conversion of units	2,247	-	-	-	-	2,247
Payable against purchase of investments	-	-	-	-	-	-
Dividend payable	7,490	-	-	-	-	7,490
Accrued expenses and other liabilities	1,578	5,208	-	-	-	6,786
	28,701	5,208	-	-	-	33,909

Net assets / (liabilities)

	760,775	229,581	246,568	319,284	907,429	2,968,977	5,432,614
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2018						
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	1,682,989	-	-	-	-	1,682,989
Investments	-	-	-	-	6,204,967	6,204,967
Receivable against conversion of units	13,311	-	-	-	-	13,311
Dividend receivable	14,017	-	-	-	-	14,017
Advances, deposits and other receivables	58,877	-	-	-	3,300	62,177
	1,769,194	-	-	-	6,208,267	7,977,461
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	18,002	-	-	-	-	18,002
Payable to Central Depository Company Limited - Trustee	831	-	-	-	-	831
Payable to Meezan Bank Limited	307	-	-	-	-	307
Payable against redemption and conversion of units	3,380	-	-	-	-	3,380
Payable against purchase of investments	16,084	-	-	-	-	16,084
Dividend payable	8,437	-	-	-	-	8,437
Accrued expenses and other liabilities	42,540	-	-	-	-	42,540
	89,581	-	-	-	-	89,581
Net assets / (liabilities)	1,679,613	-	-	-	6,208,267	7,887,880

19.3 Credit risk

19.3.1 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:

	2019		2018	
	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	357,560	357,560	1,682,989	1,682,989
Investments	1,979,562	1,979,562	1,395,439	1,395,439
Receivable against conversion of units	673	673	13,311	13,311
Dividend receivable	14,704	14,704	14,017	14,017
Receivable against sale of investments	75,910	75,910	-	-
Advances, deposits and other receivables	73,510	73,510	62,177	62,177
	2,501,919	2,501,919	3,167,933	3,167,933

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent controls established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon, cheques in hand, dividend receivable and receivable against sale of units and against investments, investments in term finance and sukuk certificates. The credit rating profile of balances with banks is as follows:

All i →

	% of financial assets exposed to credit risk	
	2019	2018
AAA	0.06	12.32
AA+	10.66	7.93
AA	58.24	-
AA-	-	0.45
A+	17.06	79.30
A	13.98	-
	<u>100</u>	<u>100</u>

Ratings of sukuks (other than Government securities) have been disclosed in related notes to the financial statements. GoP Ijarah Sukuks and sukuks issued by government owned entities are government guaranteed.

19.3.3 Concentration of credit risk

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 Fund does not have any collateral against any of the aforementioned assets. The issuer of the Sukuks, however, pledge securities with the investment agent in Trust for the benefit of the Sukuk Holder.

Due to the Fund's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Fund except for Arzoo Textiles Limited Sukuk, Security Leasing Corporation Sukuk and Eden Housing Limited Sukuk (refer note 6).

20 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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000'		
Financial assets at fair value through profit or loss			
Shares of listed companies - 'ordinary shares'	2,966,177	-	-
Sukuk certificates	-	1,508,261	-
Commercial papers*	-	471,301	-
	<u>2,966,177</u>	<u>1,979,562</u>	<u>-</u>

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

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	2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	Rupees in '000'		
Shares of listed companies - 'ordinary shares'	4,242,544	-	-
Sukuk certificates		1,779,570	
	<u>4,242,544</u>	<u>1,779,570</u>	<u>-</u>
Financial assets - Available for sale			
Shares of listed companies - 'ordinary shares'	<u>182,853</u>	<u>-</u>	<u>-</u>

21 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 has no restriction 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 19, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	5,277	2,484,061	46.43	5,772	3,970,987	50.63
Associated Companies / Directors	5	357,090	6.67	4	407,921	5.20
Insurance Companies	3	13,633	0.25	3	15,634	0.20
Banks and DFIs	1	19	0.00	1	21	0.00
NBFCs	1	322	0.01	1	369	0.01
Retirement Funds	76	1,378,137	25.76	90	1,907,351	24.32
Public Limited Companies	1	146,370	2.74	5	50,369	0.64
Others	62	970,458	18.14	68	1,490,353	19.00
	<u>5,426</u>	<u>5,350,090</u>	<u>100.00%</u>	<u>5,944</u>	<u>7,843,005</u>	<u>100.00%</u>

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Topline Securities Limited	11%	Foundation Securities (Private) Limited	12%
Aba Ali Habib Securities (Private) Limited	8%	Optimus Capital Management (Private) Limited	9%
Vector Capital (Private) Limited	7%	Arif Habib Securities Limited	8%
Fortune Securities Limited	6%	EFG Hermes Securities Limited	7%
Paramount Capital Limited	6%	JS Global Capital Limited	7%
Taurus Securities Limited	6%	Al Falah Securities (Private) Limited	6%
BMA Capital Management Limited	5%	Paramount Capital Limited	6%
Arif Habib Securities Limited	5%	Topline Securities Limited	5%
Insight Securities (Private) Limited	4%	Standard Capital (Private) Limited	5%
Foundation Securities (Private) Limited	4%	Aba Ali Habib Securities (Private) Limited	4%

24 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	Twenty nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Eight years

The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the fund manager are as follows :

- KSE Meezan Index Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III; and
- Meezan Dedicated Equity Fund

25 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019.

26 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.

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27 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

28 GENERAL

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

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

Chief Executive

Chief Financial Officer

Director



Meezan
Asset Allocation Fund

MEEZAN ASSET ALLOCATION FUND (MAAF)

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

**UNFOLDING
OPPORTUNITIES OF PROGRESS
IN THE CITY OF TEXTILE**



**MULTAN MUSEUM
(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 Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER

Meezan Asset Allocation Fund (MAAF)

Objective

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

Investment Policy and Strategy

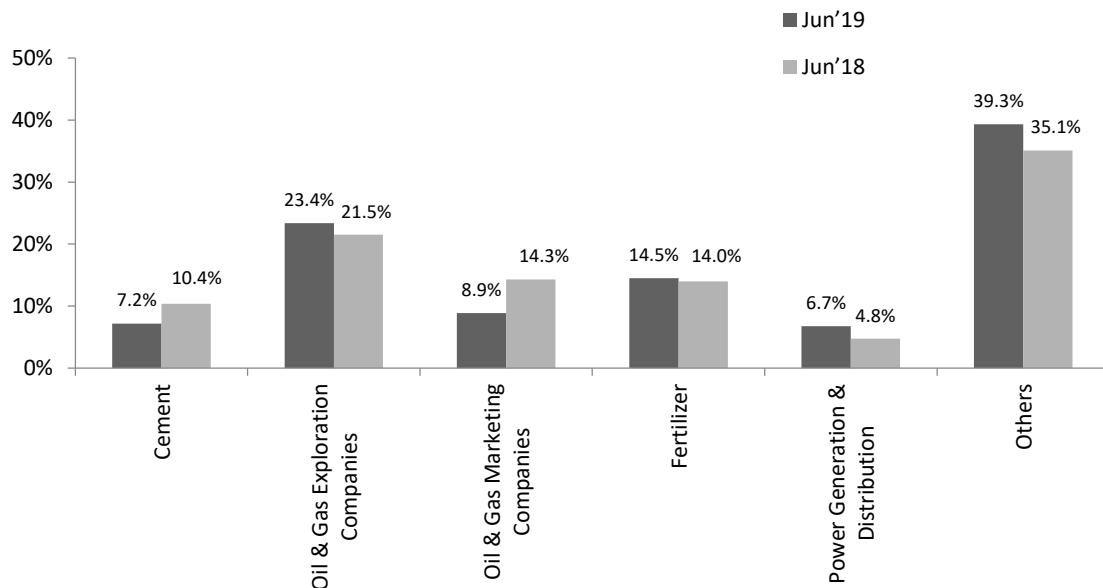
Based on the Fund Manager's outlook on asset classes, the allocation of the portfolio will actively be managed between the Equity asset classes and Fixed Income/Money Market asset classes in line with the macroeconomic view and outlook of such asset classes. For exposure to equities, this fund shall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

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

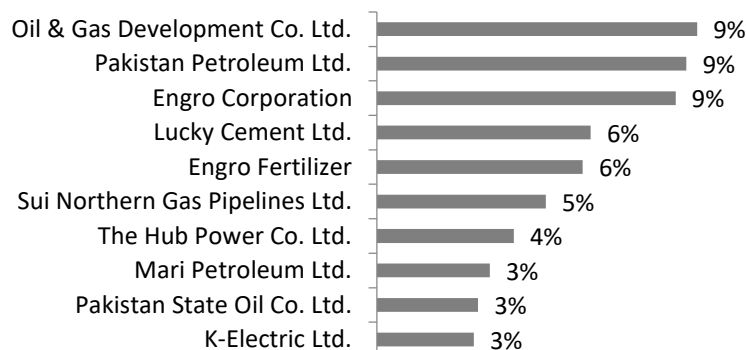
The fund manager looks to earn a higher than average return by actively managing the portfolio between equity and fixed income avenues in line with the movements of the stock market.

Asset Allocation

As on June 30, 2019, the fund's equity exposure was 76.0%, while 24.0% of the Net Assets was invested in bank deposits.



Top Holdings



Performance Review

Meezan Asset Allocation Fund posted a total loss of Rs. 480 million during FY18 as compared to total income of Rs. 380 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 201 million and Rs. 416 million respectively, while the net outflow of the Fund during the year was 477 million. Dividend income and profit on saving account with banks comprised of Rs. 97 million and 39 million respectively. After accounting for expenses of Rs. 66 million, the fund posted a net loss of Rs. 546 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,854 million as compared to Rs. 2,877 million at the end of last year depicting a decline of 36%.

During the fiscal year 2019, Meezan Asset Allocation Fund provided a negative return of -20.43% to its investors.

	<u>MAAF</u>	<u>Benchmark</u>
Net Asset Value as on June 30, 2018	44.53	
Net Asset Value as on June 30, 2019	35.43	
Return During the Period - Net	-20.43%	-18.57%
<u>Under performance</u>	<u>-1.86%</u>	

Benchmark: Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation

Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 1.75 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	3	3	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of Investors
1 - 9,999	1,288
10,000 - 49,999	487
50,000 - 99,999	76
100,000 - 499,999	50
500,000 and above	15
Total	1,916



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Third year of operations of Meezan Asset Allocation Fund (MAAF) 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 8.2.7 of the Trust Deed 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 six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of MAAF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MAAF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66

Page 1 of 2



Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Sui Northern Gas Company	Oil & Gas Marketing Companies	17.06%	0.00%	1.01%	51%	(297.62)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
The Hub Power Company Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.

- ii. On the basis of information provided by the management, all operations of MAAF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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
Shari'ah Advisor

Head Office

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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN ASSET ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Asset Allocation Fund (the Fund) are of the opinion that 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Asset Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Asset Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 5 and 6 to the financial statements)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,448.626 million and balances with banks aggregated to Rs 421.539 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled 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; and

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

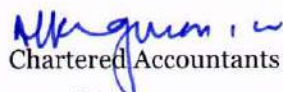
We also provide board of directors of the management company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable,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

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 18, 2019

**MEEZAN ASSET ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



Meezan
Asset Allocation Fund

	2019	2018
Note	-----Rupees in 000-----	
Assets		
Balances with banks	5 421,539	454,128
Investments	6 1,448,626	2,433,085
Receivable against conversion of units	-	9,679
Dividend receivable	5,288	5,809
Advances, deposits and other receivables	7 9,794	8,034
Preliminary expenses and floatation costs	8 326	507
Total assets	1,885,573	2,911,242
Liabilities		
Payable to Al Meezan Investment Management Limited -Management Company	9 4,914	12,673
Payable to Central Depository Company of Pakistan Limited - Trustee	10 533	340
Payable to the Securities and Exchange Commission of Pakistan	11 2,380	2,896
Payable to Meezan Bank Limited	35	44
Payable against redemption and conversion of units	9,113	1,669
Payable against purchase of investments	-	2,190
Accrued expenses and other liabilities	12 14,587	14,266
Total liabilities	31,562	34,078
NET ASSETS	1,854,011	2,877,164
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	1,854,011	2,877,164
CONTINGENCIES AND COMMITMENTS	13	
NUMBER OF UNITS IN ISSUE	52,324,763	64,611,605
	-----Rupees-----	
NET ASSET VALUE PER UNIT	35.4328	44.5301

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ASSET ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
		----- Rupees in 000 -----	
Income			
Realised loss on sale of investments - net		(201,426)	(180,663)
Dividend income		97,359	127,013
Profit on balances with banks		39,304	27,095
		<u>(64,763)</u>	<u>(26,555)</u>
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(415,587)	(353,078)
Total loss		<u>(480,350)</u>	<u>(379,633)</u>
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	9.1	37,579	45,720
Sindh Sales Tax on remuneration of the Management Company	9.2	4,885	5,944
Allocated expenses	9.3	2,505	3,048
Selling and marketing expenses	9.4	10,021	12,192
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	3,505	4,026
Sindh Sales Tax on remuneration of the Trustee	10.2	456	523
Annual fees to the Securities and Exchange Commission of Pakistan	11	2,380	2,896
Brokerage expense		1,398	2,120
Auditors' remuneration	14	319	306
Amortisation of preliminary expenses and floatation costs	8	181	180
Printing expenses		11	88
Legal and professional charges		-	76
Fee and subscription charges		562	644
Bank and settlement charges		552	969
Charity expense	12.1	1,748	2,235
Total expenses		<u>(66,102)</u>	<u>(80,967)</u>
Net loss for the year before taxation		<u>(546,452)</u>	<u>(460,600)</u>
Taxation	17	-	-
Net loss for the year after taxation		<u>(546,452)</u>	<u>(460,600)</u>
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		<u>-</u>	<u>-</u>
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		<u>-</u>	<u>-</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ASSET ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



	2019	2018
	----- Rupees in 000-----	
Net loss for the year after taxation	(546,452)	(460,600)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive loss for the year	<u>(546,452)</u>	<u>(460,600)</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ASSET ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	2019			2018		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
	Rupees in 000			Rupees in 000		
Net assets at beginning of the year	3,339,382	(462,218)	2,877,164	3,253,053	(1,618)	3,251,435
Issuance of 13,481,636 units (2018: 22,150,420 units)						
- Capital value (at net asset value per unit at the beginning of the year)	600,339	-	600,339	1,127,235	-	1,127,235
- Element of loss	(29,904)	-	(29,904)	(82,042)	-	(82,042)
Total proceeds on issuance of units	570,435	-	570,435	1,045,193	-	1,045,193
Redemption of 25,768,478 units (2018: 21,436,137 units)						
- Capital value (at net asset value per unit at the beginning of the year)	1,147,473	-	1,147,473	1,090,885	-	1,090,885
- Element of income	(100,337)	-	(100,337)	(132,021)	-	(132,021)
Total payments on redemption of units	1,047,136	-	1,047,136	958,864	-	958,864
Total comprehensive loss for the year	-	(546,452)	(546,452)	-	(460,600)	(460,600)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(546,452)	(546,452)	-	(460,600)	(460,600)
Net assets at end of the year	<u>2,862,681</u>	<u>(1,008,670)</u>	<u>1,854,011</u>	<u>3,339,382</u>	<u>(462,218)</u>	<u>2,877,164</u>
Accumulated losses brought forward						
- Realised (loss) / income		(109,140)			71,059	
- Unrealised loss		(353,078)			(72,677)	
		<u>(462,218)</u>			<u>(1,618)</u>	
Accounting income available for distribution						
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(546,452)			(460,600)	
Distribution during the year		-			-	
Accumulated losses carried forward		<u>(1,008,670)</u>			<u>(462,218)</u>	
Accumulated losses carried forward						
- Realised loss		(593,083)			(109,140)	
- Unrealised loss		(415,587)			(353,078)	
		<u>(1,008,670)</u>			<u>(462,218)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year	<u>44.5301</u>			<u>50.8900</u>		
Net assets value per unit at end of the year	<u>35.4328</u>			<u>44.5301</u>		

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ASSET ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



	Note	2019 (Rupees in '000)	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year before taxation		(546,452)	(460,600)
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		415,587	353,078
Amortisation of preliminary expenses and floatation costs		181	180
		<u>(130,684)</u>	<u>(107,342)</u>
Decrease / (Increase) in assets			
Investments		568,872	(186,995)
Dividend receivable		521	4,736
Advances, deposits and other receivables		(1,760)	(958)
		567,633	(183,217)
(Decrease) / Increase in liabilities			
Payable to Al Meezan Investment Management Limited - Management Company		(7,759)	1,937
Payable to Central Depository Company of Pakistan Limited - Trustee		193	(52)
Payable to the Securities and Exchange Commission of Pakistan		(516)	1,546
Payable against purchase of investments		(2,190)	2,190
Payable to Meezan Bank Limited		(9)	(2,297)
Accrued expenses & other liabilities		321	(62,410)
		(9,960)	(59,086)
Net cash generated from / (used in) operating activities		<u>426,989</u>	<u>(349,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		580,114	1,259,855
Payment against redemption and conversion of units		(1,039,692)	(982,789)
Dividend paid		-	(42,321)
Net cash (used in) / generated from financing activities		(459,578)	234,745
Net (decrease) / increase in cash and cash equivalents		(32,589)	(114,900)
Cash and cash equivalents at the beginning of the year		454,128	569,028
Cash and cash equivalents at the end of the year	5	<u>421,539</u>	<u>454,128</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN ASSET ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Asset Allocation Fund was established under a trust deed executed between Al Meezan Investment Management Company (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited as the Trustee. The Trust Deed was executed on November 25, 2015 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations). 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 registered office of the Management Company is situated at Ground floor Block B, Finance Trade Centre (FTC), Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The objective of the Fund is to earn potentially high return through asset allocation between Shariah Compliant Equity Instruments, Shariah Compliant Fixed Income Instruments, Shariah Compliant Money Market Instruments and any other Shariah Compliant instruments as permitted by the SECP and the Shariah Advisor. Meezan Bank Limited acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah Compliant Asset Allocation Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part 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.

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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 standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards 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, 2019 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair values.

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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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 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 (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

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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 generally 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 Derecognition

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.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 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 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 period in which such distributions are declared and approved by the Board of Directors of the Management Company.

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4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Income on sukuk certificates, term deposit receipts and government securities is recognized on a time proportionate basis using the effective yield method, except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by the SECP for which the profits are recorded on cash basis.
- Profit on saving accounts with bank is recognised on a time proportion basis using the effective yield method.

4.12 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.

4.13 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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 profit / loss of the year after taxation of the Fund by the weighted average number of units outstanding during the year.

Earnings / (loss) per unit 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.

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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.

5 BALANCES WITH BANKS

Note	2019	2018
	----- Rupees in 000-----	
Balances with banks in:		
Savings accounts	419,654	449,911
Current account	1,885	4,217
	<u>421,539</u>	<u>454,128</u>

5.1 The balances in saving accounts of the Fund carry profit rates ranging from 3.32% - 12.35% per annum (2018: 2% to 6.55% per annum).

6 INVESTMENTS

Note	2019	2018
	----- Rupees in 000-----	
Investment at 'fair value through profit or loss'		
Listed equity securities	<u>1,448,626</u>	<u>2,433,085</u>

6.1 Investments in equity securities - listed

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each unless stated other wise.

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments
						----- (Rupees in '000)-----		----- %-----			
Automobile Assembler											
Honda Atlas Cars (Pakistan) Limited	74,000	84,000	-	156,200	1,800	551	267	(284)	0.01	-	0.02
Pak Suzuki Motors Company Limited	15,000	15,000	-	30,000	-	-	-	-	-	-	
Ghandhara Industries Limited	50,000	50,000	50,000	95,000	55,000	19,434	4,805	(14,629)	0.26	0.13	0.33
Millat Tractors Limited	-	5,000	-	-	5,000	4,414	4,312	(102)	0.23	0.01	0.30
									0.50	0.14	0.65
Automobile Parts & Accessories											
Ghandhara Nissan Limited	131,098	131,098	-	262,196	-	-	-	-	-	-	-
Chemicals											
Engro Polymer & Chemicals Limited	1,113,000	1,388,000	411,761	1,802,000	1,110,761	33,932	29,946	(3,986)	1.62	0.12	2.07
ICI Pakistan Limited	65,800	88,100	-	73,250	80,650	61,402	42,944	(18,458)	2.32	0.09	2.96
Sitara Peroxide Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
									3.94	0.21	5.03
Cement											
Cherat Cement Company Limited	256,000	256,000	-	512,000	-	-	-	-	-	-	-
Dewan Cement Limited	450,000	450,000	-	900,000	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	489,000	552,000	-	912,000	129,000	12,160	7,294	(4,866)	0.39	0.03	0.50
Fauji Cement Company Limited	-	1,455,000	-	1,455,000	-	-	-	-	-	-	-
Kohat Cement Company Limited	150,000	191,000	45,000	161,000	225,000	20,565	11,819	(8,746)	0.64	0.11	0.82
Lucky Cement Limited	337,900	495,900	-	529,100	304,700	147,461	115,929	(31,532)	6.25	0.09	8.00
Maple Leaf Cement Factory Limited	384,112	484,112	-	857,112	11,112	576	265	(311)	0.01	-	0.02
Pioneer Cement Limited	45,500	45,500	-	90,500	500	23	11	(12)	-	-	-
									7.29	0.23	9.34
Engineering											
Crescent Steel and Allied Products Limited											
Limited	70,800	70,800	-	141,600	-	-	-	-	-	-	-
International Industries Limited	120,000	147,500	-	160,000	107,500	22,459	8,285	(14,174)	0.45	0.09	0.57
International Steels Limited	244,000	394,000	-	533,000	105,000	4,439	4,170	(269)	0.22	0.02	0.29
Mughal Iron & Steel Industries Limited	35,000	35,000	-	70,000	-	-	-	-	-	-	-
									0.67	0.11	0.86

ALL

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments
----- Number of shares -----						(Rupees in '000)		----- % -----			
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	180,000	246,000	-	426,000	-	-	-	-	-	-	
Fertilizer											
Engro Corporation Limited	722,000	722,000	55,400	890,000	609,400	173,878	161,857	(12,021)	8.73	0.11	11.17
Engro Fertilizers Limited	2,115,000	2,115,000	-	2,485,000	1,745,000	130,718	111,628	(19,090)	6.02	0.13	7.71
									14.75	0.24	18.88
Food And Personal Care Products											
Engro Foods Limited	700	700	-	700	700	62	41	(21)	-	-	-
Al- Shaheer Corporation Limited	3,750	3,750	-	3,750	3,750	102	47	(55)	-	-	-
At-Tahur Limited	-	764,857	-	764,857	-	-	-	-	-	-	-
Oil And Gas Exploration Companies											
Oil and Gas Development Company Limited	2,083,300	2,383,300	-	3,146,800	1,319,800	200,534	173,541	(26,993)	9.36	0.03	11.98
Mari Petroleum Company Limited	38,460	55,200	5,520	38,460	60,720	83,038	61,287	(21,751)	3.31	0.05	4.23
Pakistan Oilfields Limited	81,000	184,100	13,800	184,950	93,950	40,928	38,133	(2,795)	2.06	0.03	2.63
Pakistan Petroleum Limited	874,600	1,084,600	131,190	929,000	1,161,390	213,543	167,740	(45,803)	9.05	0.05	11.58
									23.78	0.16	30.42
Oil And Gas Marketing Companies											
Hascol Petroleum Limited	229,400	239,400	87,275	254,400	301,675	68,738	20,701	(48,037)	1.12	0.15	1.43
Hi-Tech Lubricants Limited	213,900	213,900	-	427,800	-	-	-	-	-	-	-
Sui Northern Gas Pipelines Limited	1,636,400	2,129,400	-	2,448,400	1,317,400	121,164	91,546	(29,618)	4.94	0.21	6.32
Sui Southern Gas Company Limited	780,000	780,000	-	1,560,000	-	-	-	-	-	-	-
Pakistan State Oil Company Limited	412,540	437,540	82,508	609,240	323,348	85,425	54,850	(30,575)	2.96	0.08	3.79
									9.02	0.44	11.54
Paper and Board											
Cherat Packaging Limited	11,350	20,050	1,702	11,350	21,752	3,127	1,754	(1,373)	0.09	0.06	0.12
Packages Limited	102,900	102,900	-	154,450	51,350	25,147	15,434	(9,713)	0.83	0.06	1.07
									0.92	0.12	1.19
Glass & Ceramics											
Tariq Glass Industries Limited	-	10,000	-	-	10,000	1,000	766	(234)	0.04	0.01	0.05
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	19,050	19,050	-	38,050	50	34	24	(10)	-	-	-
AGP Limited	422,500	422,500	-	556,000	289,000	25,660	19,805	(5,855)	1.07	0.10	1.37
GlaxoSmithKline Consumer Healthcare Pakistan Limited	97,000	97,000	-	147,000	47,000	19,036	9,070	(9,966)	0.49	0.04	0.63
GlaxoSmithKline Pakistan Limited	10,600	10,600	-	21,200	-	-	-	-	-	-	-
The Searle Company Limited	218,304	228,304	32,745	346,504	132,849	38,751	19,470	(19,281)	1.05	0.06	1.34
									2.61	0.20	3.34
Power Generation And Distribution											
K-Electric Limited (face value Rs. 3.5)	12,355,000	12,955,000	-	13,355,000	11,955,000	68,282	52,482	(15,800)	2.83	0.12	3.62
The Hub Power Company Limited	738,200	853,200	89,312	738,200	942,512	81,251	74,223	(7,028)	4.00	0.08	5.12
									6.83	0.20	8.74
Refinery											
National Refinery Limited	24,000	24,000	-	48,000	-	-	-	-	-	-	-
Textile Composite											
Nishat Mills Limited	457,000	572,000	-	630,600	398,400	56,286	37,187	(19,099)	2.01	0.11	2.57
Kohinoor Textile Mills Limited	-	100,000	-	100,000	-	-	-	-	-	-	-
Feroze 1888 Mills Limited	-	185,000	-	54,000	131,000	8,646	13,214	4,568	0.71	0.03	0.91
Interloop Limited	-	724,712	-	-	724,712	33,409	32,083	(1,326)	1.73	0.08	2.21
									4.45	0.22	5.69
Commercial Banks											
Meezan Bank Limited (an associate)	410	776,410	56,036	304,410	528,446	42,375	46,059	3,684	2.48	0.04	3.18

All in

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to			
									Net assets of the Fund	Paid up capital of investee company (with face value of investment)	Total market value of investments	
Number of shares						Rupees in '000			%			
Technology and Communication												
Pakistan Telecommunication Company Limited												
	-	100,000	-	-	100,000	850	827	(23)	0.04	-	0.06	
Systems Limited	70,000	86,000	7,200	84,000	79,200	7,364	7,601	237	0.41	0.06	0.52	
Avanceon Limited	30,000	130,000	42,000	55,000	147,000	7,449	7,209	(240)	0.39	0.08	0.51	
									0.84	0.14	1.09	
Vanaspatti & Allied Industries												
Unity Foods Limited												
	250,000	250,000	-	500,000	-	-	-	-	-	-	-	
Right Shares												
Engro Polymer & Chemicals Limited*												
	411,810	-	-	411,810	-	-	-	-	-	-	-	
The Hub Power Company Limited*												
	-	-	89,312	89,312	-	-	-	-	-	-	-	
Total as at June 30, 2019						1,864,243	1,448,626	(415,587)	78.12		100	
Total as at June 30, 2018						2,786,163	2,433,085	(353,078)				

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited and The Hub Power Company Limited above.

- 6.1.1** Investments include 105,000 shares (June 30, 2018: 105,000 shares) of Engro Corporation Limited having market value of Rs 27.89 million as at June 30, 2019 (June 30, 2018: Rs 32.96 million) which have been pledged with National Clearing Company Limited for guaranteeing settlement of the Fund's trades in accordance with Circular No. 11 dated October 23, 2007 issued by SECP.
- 6.1.2** The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001 as a result of which companies are liable to withhold five percent of the bonus shares to be issued. The shares so withheld shall only be released if the Fund deposits tax equivalent to five percent of the value of the bonus shares issued to the Fund including bonus shares withheld, determined on the basis of day-end price on the first day of closure of books of the issuing company.

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 1.209 million (2018: 2.080 million).

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6.2 Unrealised diminution on re-measurement of investments classified as Financial assets at fair value through profit or loss	Note	2019 ----- Rupees in 000-----	2018
Market value of investments	6.1	1,448,626	2,433,085
Carrying value of investments	6.1	<u>(1,864,213)</u>	<u>(2,786,163)</u>
		<u>(415,587)</u>	<u>(353,078)</u>

7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		2,500	2,500
Advance against Initial Public Offer subscription		-	500
Profit receivable on saving accounts with banks		4,724	2,464
Advance tax	7.1	<u>2,470</u>	<u>2,470</u>
		<u>9,794</u>	<u>8,034</u>

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on dividends amounts to Rs. 2.470 million.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8 PRELIMINARY EXPENSES AND FLOATATION COSTS	Note	2019 -----Rupees in 000-----	2018
At the beginning of the year		507	687
Amortisation during the year	8.1	<u>(181)</u>	<u>(180)</u>
At the end of the year		<u>326</u>	<u>507</u>

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

9 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED- MANAGEMENT COMPANY	Note	2019 -----Rupees in 000-----	2018
Management fee payable	9.1	2,383	3,621
Sindh Sales Tax payable on remuneration of the Management Company	9.2	310	471
Allocated expenses payable	9.3	159	241
Sales Load Payable		16	212
Sindh Sales Tax Payable on Sales Load		2	28
Selling and marketing expenses payable	9.4	<u>2,044</u>	<u>8,100</u>
		<u>4,914</u>	<u>12,673</u>

ALL

- 9.1** As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of asset allocation schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1.5% per annum of the average net assets of the Fund during the year June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.
- 9.2** During the year, an amount of Rs 4.885 million (2018: Rs.5.944 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.5.046 million (2018: Rs. 5.989 million) has been paid to the Management company which acts as a collecting agent.
- 9.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.
- However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.
- 9.4** 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. Accordingly, such expenses have been charged to the Fund at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

10 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019	2018
		-----Rupees in 000-----	
Trustee fee payable	10.1	472	301
Sindh Sales Tax payable on trustee fee	10.2	61	39
		<u>533</u>	<u>340</u>

- 10.1** 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 Rs. 0.7 million or 0.2% per annum of net assets, whichever is higher.
- exceeding Rs. 1 billion Rs. 2.0 million plus 0.1% per annum of net assets exceeding Rs. 1 billion.

- 10.2** During the year, an amount of Rs 0.456 million (2018: Rs.0.523 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.0.434 million (2018: Rs. 0.529 million) was paid to the Trustee which acts as a collecting agent.

11 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a collective investment scheme classified as an asset allocation scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
		-----Rupees in 000-----	
Auditors' remuneration payable		195	270
Brokerage payable		1,455	745
Shariah advisor fee payable		266	269
Charity Payable	12.1	1,933	2,186
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	12.2	482	482
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		145	145
Withholding tax payable		26	28
Capital gain tax payable		1	4
Provision for Sindh Workers' Welfare Fund	12.3	10,080	10,080
Zakat payable		4	57
		<u>14,587</u>	<u>14,266</u>

- 12.1** According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 1.933 million (June 30, 2018: Rs 2.186 million) is outstanding in this regard.

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

With effect from July 1, 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. 0.627 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 0.01 (June 30, 2018: Re. 0.01) per unit.

- 12.3** 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.19 per unit (2018: Re. 0.16 per unit).

13 CONTINGENCIES AND COMMITMENTS

- 13.1** There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

	2019	2018
	-----Rupees in 000-----	
14 AUDITORS' REMUNERATION		
Annual audit fee	212	212
Half yearly review	87	75
Out of pocket expenses	20	19
AU	319	306


15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 2.63% which includes 0.31% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Asset Allocation scheme.

16 PERFORMANCE TABLE	2019	2018	2017
Net assets (Rs in '000) (ex-distribution)	1,854,011	2,877,164	3,251,435
Net assets value / redemption price per unit as at 30 June (Rs.) (ex-distribution)	35.432764	44.5301	50.89
Offer price per unit as at June 30 (Rs.) (ex-distribution)	35.4328	46.0397	52.62
Highest offer price per unit (Rs.)	47.40	53.39	70.17
Lowest offer price per unit (Rs.)	35.53	42.78	52.62
Highest redemption price per unit (Rs.)	45.85	51.64	67.87
Lowest redemption price per unit (Rs.)	34.36	41.38	50.89
Distribution (%)	N/A	N/A	19
Date of distribution	N/A	N/A	June 23, 2017
Total return (%)	(20.04)	(12.50)	18.10
	One Year	Two Year	Three Year
Average annual return (%) as at June 30, 2019	(20.04)	(16.35)	(6.16)

Investment portfolio composition of the Fund is described in Note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in Note 20.

17 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, 2008, 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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 as per Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

18.1 Connected persons include Al Meezan Asset Management Company limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

18.2 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.

AU /

- 18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5 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:

	2019	2018
	-----Rupees '000-----	
Balances		
Al Meezan Investment Management Company (Management Company)		
Remuneration Payable	2,383	3,621
Sindh Sales Tax on management fee	310	471
Sales load payable	16	212
Sindh Sales Tax on sales load	2	28
Allocated expenses	159	241
Selling and marketing expenses payable	2,044	8,100
Central Depository Company Pakistan Limited (Trustee)		
Trustee fee payable	472	301
Sindh Sales Tax payable on trustee fee	61	39
Deposits	100	100
Meezan Bank Limited		
Sales Load Payable	47	39
Sindh Sales tax on Sales Load Payable	6	5
Bank balance	6,620	97,801
Profit receivable on savings account	37	190
Outstanding 528,446 shares (2018: 410 shares)	46,059	34
Directors and their close family members and key management personnel of the Management Company		
Investment of 30,242 units (2018: 2,012 units)	1,072	90
For the year ended June 30,		
	2019	2018
	(Rupees in '000)	
Transactions during the year		
Al Meezan Investment Management Company (Management Company)		
Remuneration charged	37,579	45,720
Sindh Sales Tax on remuneration of the Management Company	4,885	5,944
Allocated expenses	2,505	3,048
Selling and marketing expenses	10,021	12,192
Central Depository Company Pakistan Limited (Trustee)		
Remuneration of the Trustee	3,505	4,026
Sindh Sales Tax on remuneration of the Trustee	456	523

All in

For the year ended June 30,

 2019 2018
 (Rupees in '000)

Meezan Bank Limited

Profit on savings account	1,081	3,009
Issue of 776,410 (2018: 104,410) units	68,351	7,596
Bonus of 56,036 (2018: Nil) units	-	-
Redemption of 304,410 (2018: 104,000) units	27,517	7,454
Dividend income	1,343	180

Directors and their close family members and key management personnel of the Management Company

Issue of 1,214,365 units (2018: 1,077 units)	50,988	50
Redemption of 1,186,135 units (2018: 20,810 units)	42,665	956

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

19 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

2019		
At amortised cost	At fair value through profit or loss	Total
Rupees '000		
Balances with banks	421,539	421,539
Investments	-	1,448,626
Receivable against conversion of units	-	-
Dividend receivable	5,288	5,288
Deposits and other receivables	7,324	7,324
	<u>434,151</u>	<u>1,882,777</u>

Financial liabilities

2019		
At fair value through profit or loss	At amortised cost	Total
Rupees '000		
Payable to Al Meezan Investment Management Company - Management Company	-	4,914
Payable to Central Depository Company Of Pakistan Limited- Trustee	-	533
Payable against redemption and conversion of units	-	9,113
Payable against purchase of investments	-	-
Payable to Meezan Bank Limited	-	35
Accrued expenses and other liabilities	-	3,849
	<u>-</u>	<u>18,444</u>

Financial assets

2018		
At amortised cost	At fair value through profit or loss	Total
Rupees '000		
Balances with banks	454,128	454,128
Investments	-	2,433,085
Receivable against conversion of units	9,679	9,679
Dividend receivable	5,809	5,809
Deposits and other receivables	5,564	5,564
	<u>475,180</u>	<u>2,908,265</u>

----- 2018 -----			
At fair value through profit or loss	At amortised cost	Total	
----- Rupees '000 -----			
Payable to Al Meezan Investment management Company - Management Company	-	12,673	12,673
Payable to Central Depository Company Of Pakistan Limited- Trustee	-	340	340
Payable against redemption and conversion of units	-	1,669	1,669
Payable against purchase of investments	-	2,190	2,190
Payable to Meezan Bank Limited	-	44	44
Accrued expenses and other liabilities	-	3,470	3,470
	-	20,386	20,386

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 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: profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 4.20 million (2018: Rs. 4.50 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

ALL IN

2019					
Effective Yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / Profit 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	3.32% - 12.35%	419,654	-	-	1,885	421,539
Investments		-	-	-	1,448,626	1,448,626
Receivable against conversion of units		-	-	-	-	-
Dividend receivable		-	-	-	5,288	5,288
Deposits and other receivables		-	-	-	7,324	7,324
		419,654	-	-	1,463,123	1,882,777

Financial liabilities

Payable to Al Meezan Asset Management Company - Management Company		-	-	-	4,914	4,914
Payable to Central Depository Company Pakistan Limited - Trustee		-	-	-	533	533
Payable against redemption and conversion of units		-	-	-	9,113	9,113
Payable against purchase of investments		-	-	-	-	-
Payable to Meezan bank		-	-	-	35	35
Accrued expenses and other liabilities		-	-	-	3,849	3,849
		-	-	-	18,444	18,444

On-balance sheet gap (a)

	419,654	-	-	1,444,679	1,864,333
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total profit rate sensitivity gap (a+b)

	419,654	-	-	-	-
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Cumulative profit rate sensitivity gap

	419,654	419,654	419,654	-	-
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2018					
Effective Yield / profit rate (%)	Exposed to yield / profit 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	2% - 6.55%	449,911	-	-	4,217	454,128
Investments		-	-	-	2,433,085	2,433,085
Receivable against conversion of units		-	-	-	9,679	9,679
Dividend receivable		-	-	-	5,809	5,809
Deposits and other receivables		-	-	-	5,564	5,564
		449,911	-	-	2,458,354	2,908,265

Financial liabilities

Payable to Al Meezan Asset Management Company - Management Company		-	-	-	12,673	12,673
Payable to Central Depository Company Pakistan Limited - Trustee		-	-	-	340	340
Payable against redemption and conversion of units		-	-	-	1,669	1,669
Payable against purchase of investments		-	-	-	2,190	2,190
Payable to Meezan bank		-	-	-	44	44
Accrued expenses and other liabilities		-	-	-	3,470	3,470
		-	-	-	20,386	20,386

On-balance sheet gap (a)

	449,911	-	-	2,437,968	2,887,879
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total profit rate sensitivity gap (a+b)

	449,911	-	-	-	-
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Cumulative profit rate sensitivity gap

	449,911	449,911	449,911	-	-
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All in

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

In case of 1% increase / decrease in 30 KSE index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 14.486 million (2018: Rs. 24.331 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available-for-sale or financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 1% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

AU, ✓

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	421,539	-	-	-	-	421,539
Investments	-	-	-	-	1,448,626	1,448,626
Receivable against conversion of units	-	-	-	-	-	-
Dividend receivable	5,288	-	-	-	-	5,288
Deposits and other receivables	7,324	-	-	-	-	7,324
	434,151	-	-	-	1,448,626	1,882,777

Financial liabilities

Payable to AI Meezan Management Company Limited- Management Company	4,914	-	-	-	-	4,914
Payable to Central Depository Company Of Pakistan Limited - Trustee	533	-	-	-	-	533
Payable against redemption and conversion of units	9,113	-	-	-	-	9,113
Payable against purchase of investments	-	-	-	-	-	-
Accrued expenses and other liabilities	1,455	2,394	-	-	-	3,849
Payable to Meezan bank	35	-	-	-	-	35
	16,050	2,394	-	-	-	18,444

Net assets / (liabilities)

	418,101	(2,394)	-	-	-	1,448,626	1,864,333
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2018						
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	454,128	-	-	-	-	454,128
Investments	-	-	-	-	2,433,085	2,433,085
Receivable against conversion of units	9,679	-	-	-	-	9,679
Dividend receivable	5,809	-	-	-	-	5,809
Deposits and other receivables	5,564	-	-	-	-	5,564
	475,180	-	-	-	2,433,085	2,908,265

Financial liabilities

Payable to AI Meezan Investment Management Company - Management Company	12,673	-	-	-	-	12,673
Payable to Central Depository Company Of Pakistan Limited - Trustee	340	-	-	-	-	340
Payable against redemption and conversion of units	1,669	-	-	-	-	1,669
Accrued expenses and other liabilities	745	2,725	-	-	-	3,470
Payable against purchase of investment	2,190	-	-	-	-	2,190
Payable to Meezan bank	44	-	-	-	-	44
	17,661	2,725	-	-	-	20,386

Net assets / (liabilities)

	457,519	(2,725)	-	-	-	2,433,085	2,887,879
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All in

20.3 Credit risk

20.3.1 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:

	2019		2018	
	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 '000-----			
Balances with banks	421,539	421,539	454,128	454,128
Investments	1,448,626	-	2,433,085	-
Receivable against conversion of units	-	-	9,679	9,679
Dividend receivable	5,288	5,288	5,809	5,809
Deposits and other receivables	7,324	7,324	5,564	5,564
	<u>1,882,777</u>	<u>434,151</u>	<u>2,908,265</u>	<u>475,180</u>

Difference in the balance as per statement of asset and liabilities and maximum exposure is due to the fact that investments in equity securities of Rs. 1.449 million (2018: Rs. 2.433 million) is not exposed to credit risk.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued thereon, dividend receivable and receivable against sale of units and against investments.

	2019	2018
	(Percentage)	
AA+	4.66	28.40
AA	28.64	-
AA-	-	16.30
A+	66.70	55.30
	<u>100.00</u>	<u>100.00</u>

20.3.3 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.

21 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.

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:

AU 1 4

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

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

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

As at June 30, 2019 the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	(Rupees in 000')		

Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

1,448,626	-	-
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	2018		
	Level 1	Level 2	Level 3
	(Rupees in 000')		

Financial assets 'at fair value through profit or loss'

Shares of listed companies - 'ordinary shares'

2,433,085	-	-
-----------	---	---

22 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 has no restriction 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 20, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Investment amount	Percentage of total (%)	Number of unit holders	Investment amount	Percentage of total (%)
	(Rupees in 000')			(Rupees in 000')		
Individuals	1,848	970,827	52.36	2,367	1,734,562	60.30
Insurance Companies	1	5,525	0.30	1	2,337	0.08
Banks and DFIs	-	-	-	1	34	-
Private Companies	11	164,397	8.87	10	57,948	2.01
Retirement Funds	31	484,189	26.11	36	625,511	21.74
Public Limited Companies	-	-	-	2	152,892	5.31
Others	25	229,073	12.36	15	303,880	10.56
	<u>1,916</u>	<u>1,854,011</u>	<u>100.00%</u>	<u>2,432</u>	<u>2,877,164</u>	<u>100.00%</u>

ALL

24 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

2019		2018	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
BMA Capital Management Limited	11.51%	Foundation Securities (Private) Limited	11.67%
Top Line Securities (Private) Limited	9.34%	Alfalah Securities (Private) Limited	11.48%
Foundation Securities (Private) Limited	7.02%	Top Line Securities (Private) Limited	8.80%
Intermarket Securities Limited	5.80%	JS Global Capital Limited.	8.74%
Taurus Securities Limited	5.37%	Fawad Yusuf Securities (Private) Limited	7.71%
Invest & Finance Securities Limited	5.23%	Invest & Finance Securities Limited	6.87%
AKD Securities Limited	4.90%	AKD Securities Limited	6.26%
Alfalah Securities (Private) Limited	4.85%	Arif Habib Limited.	4.01%
Aba Ali Habib Securities (Private) Limited	4.79%	Insight Securities (Private) Limited	3.58%
Optimus Capital Management Limited	4.34%	Optimus Capital Management (Private) Limited	3.52%

25 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	Twenty nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Eight years

25.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund Manager are as follows:

- Meezan Balanced Fund
- KSE Meezan Index Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III ;and
- Meezan Dedicated Equity Fund

26 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim*	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019

27 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.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

29 GENERAL

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

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

 Chief Executive

 Chief Financial Officer


 Director



Meezan
Dedicated Equity Fund

MEEZAN DEDICATED EQUITY FUND (MDEF)

Meezan Dedicated Equity Fund aims to provide Fund of Funds scheme a dedicated platform to seek long term capital appreciation.

 Peshawar Branch

BUILDING ON THE VALUES OF GROWTH IN THE CITY OF FLOWERS

ISLAMIA COLLEGE
(PESHAWAR)



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 Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

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 Dedicated Equity Fund

Type of Fund

Open end Shariah Compliant Equity Scheme

Objective

The investment objective of the fund is to provide Fund of Funds schemes a dedicated equity platform to seek long term capital appreciation.

Investment Policy

It primarily invests in Shariah compliant listed equity securities or securities whose listing has been approved by the exchange. In case the fund manager expects the stock market to drop, based on his analysis of macroeconomic factors such as interest rates, economic growth rates, political climate, corporate earnings, stock market valuations, etc., the portfolio may be temporarily allocated to other allowable asset classes, subject to the prescribed limits.

Performance Review

MDEF posted a total loss of Rs. 540 million in FY19. Total loss comprised of realised and unrealized loss on investments of Rs. 289 million and Rs. 339 million respectively, while the net inflow in the Fund during the year was 511 million. Dividend income contributed Rs. 80 million to income while profit on saving accounts with banks amounted to Rs. 8 million. After accounting for expenses of Rs. 66 million, the Fund posted a net loss of Rs. 606 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,761 million. The net asset value per unit as at June 30, 2019 was Rs. 35.51.

Charity Statement

The Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the period ended June 30, 2019 an amount of Rs. 1.516 million was accrued as charity payable.

Distributions

There is NIL distribution by the Fund during the period ended June 30, 2019.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	3	3	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	No. of Investors
1 - 9,999	0
10,000 - 49,999	0
50,000 - 99,999	0
100,000 - 499,999	1
500,000 and above	12
Total	13



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor –Meezan Dedicated Equity Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Second year of operations of Meezan Dedicated Equity Fund (MDEF) 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 8.2.7 of the Trust Deed 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 six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non-*Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of MDEF in light of *Shari'ah* requirements. Following is the list of the top equity holdings of MDEF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128



Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	
Sui Northern Gas Company	Oil & Gas Marketing Companies	15.27%	0.00%	1.51%	50%	(360.99)	
The Hub Power Co.Ltd.***	Power Generation & Distribution Company	31.38%	0.00%	0.43%	41%	(29.25)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

*** Debt is considered excluding circular debt.

- ii. On the basis of information provided by the management, all operations of MDEF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
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URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN DEDICATED EQUITY 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 Dedicated Equity 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Dedicated Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Dedicated Equity Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,658.927 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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 Requirement

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 18, 2019

**MEEZAN DEDICATED EQUITY FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



	2019	2018
Note	-----Rupees in '000'-----	
Assets		
Balances with banks	5 110,688	122,500
Investments	6 1,658,927	1,741,607
Dividend receivable	1,120	2,103
Advances, deposits and other receivables	7 1,886	2,661
Total assets	1,772,621	1,868,871
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	8 5,286	7,319
Payable to Central Depository Company of Pakistan Limited - Trustee	9 263	269
Payable to the Securities and Exchange Commission of Pakistan	10 1,864	922
Payable against purchase of investments	-	2,530
Payable against redemption and conversion of units	1,500	-
Accrued expenses and other liabilities	11 2,634	999
Total liabilities	11,547	12,039
NET ASSETS	1,761,074	1,856,832
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	1,761,074	1,856,832
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE	49,596,421	38,257,817
NET ASSET VALUE PER UNIT	35.5081	48.5347

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

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN DEDICATED EQUITY FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

		2019	For the period from October 9, 2017 to June 30, 2018
	Note	-----Rupees in '000'-----	
Income			
Profit on balances with banks		8,115	3,480
Dividend income		79,935	30,907
Realised (loss) / gain on sale of investments - net		(289,217)	15,479
		(201,167)	49,866
Net unrealised diminution on re-measurement of investments classified as financial assets at 'fair value through profit or loss'	6.2	(338,750)	(83,815)
		-	
Total loss		(539,917)	(33,949)
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Comp	8.1	39,234	19,414
Sindh Sales Tax on remuneration of the Management Company	8.2	5,100	2,524
Allocated expenses	8.3	1,962	969
Selling and marketing expenses	8.4	7,847	3,883
Remuneration of Central Depository Company of Pakistan Limited- Trustee	9.1	2,962	1,648
Sindh Sales Tax on remuneration of the Trustee	9.2	385	214
Annual fees to the Securities and Exchange Commission of Pakistan	10	1,864	922
Brokerage expense		4,284	3,327
Auditors' remuneration	13	235	200
Annual listing fee		28	190
Charity expense	11.1	1,529	487
Printing expense		40	30
Legal and professional charges		-	27
Fee and subscription		532	392
Bank and settlement charges		435	899
Total expenses		66,437	35,126
Net loss for the year before taxation		(606,354)	(69,075)
Taxation	16	-	-
Net loss for the year after taxation		(606,354)	(69,075)
Allocation of net income for the year			
Net income for the year after taxation		-	-
Income already paid on units redeemed		-	-
		-	-
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		-	-
		-	-

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

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN DEDICATED EQUITY FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Dedicated Equity Fund

	2019	For the period from October 9, 2017 to June 30, 2018
Note	-----Rupees in '000'-----	
Net loss for the year after taxation	(606,354)	(69,075)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive loss for the year	<u>(606,354)</u>	<u>(69,075)</u>

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN DEDICATED EQUITY FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019

	2019			For the period from October 9, 2017 to June 30, 2018		
	Capital Value	Accumulated losses	Total	Capital Value	Accumulated losses	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,925,907	(69,075)	1,856,832	-	-	-
Issue of 97,417,209 units (2018: 94,710,721 units)						
- Capital value (at net asset value per unit at the beginning of the year)	4,728,115	-	4,728,115	4,735,536	-	4,735,536
- Element of loss	(438,627)	-	(438,627)	9,965	-	9,965
Total proceeds on issuance of units	4,289,488	-	4,289,488	4,745,501	-	4,745,501
Redemption of 86,078,605 units (2018: 56,452,904 units)						
- Capital value (at net asset value per unit at the beginning of the year)	4,177,799	-	4,177,799	2,822,646	-	2,822,646
- Element of income	(398,907)	-	(398,907)	(3,052)	-	(3,052)
Total payments on redemption of units	3,778,892	-	3,778,892	2,819,594	-	2,819,594
Total comprehensive loss for the year	-	(606,354)	(606,354)	-	(69,075)	(69,075)
Distribution during the year	-	-	-	-	-	-
Net loss for the year less distribution	-	(606,354)	(606,354)	-	(69,075)	(69,075)
Net assets at the end of the year	<u>2,436,503</u>	<u>(675,429)</u>	<u>1,761,074</u>	<u>1,925,907</u>	<u>(69,075)</u>	<u>1,856,832</u>
Accumulated losses brought forward						
- Realised income		14,740			-	
- Unrealised loss		(83,815)			-	
		<u>(69,075)</u>			<u>-</u>	
Accounting income available for distribution		-			-	
- Relating to capital gains		-			-	
- Excluding capital gains		-			-	
Net loss for the year after taxation		(606,354)			(69,075)	
Distribution during the year		-			-	
Accumulated losses carried forward		<u>(675,429)</u>			<u>(69,075)</u>	
Accumulated losses carried forward						
- Realised loss		(336,679)			14,740	
- Unrealised loss		(338,750)			(83,815)	
		<u>(675,429)</u>			<u>(69,075)</u>	
		(Rupees)			(Rupees)	
Net assets value per unit at the beginning of the year		<u>48.5347</u>			-	
Net assets value per unit at the end of the year		<u>35.5081</u>			<u>48.5347</u>	

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

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For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN DEDICATED EQUITY FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Dedicated Equity Fund

	2019	For the period from October 9, 2017 to June 30, 2018
Note	-----Rupees in '000'-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year before taxation	(606,354)	(69,075)
Adjustments for		
Net unrealised diminution on re-measurement of investments classified assets at 'fair value through profit or loss'	338,750 (267,604)	83,815 14,740
Decrease / (Increase) in assets		
Investments	(256,070)	(1,825,422)
Dividend receivable	983	(2,103)
Advances, deposits and other receivables	775	(2,661)
	(254,312)	(1,830,186)
(Decrease) / Increase in liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	(2,033)	7,319
Payable to Central Depository Company of Pakistan Limited - Trustee	(6)	269
Payable to the Securities and Exchange Commission of Pakistan	942	922
Payable against purchase of investments	(2,530)	2,530
Accrued expenses and other liabilities	1,635	999
	(1,992)	12,039
Net cash used in operating activities	(523,908)	(1,803,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance of units and conversion of units	4,289,488	4,745,501
Payment against redemption of units and conversion of units	(3,777,392)	(2,819,594)
Net cash generated from financing activities	512,096	1,925,907
Net (decrease) / increase in cash and cash equivalents during the year	(11,812)	122,500
Cash and cash equivalents at the beginning of the year	122,500	-
Cash and cash equivalents at the end of the year	5 110,688	122,500

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

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN DEDICATED EQUITY FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Dedicated Equity Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 9, 2017 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah Compliant Equity Scheme. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.5** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.

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 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.

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these condensed interim financial statements.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognized in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at Fair value through other comprehensive income (FVOCI). The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as Fair value through profit or loss (FVPL). The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio in equity securities continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual accounting periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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 period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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).

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3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 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.

4.3.4 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.

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4.3.5 Derecognition

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.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 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 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 period in which such distributions are declared and approved by the Board of Directors of the Management Company.

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4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Dividend income is recognised when the Fund's right to receive the same is established i.e. on the commencement of date of book closure of the investee company / institution declaring the dividend.
- Profit on saving accounts with bank is recognised on a time proportion basis using the effective yield method.

4.12 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.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net profit / 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.

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4.15 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 profit and loss account.

5	BALANCES WITH BANKS	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
	Balances with banks in:			
	Savings accounts	5.1	109,870	122,326
	Current accounts		818	174
			<u>110,688</u>	<u>122,500</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.32 % to 12.35% per annum (2018: 2.00% to 2.4% per annum).

6	INVESTMENTS	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
	Investment at 'fair value through profit or loss'			
	Listed equity securities	6.1	<u>1,658,927</u>	<u>1,741,607</u>

6.1 Investment at fair value through profit or loss - Listed equity securities

Shares of listed companies - fully paid up ordinary shares with a face value of Rs. 10 each except K-Electric Limited whose shares have a face value of Rs 3.5 each.

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net Assets of the fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
						(Rupees in '000)		%			

Sectors / companies

Automobile Assembler

Ghandhara industries Limited	33,000	65,000	33,000	111,700	19,300	5,093	1,686	(3,407)	0.10	0.05	0.10
Milat Tractors Limited	13,000	5,000	-	17,200	800	883	690	(193)	0.04	-	0.04
Pak Suzuki Motors Company Limited	27,100	-	-	27,100	-	-	-	-	-	-	-
Honda Atlas Cars (Pakistan) Limited	-	107,700	-	107,400	300	70	44	(26)	-	-	-

Automobile Parts & Accessories

General Tyre & Rubber Company Limited	25,000	-	9,100	34,100	-	-	-	-	-	-	-
Ghandhara Nissan Limited	139,458	-	-	139,300	158	28	8	(20)	-	-	-

Commercial Bank

Meezan Bank Limited (an associate)	500	1,141,500	41,005	607,500	575,505	49,153	50,164	1,011	2.85	0.04	3.02
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Cement

Attock Cement Pakistan Limited	-	124,700	-	109,500	15,200	1,654	1,085	(569)	0.06	0.01	0.07
Cherat Cement Company Limited	96,500	18,500	-	115,000	-	-	-	-	-	-	-
Dewan Cement Limited	369,500	-	-	369,500	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	305,600	955,000	-	1,054,500	206,100	14,296	11,653	(2,643)	0.66	0.05	0.70
Lucky Cement Limited	263,400	360,100	-	309,850	313,650	147,160	119,334	(27,826)	6.78	0.10	7.19
Maple Leaf Cement Factory Limited	570,000	1,070,000	-	1,240,000	400,000	9,218	9,556	338	0.54	0.06	0.58
Kohat Cement Company Limited	29,900	311,000	8,970	75,500	274,370	19,885	14,413	(5,472)	0.82	0.14	0.87
Fauji Cement Company Limited	-	915,000	-	915,000	-	-	-	-	-	-	-
Pioneer Cement Limited	98,000	302,000	-	400,000	-	-	-	-	-	-	-

Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net Assets of the fund	Paid-up capital of investee company (with face value of investment)	Total market value of investments
Number of shares						Rupees in '000			%		
Chemical											
Engro Polymer & Chemicals Limited	588,450	2,968,194	-	2,232,000	1,324,644	44,191	35,712	(8,479)	2.03	0.15	2.15
ICI Pakistan Limited	73,200	2,500	-	24,600	51,100	40,701	27,209	(13,492)	1.55	0.06	1.64
Lotte Chemical Pakistan Limited	-	500,000	-	206,000	294,000	4,730	4,484	(246)	0.25	0.02	0.27
Sitara Peroxide Limited	-	400,000	-	400,000	-	-	-	-	-	-	-
Engineering											
Amreli Steels Limited	139,000	-	-	139,000	-	-	-	-	-	-	-
International Industries Limited	64,800	178,200	-	204,200	38,800	6,607	2,990	(3,617)	0.17	0.03	0.18
International Steels Limited	247,500	741,000	-	733,500	255,000	10,870	10,126	(744)	0.57	0.06	0.61
Mughal Iron & Steel Industries Limited	382,500	-	-	382,500	-	-	-	-	-	-	-
Fertilizer											
Engro Corporation Limited	544,900	447,000	46,530	431,600	606,830	174,910	161,174	(13,736)	9.15	0.11	9.72
Engro Fertilizers Limited	1,403,000	557,000	-	595,000	1,365,000	102,549	87,319	(15,230)	4.96	0.10	5.26
Investment Banks / Investment Companies / Securities Companies											
Dawood Hercules Corporation Limited	-	90,200	-	90,200	-	-	-	-	-	-	-
Food & Personal Care Product											
At-Tahur Limited	-	510,083	-	510,000	83	2	2	-	-	-	-
Glass & Ceramics											
Tariq Glass Industries Limited	-	185,000	-	42,500	142,500	13,515	10,920	(2,595)	0.62	0.19	0.66
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited	42,320	52,800	4,940	6,700	93,360	116,985	94,231	(22,754)	5.35	0.08	5.68
Pakistan Oilfields Limited	142,800	230,100	28,560	95,900	305,560	156,174	124,024	(32,150)	7.04	0.11	7.48
Pakistan Petroleum Limited	642,000	1,128,700	96,300	759,500	1,107,500	197,226	159,956	(37,270)	9.08	0.05	9.64
Oil and Gas Development Company Limited	919,600	1,668,700	-	1,157,400	1,430,900	210,267	188,149	(22,118)	10.68	0.03	11.34
Oil and Gas Marketing Companies											
Attock Petroleum Limited	-	35,000	-	-	35,000	12,070	10,098	(1,972)	0.57	0.04	0.61
Hascol Petroleum Limited	106,400	322,400	75,030	177,600	326,230	48,313	22,386	(25,927)	1.27	0.16	1.35
Pakistan State Oil Company Limited (note 6.1.1)	210,300	767,900	39,060	579,000	438,260	98,409	74,342	(24,067)	4.22	0.11	4.48
Sui Northern Gas Pipeline Limited	689,100	1,854,500	-	1,312,500	1,231,100	99,884	85,549	(14,335)	4.86	0.19	5.16
Sui Southern Gas Company Limited	1,159,000	355,500	-	1,505,000	9,500	177	196	19	0.01	-	0.01
Paper and Board											
Cherat Packaging Limited	-	32,400	-	300	32,100	5,522	2,589	(2,933)	0.15	0.08	0.16
Packages Limited	125,550	31,500	-	136,700	20,350	7,486	6,116	(1,370)	0.35	0.02	0.37
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	6,000	-	-	6,000	-	-	-	-	-	-	-
AGP Limited	462,500	38,500	-	268,000	233,000	20,661	15,967	(4,694)	0.91	0.08	0.96
GlaxoSmithKline Consumer Healthcare Pakistan Limited	22,000	8,000	-	15,000	15,000	5,697	2,895	(2,802)	0.16	0.01	0.17
GlaxoSmithKline Pakistan Limited	10,000	-	-	10,000	-	-	-	-	-	-	-
The Searle Company Limited	147,700	341,300	29,655	300,600	218,055	44,155	31,958	(12,197)	1.81	0.10	1.93
Power Generation and Distribution											
K-Electric Limited (face value of Rs. 3.5)	7,435,000	6,240,000	-	2,713,500	10,961,500	63,305	48,121	(15,184)	2.73	0.04	2.90
The Hub Power Company Limited	621,500	1,134,617	-	433,000	1,323,117	109,849	104,195	(5,654)	5.92	0.11	6.28

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Name of the investee company	As at July 1, 2018	Purchases during the year	Bonus issue / Right shares	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain / (loss) as at June 30, 2019	Percentage in relation to		
									Net Assets of the fund	Paid-up capital of investee company (with face value of investment)	Percentage of total market value of investments
Number of shares						(Rupees in '000)			%		
Technology & Communication											
Avanceon Limited	50,000	310,000	87,800	157,500	290,300	14,733	14,236	(497)	0.81	0.15	0.86
Pakistan Telecommunication Company Limited											
NetSol Technologies Limited	-	2,090,000	-	2,090,000	-	-	-	-	-	-	-
Systems Limited	-	324,800	-	117,900	206,900	18,063	13,633	(4,430)	0.77	0.23	0.82
	120,000	-	9,500	27,000	102,500	9,432	9,837	405	0.56	0.08	0.59
Refinery											
Attock Refinery Limited	15,800	-	200	15,000	1,000	172	77	(95)	-	-	-
National Refinery Limited	58,650	-	-	58,650	-	-	-	-	-	-	-
Textile Composite											
Kohinoor Textile Mills Limited	-	200,000	-	200,000	-	-	-	-	-	-	-
Nishat Mills Limited	305,600	394,900	-	316,100	384,400	53,632	35,880	(17,752)	2.04	0.11	2.16
Feroze1888 Mills Limited	-	340,000	-	103,500	236,500	15,929	23,856	7,927	1.35	0.06	1.44
Interloop Limited	-	883,382	-	-	883,382	39,895	39,107	(788)	2.22	0.10	2.37
Vanaspati & Allied Industries											
Unity Foods limited	300,000	338,376	-	351,000	287,376	4,126	2,960	(1,166)	0.17	0.05	0.18
Rights Certificate											
Engro Polymer & Chemicals Limited *	273,226	-	-	273,226	-	-	-	-	-	-	-
The Hub Power Company Limited*	-	-	107,630	107,630	-	-	-	-	-	-	-
Unity Foods Limited*	-	-	288,379	288,379	-	-	-	-	-	-	-
Total at at June 30, 2019						<u>1,997,677</u>	<u>1,658,927</u>	<u>(338,750)</u>	<u>94.18</u>		<u>100.00</u>
Total at at June 30, 2018						<u>1,825,422</u>	<u>1,741,607</u>	<u>(83,815)</u>	-		

* The right certificates were exercised during the year and the shares are included in the investment in Engro Polymer and Chemicals Limited, The Hub Power Company Limited and Unity Foods Limited above.

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

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the Honourable High Court of Sindh in favour of CISs.

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

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

As at June 30, 2019, the bonus shares of the Fund withheld by certain companies at the time of declaration of bonus shares amounted to Rs. 0.23 million (2018: Rs. 0.36 million).

6.2	Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss	Note	2018 (Rupees in '000)	2018
	Market value of investments	6.1	1,658,927	1,741,607
	Carrying value of investments	6.1	1,997,677	1,825,422
			<u>(338,750)</u>	<u>(83,815)</u>

7 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Profit receivable on savings account		487	532
	Advance tax	7.1	1,296	1,526
	Advance against Initial Public Offer		-	500
	Security deposit with Central Depository Company of Pakistan Limited		103	103
			<u>1,886</u>	<u>2,661</u>

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The tax withheld on dividends as at June 30, 2019 amounts to Rs 1.296 million (June 30, 2018: Rs. 1.526 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	PAYABLE TO AL MEEZAN MANAGEMENT LIMITED - MANAGEMENT COMPANY	Note	2019 (Rupees in '000)	2018
	Management fee payable	8.1	3,013	3,129
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	392	407
	Allocated expenses payable	8.3	158	156
	Selling and marketing expenses payable	8.4	1,723	3,627
			<u>5,286</u>	<u>7,319</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 2% of the average annual net assets in case of equity schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 2% per annum of the average net assets of the Fund during the year June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

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- 8.2 During the year, an amount of Rs. 5.100 million (2018: Rs 2.524 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 5.115 million (2018: Rs. 2.117 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

- 8.4 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. Accordingly, such expenses have been charged to the Fund at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

9	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note	2019	2018
			(Rupees in '000)	
	Trustee fee payable	9.1	233	239
	Sindh Sales Tax payable on trustee fee	9.2	30	30
			<u>263</u>	<u>269</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 Rs 0.7 million or 0.2% per annum of net assets, whichever is higher.
- over Rs. 1 billion Rs 2 million plus 0.1% per annum of net assets exceeding Rs 1 billion

- 9.2 During the year, an amount of Rs 0.385 million (2018: Rs. 0.214 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.0.386 million (2018: Rs. 0.184 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, a collective investment scheme classified as an Equity Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

11	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
			(Rupees in '000)	
	Auditors' remuneration payable		150	200
	Printing charges payable		60	20
	Shariah advisor fee payable		263	269
	Charity payable	11.1	1,516	487
	Brokerage payable		640	-
	Withholding tax payable		5	23
			<u>2,634</u>	<u>999</u>

- 11.1 According to the instructions of the Shariah Advisor, income earned by the Fund from prohibited sources should be donated to charitable purposes.

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According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of investee company has been made in Shariah non-compliant avenues, such proportion of income of the Fund from those investments should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 1.516 million (June 30, 2018: Rs. 0.487 million) is outstanding in this regard.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION	2019	2018
	(Rupees in '000)	
Annual audit fee	162	150
Half yearly review	58	50
Out of Pocket expense	15	-
	235	200

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.39% which includes 0.41% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, federal excise duties, annual fee to the SECP, etc. This ratio is within the maximum limit of 4.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Equity Scheme.

15 PERFORMANCE TABLE	2019	2018
Net assets (Rs in '000) (ex-distribution)	1,761,074	1,856,832
Net assets value / redemption price per unit as at June 30 (Rs)	35.508	48.535
Offer price per unit as at June 30 (Rs)	36.712	50.180
Highest offer price per unit (Rs)	51.827	56.317
Lowest offer price per unit (Rs)	35.816	47.890
Highest redemption price per unit (Rs)	50.128	54.470
Lowest redemption price per unit (Rs)	34.642	46.319
Distribution (%)	N/A	N/A
Date of distribution	N/A	N/A
Total return (%)	(26.8)	(2.90)
Average annual return (%) as at June 30, 2019	(26.8)	(15.69)

Investment portfolio composition of the Fund is described in Note 6.

16 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. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the year.

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

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17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company (CDC) being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** 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:

	2019	2018
	(Rupees in '000)	
Balances		
Al Meezan Investment Management Company Limited - Management Company		
Remuneration payable	3,013	3,129
Sindh Sales Tax payable on management fee	392	407
Selling and marketing expenses payable	1,723	3,627
Allocated expense payable	158	156
Meezan Bank Limited		
Balances with bank	32,482	110,332
Profit receivable on saving accounts	297	281
Investments of shares: 575,505 shares (June 30, 2018: 500 shares)	50,164	32
Central Depository Company of Pakistan Limited - Trustee		
Trustee fee payable	233	239
Sindh Sales Tax on trustee fee payable	30	30
Security deposit	103	103
Meezan Financial Planning Fund of Funds MAAP I		
Investment of 11,269,149 units (June 30, 2018: 12,759,249)	400,146	619,266
Meezan Financial Planning Fund of Funds MAAP - IV		
Investment of nil units (June 30, 2018: 2,136,721 units)	-	103,705
Meezan Strategic Allocation Fund MSAP - I		
Investment of 8,724,481 units (June 30, 2018: 3,762,961 units)	309,790	182,634
Meezan Strategic Allocation Fund MSAP - II		
Investment of 1,238,827 units (June 30, 2018: 1,953,574 units)	43,988	94,817
Meezan Strategic Allocation Fund MSAP - III		
Investment of 1,980,130 units (June 30, 2018: 2,190,402 units)	70,311	106,311
Meezan Strategic Allocation Fund MSAP - IV		
Investment of 1,740,577 units (June 30, 2018: 1,979,375 units)	61,805	96,068
Meezan Strategic Allocation Fund MSAP - V		
Investment of 978,486 units (June 30, 2018: 1,433,085 units)	34,744	69,554

	2019	2018
	(Rupees in '000)	
Meezan Strategic Allocation Fund MCPP-III		
Investment of 5,644,620 units (June 30, 2018: 2,917,421 units)	<u>200,430</u>	<u>141,596</u>
Meezan Strategic Allocation Fund -II MCPP-IV		
Investment of 10,044,192 units (June 30, 2018: 7,003,244 units)	<u>356,650</u>	<u>339,900</u>
Meezan Strategic Allocation Fund -II MCPP-V		
Investment of 3,081,261 units (June 30, 2018: 2,121,785 units)	<u>109,410</u>	<u>102,980</u>
Meezan Strategic Allocation Fund-II MCPP-VI		
Investment of 2,745,310 units (June 30, 2018: nil units)	<u>97,481</u>	<u>-</u>
Meezan Strategic Allocation Fund-II MCPP-VII		
Investment of 1,477,397 units (June 30, 2018: nil units)	<u>52,460</u>	<u>-</u>
Meezan Strategic Allocation Fund-II MCPP-VIII		
Investment of 518,566 units (June 30, 2018: nil units)	<u>18,413</u>	<u>-</u>
Meezan Strategic Allocation Fund-III MCPP - IX		
Investment of 153,424 units (June 30, 2018: nil units)	<u>5,448</u>	<u>-</u>
	2019	For the period from October 9, 2017 to June 30, 2018
	(Rupees in '000)	
Transactions during the year / period		
Al Meezan Investment Management Limited - Management Company		
Remuneration for the year / period	<u>39,234</u>	<u>19,414</u>
Sindh Sales Tax on management fee for the year / period	<u>5,100</u>	<u>2,524</u>
Allocated expenses	<u>1,962</u>	<u>969</u>
Selling and marketing expense	<u>7,847</u>	<u>3,883</u>
Meezan Bank Limited		
Profit on saving account	<u>3,204</u>	<u>2,254</u>
Shares purchased during the year / period: 1,141,500 shares (June 30, 2018: 510,000 shares)	<u>102,716</u>	<u>32,875</u>
Bonus shares received: 41,005 units (June 30, 2018: nil shares)	<u>-</u>	<u>-</u>
Shares sold during the year / period: 607,500 shares (June 30, 2018: 509,500 shares)	<u>56,059</u>	<u>39,653</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration for the year / period	<u>2,962</u>	<u>1,648</u>
Sindh Sales Tax on trustee fee	<u>385</u>	<u>214</u>
CDS charges	<u>170</u>	<u>-</u>
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: 825,518 units (June 30, 2018: 18,456,183)	<u>34,000</u>	<u>918,000</u>
Units redeemed: 2,315,618 units (June 30, 2018: 5,696,934)	<u>97,691</u>	<u>288,000</u>
Meezan Financial Planning Fund of Funds - MAAP - II		
Units issued: nil units (June 30, 2018: 444,265)	<u>-</u>	<u>22,000</u>
Units redeemed: nil units (June 30, 2018: 444,265)	<u>-</u>	<u>21,520</u>
Meezan Financial Planning Fund of Funds MAAP - III		
Units issued: nil units (June 30, 2018: 17,958,612)	<u>-</u>	<u>865,000</u>
Units redeemed: nil units (June 30, 2018: 17,958,612)	<u>-</u>	<u>891,768</u>

At / /

For the
period from
October 9,
2017 to June
30, 2018
(Rupees in '000)

Meezan Financial Planning Fund of Funds MAAP - IV		
Units issued: nil units (June 30, 2018: 2,216,179)	-	113,000
Units redeemed: 2,136,721 units (June 30, 2018: 79,458)	<u>99,023</u>	<u>4,000</u>
Meezan Strategic Allocation Fund MSAP - I		
Units issued: 14,365,939 units (June 30, 2018: 7,726,043)	<u>669,000</u>	<u>381,000</u>
Units redeemed: 9,404,419 units (June 30, 2018: 3,963,082)	<u>420,970</u>	<u>194,000</u>
Meezan Strategic Allocation Fund MSAP - II		
Units issued: 195,176 units (June 30, 2018: 2,052,896)	<u>7,000</u>	<u>104,000</u>
Units redeemed: 909,923 units (June 30, 2018: 99,322)	<u>34,830</u>	<u>5,000</u>
Meezan Strategic Allocation Fund MSAP - III		
Units issued: 250,940 units (June 30, 2018: 2,348,643)	<u>9,000</u>	<u>119,000</u>
Units redeemed: 461,212 units (June 30, 2018: 158,241)	<u>19,170</u>	<u>7,900</u>
Meezan Strategic Allocation Fund MSAP - IV		
Units issued: 2,607,475 units (June 30, 2018: 4,944,378)	<u>110,000</u>	<u>251,000</u>
Units redeemed: 2,846,273 units (June 30, 2018: 2,965,003)	<u>122,580</u>	<u>151,000</u>
Meezan Strategic Allocation Fund MSAP - V		
Units issued: 83,647 units (June 30, 2018: 2,899,237)	<u>3,000</u>	<u>146,000</u>
Units redeemed: 538,246 units (June 30, 2018: 1,466,152)	<u>24,450</u>	<u>75,000</u>
Meezan Strategic Allocation Fund MCPP-III		
Units issued: 16,203,722 units (June 30, 2018: 15,724,509)	<u>715,130</u>	<u>807,000</u>
Units redeemed: 13,476,523 units (June 30, 2018: 12,807,088)	<u>601,052</u>	<u>642,455</u>
Meezan Strategic Allocation Fund -II MCPP-IV		
Units issued: 33,787,207 units (June 30, 2018: 16,839,668)	<u>1,484,100</u>	<u>866,500</u>
Units redeemed: 30,746,259 units (June 30, 2018: 9,836,424 units)	<u>1,368,353</u>	<u>490,850</u>
Meezan Strategic Allocation Fund -II MCPP-V		
Units issued: 10,794,498 units (June 30, 2018: 3,100,087 units)	<u>472,600</u>	<u>153,000</u>
Units redeemed: 9,835,022 units (June 30, 2018: 978,302 units)	<u>431,268</u>	<u>48,100</u>
Meezan Strategic Allocation Fund-II MCPP-VI		
Units issued: 9,942,055 units (June 30, 2018: nil units)	<u>434,500</u>	-
Units redeemed: 7,196,745 units (June 30, 2018: nil units)	<u>305,924</u>	-
Meezan Strategic Allocation Fund-II MCPP-VII		
Units issued: 5,339,238 units (June 30, 2018: nil units)	<u>230,900</u>	-
Units redeemed: 3,861,841 units (June 30, 2018: nil units)	<u>164,842</u>	-
Meezan Strategic Allocation Fund-II MCPP-VIII		
Units issued: 2,825,733 units (June 30, 2018: nil units)	<u>113,000</u>	-
Units redeemed: 2,307,167 units (June 30, 2018: nil units)	<u>87,232</u>	-
Meezan Strategic Allocation Fund-III MCPP - IX		
Units issued: 195,853 units (June 30, 2018: nil units)	<u>7,250</u>	-
Units redeemed: 42,429 units (June 30, 2018: nil units)	<u>1,500</u>	-

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

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18 FINANCIAL INSTRUMENTS BY CATEGORY

2019		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Balances with banks	-	110,688
Investments	1,658,927	1,658,927
Dividend receivable	-	1,120
Advances, deposits and other receivables	-	590
112,398	1,658,927	1,771,325

Financial assets

Balances with banks

Investments

Dividend receivable

Advances, deposits and other receivables

2019		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Payable to Al Meezan Investment Management Limited - Management Company	5,286	5,286
Payable to the Central Depository Company of Pakistan Limited - Trustee	263	263
Payable against redemption and conversion of units	1,500	1,500
Accrued expenses and other liabilities	2,629	2,629
-	9,678	9,678

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to the Central Depository Company of Pakistan Limited - Trustee

Payable against redemption and conversion of units

Accrued expenses and other liabilities

2018		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
Balances with banks	-	122,500
Investments	1,741,607	1,741,607
Dividend receivable	-	2,103
Advances, deposits and other receivables	-	1,135
125,738	1,741,607	1,867,345

Financial assets

Balances with banks

Investments

Dividend receivable

Advances, deposits and other receivables

2018		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
Payable to Al Meezan Investment Management Limited - Management Company	7,319	7,319
Payable to Central Depository Company of Pakistan Limited - Trustee	269	269
Payable against purchase of investments	2,530	2,530
Accrued expenses and other liabilities	976	976
-	11,094	11,094

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against purchase of investments

Accrued expenses and other liabilities

19 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.

19.1 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.

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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

Profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 1.1 million (2018: Rs. 1.22 million)

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019 the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

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

Financial assets

Balances with banks	3.32% to 12.35%	109,870	-	-	818	110,688
Investment		-	-	-	1,658,927	1,658,927
Dividend receivable		-	-	-	1,120	1,120
Advances, deposits and other receivables		-	-	-	590	590
		109,870	-	-	1,661,455	1,771,325

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	5,286	5,286
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	263	263
Payable against redemption and conversion of units		-	-	-	1,500	1,500
Accrued expenses and other liabilities		-	-	-	2,629	2,629
		-	-	-	9,678	9,678

On-balance sheet gap (a)	109,870	-	-	1,651,777	1,761,647
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Off-balance sheet financial instruments	-	-	-	-	-
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Off-balance sheet gap (b)	-	-	-	-	-
---------------------------	---	---	---	---	---

Total profit rate sensitivity gap (a+b)	109,870	-	-	-	-
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Cumulative profit rate sensitivity gap	109,870	109,870	109,870	-	-
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2018					
Effective profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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 in:

2% - 2.4%

Investment

Dividend receivable

Advances, deposits and other receivables

122,326	-	-	174	122,500
-	-	-	1,741,607	1,741,607
-	-	-	2,103	2,103
-	-	-	1,135	1,135
122,326	-	-	1,745,019	1,867,345

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to the Central Depository Company of Pakistan Limited - Trustee

Payable against purchase of investments

Accrued expenses and other liabilities

-	-	-	7,319	7,319
-	-	-	269	269
-	-	-	2,530	2,530
-	-	-	976	976
-	-	-	11,094	11,094

On-balance sheet gap (a)

122,326	-	-	1,733,925	1,856,251
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Off-balance sheet financial instruments

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

Off-balance sheet gap (b)

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

Total profit rate sensitivity gap (a+b)

122,326	-	-	-	-
---------	---	---	---	---

Cumulative profit rate sensitivity gap

122,326	122,326	122,326	-	-
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks.

In case of 1% increase / decrease in KMI 30 index on June 30, 2019, with all other variables held constant, the total comprehensive income of the Fund for the year would increase / decrease by Rs. 16.589 million (2018: Rs. 17.416 million) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as financial assets at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI-30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI-30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI-30 index.

19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

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The Fund is exposed to daily settlement of equity securities and daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	110,688	-	-	-	-	110,688
Investments	-	-	-	-	1,658,927	1,658,927
Dividend receivable	1,120	-	-	-	-	1,120
Advances, deposits and other receivables	590	-	-	-	-	590
	112,398	-	-	-	1,658,927	1,771,325

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	5,286	-	-	-	-	5,286
Payable to the Central Depository Company of Pakistan Limited - Trustee	263	-	-	-	-	263
Payable against redemption and conversion of units	1,500	-	-	-	-	1,500
Accrued expenses and other liabilities	2,629	-	-	-	-	2,629
	9,678	-	-	-	-	9,678

Net assets / (liabilities)

	102,720	-	-	-	1,658,927	1,761,647
--	---------	---	---	---	-----------	-----------

2018						
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	122,500	-	-	-	-	122,500
Investments	-	-	-	-	1,741,607	1,741,607
Dividend receivable	2,103	-	-	-	-	2,103
Advances, deposits and other receivables	635	-	-	-	500	1,135
	125,238	-	-	-	1,742,107	1,867,345

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	7,319	-	-	-	-	7,319
Payable to the Central Depository Company of Pakistan Limited - Trustee	269	-	-	-	-	269
Payable against purchase of investments	2,530	-	-	-	-	2,530
Accrued expenses and other liabilities	20	956	-	-	-	976
	10,138	956	-	-	-	11,094

Net assets / (liabilities)

	115,100	(956)	-	-	1,742,107	1,856,251
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19.3 Credit risk

19.3.1 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:

	2019		2018	
	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		Rupees in '000	
Balances with banks	110,688	110,688	122,500	122,500
Investments	1,658,927	-	1,741,607	-
Dividend receivable	1,120	1,120	2,103	2,103
Advances, deposits and other receivables	590	590	2,661	2,661
	<u>1,771,325</u>	<u>112,398</u>	<u>1,868,871</u>	<u>127,264</u>

Difference in the balance as per the statement of assets and liabilities and maximum exposure is due to the fact that investment in equity securities of Rs. 1.659 million (2018: Rs. 1.742 million) is not exposed to credit risk.

There is a possibility of default by participants or failure of the financial market / stock exchanges, the depositories, the settlements or clearing systems, etc. Settlement risk on equity securities is considered minimal because of inherent control established in the settlement process. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instruments guidelines approved by the Investment Committee.

19.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and mark-up accrued 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	
	2019	2018
AA+	95.19	100.00
A+	1.09	-
AA	3.72	-

19.3.3 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.

20 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.

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.

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Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	1,658,927	-	-
	2018		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets 'at fair value through profit or loss'			
Shares of listed companies - 'ordinary shares'	1,741,607	-	-

21 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 has no restriction 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 20, 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.

22 UNIT HOLDING PATTERN OF THE FUND

Category	2019		
	Number of unit holders	Investment amount	Percentage of total
	Rupees in '000		%
Associated undertakings	13	1,761,074	100.00

Category	2018		
	Number of unit holders	Investment amount	Percentage of total
	Rupees in '000		%
Associated undertakings	10	1,856,832	100.00

23 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2019 -----		----- 2018 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Taurus Securities Limited	9%	AKD Securities Limited	13%
Optimus Capital Management Limited	8%	BMA Capital Management Limited	12%
Intermarket Securities Limited	7%	JS Global Capital Management Limited	11%
JS Global Capital Limited	7%	Shajar Capital Pakistan Private Limited	10%
Foundation Securities (Private) Limited	7%	Arif Habib Securities Limited	9%
BMA Capital Management Limited	6%	Brokerage Next Capital	7%
Vector Capital Management Limited	6%	Alfalah Securities (Private) Limited	6%
Arif Habib Limited	6%	Aba Ali Habib Securities (Private) Limited	6%
Topline Securities (Private) Limited	5%	Topline Securities (Private) Limited	6%
AKD Securities Limited	5%	Fortune Securities Limited	4%

24 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the fund manager are as follows:

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III ;and
- KSE Meezan Index Fund

25 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019.

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**26 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

27 GENERAL

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

All in

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

Chief Executive

Chief Financial Officer


Director



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 Shaukat Khan (Kamila)	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
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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 in the international market.

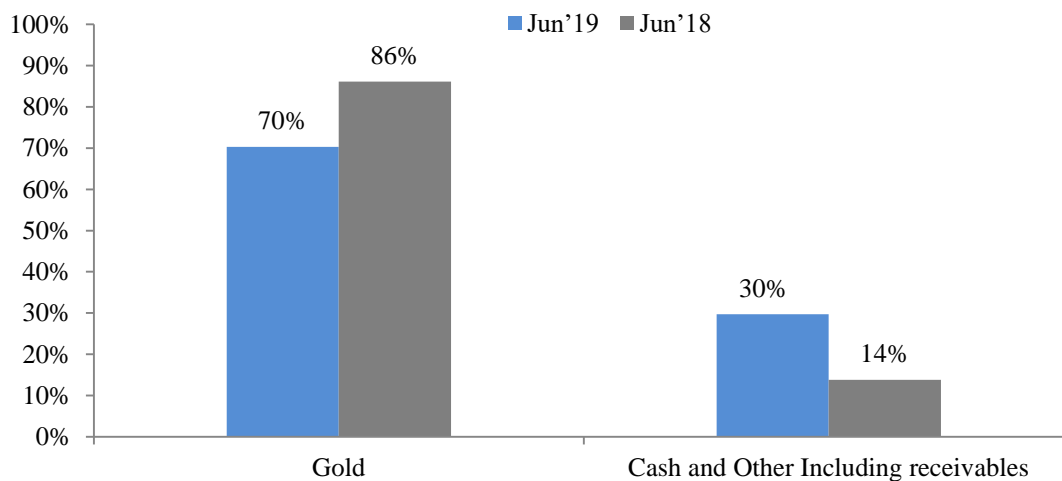
Investment Policy and Strategy

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

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

Asset Allocation

As on June 30, 2019, the fund's gold exposure was 70.00%, while 30.00% of the Net Assets was invested in cash.



Performance Review

Meezan Gold Fund posted a total income of Rs. 96 million during FY18 as compared to total loss Rs. 56 million last year. Total income comprised of realized and unrealized gains on investments in gold of Rs. 14 million and Rs. 67 million respectively, while the net inflow in the Fund during the year was 188 million and the profit on saving accounts with bank was of Rs. 2 million. Price Adjustment Charges contributed 13 million in the net income. After accounting for expenses of Rs. 11 million, the fund posted a net income of Rs. 85 million. The net assets of the Fund as at June 30, 2019 were Rs. 478 million as compared to Rs. 243 million at the end of last year depicting an increase of 96%.

During the fiscal year 2019, Meezan Gold Fund provided a return 30.44% to its investors due to rise in international gold prices and PKR depreciation.

	MGF	Benchmark
Net Asset Value as on June 30, 2018	56.67	
Net Asset Value as on June 30, 2019	73.92	
Return During the Period - Net	30.44%	27.56%
Outperformance – Net	2.89%	

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

Interim distribution for the period ended June 30, 2019 at Rs. 5.9 per unit i.e. 11.80% of the par value of Rs. 50/- each.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of Investors
1 - 9,999	571
10,000 - 49,999	67
50,000 - 99,999	9
100,000 - 499,999	8
500,000 and above	3
Total	658



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 1, 2018 to June 30, 2019 was the Fourth 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, 2019 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, 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, September 20, 2019



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, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 5 and 6 to the financial statements)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 364.344 million and balances with banks aggregated to Rs 86.014 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled 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; and

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S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Requirement

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 18, 2019

**MEEZAN GOLD FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



**Meezan
Gold Fund**

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
Assets			
Balances with banks	5	86,014	29,332
Investment in gold	6	364,344	211,865
Receivable against sale of investments		3,065	1,927
Receivable against conversion of units		18,716	3,516
Profit accrued on balances with banks		227	115
Advances and deposits		11,850	-
Total assets		484,216	246,755
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	7	776	311
Payable to Central Depository Company of Pakistan Limited - Trustee	8	131	37
Payable to Securities and Exchange Commission of Pakistan	9	224	274
Payable against conversion and redemption of units		288	280
Payable to Meezan Bank Limited		6	9
Payable against purchase of investments		684	-
Accrued expenses and other liabilities	10	4,546	2,760
Total liabilities		6,655	3,671
NET ASSETS		477,561	243,084
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		477,561	243,084
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		7,008,422	4,289,651
		(Rupees)	
NET ASSET VALUE PER UNIT		68.1410	56.6676

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN GOLD FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 (Rupees in '000)	2018
Income			
Profit on balances with banks		2,714	1,332
Realised gain on sale of investments - net		14,271	21,753
Price adjustment charges	11	12,633	3,777
		29,618	26,862
Net unrealised appreciation on re-measurement of investments in gold	6.1.3	66,672	28,931
Total income		<u>96,290</u>	<u>55,793</u>
Expenses			
Remuneration of Al Meezan Investment Limited- Management Company	7.1	2,993	3,652
Sindh Sales Tax on remuneration of the Management Company	7.2	389	475
Allocated expenses	7.3	299	365
Selling and marketing expenses	7.4	1,018	70
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	509	621
Sindh Sales Tax on remuneration of the Trustee		66	81
Annual fees to Securities and Exchange Commission of Pakistan	9	224	274
Brokerage expense		60	47
Auditors' remuneration	13	296	276
Fees and subscription		320	1,279
Printing expense		1	12
Custodian fee		2,569	3,468
Legal and professional charges		28	49
Bank and settlement charges		973	11
Provision for Sindh Workers' Welfare Fund	10.1	1,731	902
Total expenses		<u>11,476</u>	<u>11,582</u>
Net income for the year before taxation		<u>84,814</u>	<u>44,211</u>
Taxation	16	-	-
Net income for the year after taxation		<u>84,814</u>	<u>44,211</u>
Allocation of net income for the year			
Net income for the year after taxation		84,814	44,211
Income already paid on units redeemed		(13,667)	(20,579)
		<u>71,147</u>	<u>23,632</u>
Accounting income available for distribution			
- Relating to capital gains		71,147	23,632
- Excluding capital gains		-	-
		<u>71,147</u>	<u>23,632</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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**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, 2019**



**Meezan
Gold Fund**

	2019 (Rupees in '000)	2018
Net income for the year after taxation	84,814	44,211
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>84,814</u>	<u>44,211</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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**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, 2019

	2019			2018		
	Capital Value	Undistributed income	Total	Capital Value	(Accumulated loss) / Undistributed income	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Net assets at beginning of the year	233,180	9,904	243,084	470,991	(13,728)	457,263
Issue of 10,852,091 units (2018: 4,283,795 units)						
- Capital value (at net asset value per unit at the beginning of the year)	613,198	-	613,198	216,160	-	216,160
- Element of income	90,794	-	97,898	13,865	-	13,865
Total proceeds on issuance of units	703,992	-	703,992	230,025	-	230,025
Redemption of 8,680,649 units (2018: 9,055,369 units)						
- Capital value (at net asset value per unit at the beginning of the year)	490,148	-	490,148	456,934	-	456,934
- Element of loss	50,514	13,667	64,181	10,902	20,579	31,481
Total payments on redemption of units	540,662	13,667	554,329	467,836	20,579	488,415
Total comprehensive income for the year	-	84,814	84,814	-	44,211	44,211
Issue of 547,329 bonus units, for the year ended June 30, 2019	38,120	(38,120)	-	-	-	-
Net income for the year less distribution	38,120	46,694	84,814	-	44,211	44,211
Net assets at end of the year	434,630	42,931	477,561	233,180	9,904	243,084
Undistributed income/ (accumulated loss) brought forward						
- Realised (loss) / income		(19,027)			7,958	
- Unrealised income / (loss)		28,931			(21,686)	
		9,904			(13,728)	
Accounting income available for distribution						
- Relating to capital gains	71,147			23,632		
- Excluding capital gains	-			-		
	71,147			23,632		
Interim bonus distribution during the year 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	42,931			9,904		
Undistributed income carried forward						
- Realised loss		(23,741)			(19,027)	
- Unrealised income		66,672			28,931	
		42,931			9,904	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the year	56.6676			50.4600		
Net assets value per unit at end of the year	68.1410			56.6676		

The annexed notes from 1 to 29 form an integral part of these financial statements.

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For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN GOLD FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



**Meezan
Gold Fund**

	2019	2018
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	84,814	44,211
Adjustments for:		
Unrealised appreciation on re-measurement of investment in gold	(66,672)	(28,931)
	18,142	15,280
Decrease / (increase) in assets		
Investments - net	(85,807)	211,702
Receivable against sale of investments	(1,138)	(1,927)
Profit accrued on balances with banks	(112)	(42)
Advances and deposits	(11,850)	-
	(98,907)	209,733
(Decrease) / increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	465	(136)
Payable to Central Depository Company of Pakistan Limited - Trustee	94	(31)
Payable to Securities and Exchange Commission of Pakistan	(50)	(18)
Payable against purchase of investments-net	684	-
Payable to Meezan Bank Limited	(3)	9
Accrued expenses and other liabilities	1,786	1,035
	2,976	859
Net cash (used in) / generated from operating activities	(77,789)	225,872
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against conversion of units	688,792	230,928
Payment against redemption and conversion of units	(554,321)	(489,225)
Net cash generated from / (used in) financing activities	134,471	(258,297)
Net increase / (decrease) in cash and cash equivalents during the year	56,682	(32,425)
Cash and cash equivalents at the beginning of the year	29,332	61,757
Cash and cash equivalents at the end of the year	5 86,014	29,332

The annexed notes from 1 to 29 form an integral part of these financial statements.

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**For AI-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, 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 rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and PACRA dated June 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 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 VIII A 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.

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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

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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

The Fund is an open-ended Shariah Compliant Commodity Fund and can only invest in gold which is not a financial asset. The remaining financial assets of the Fund are held for collection and continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual accounting periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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).

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.

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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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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 at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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.

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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.

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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	2019 (Rupees in '000)	2018 (Rupees in '000)
5			
BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	85,920	27,190
Current account		94	2,142
		<u>86,014</u>	<u>29,332</u>
5.1			
The balance in saving account have expected profit rates ranging from 6.30% to 11.85% per annum (2018: 2.40% to 6.05% per annum).			
6			
INVESTMENT IN GOLD			
Investment in gold All in	6.1	<u>364,344</u>	<u>211,865</u>

6.1 Investment in gold

Commodity	As at July 01, 2018	Purchased during the year	Sold during the year	As at June 30, 2019 (note 6.1.3)	Carrying value as at June 30, 2019	Market value as at June 30, 2019	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)			%
TOLAGOLD	3,541	3,301	2,442	4,400	296,594	363,106	66,512	76.03
MITOLA	-	15,000	-	15,000	1,078	1,238	160	0.26
					<u>297,672</u>	<u>364,344</u>	<u>66,672</u>	
Total as at June 30, 2018					<u>182,934</u>	<u>211,865</u>	<u>28,931</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. 364.343 million (2018: Rs. 211.865 million) has been measured at fair value based on the quoted market price prevailing in the active markets.

	Note	2019 (Rupees in '000)	2018
6.1.3 Net unrealised appreciation on re-measurement of investments in gold			
Market value of investments	6.1	364,344	211,865
Carrying value of investments	6.1	<u>297,672</u>	<u>182,934</u>
		<u>66,672</u>	<u>28,931</u>

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

Management fee payable	7.1	297	193
Sindh Sales Tax on remuneration of the Management Company	7.2	39	26
Allocated expenses payable	7.3	30	19
Selling and marketing expenses payable	7.4	373	70
Sales load payable		33	3
Sindh Sales Tax on sales load payable		4	-
		<u>776</u>	<u>311</u>

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of a Commodity Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year, an amount of Rs. 0.389 million (2018: Rs 0.475 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. 0.376 million (2018: Rs.0.496 million) has been paid to the Management Company which acts as a collecting agent.

7.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

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- 7.4 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. Accordingly, such expenses have been charged to the Fund at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

	Note	2019 (Rupees in '000)	2018
8 PAYABLE TO CENTRAL DEPOSITORY COMPANY - TRUSTEE			
Trustee fee payable	8.1	116	33
Sindh Sales Tax payable on trustee fee		15	4
		<u>131</u>	<u>37</u>

- 8.1 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 0.066 million (2018: Rs 0.08 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. 0.056 million (2018: Rs.0.085 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a collective investment scheme classified as a Commodity Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

	Note	2019 (Rupees in '000)	2018
10 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		175	250
Custodian fee payable		257	164
Shariah advisor fee payable		159	161
Withholding tax payable		21	21
Capital gain tax payable		51	8
Provision for Sindh Workers' Welfare Fund	10.1	3,166	1,435
Zakat payable		6	10
Provision for Federal Exercise Duty and related Sindh sales tax on management fee	10.2	414	414
Provision for Federal Exercise Duty and related Sindh sales tax on sales load	10.2	297	297
		<u>4,546</u>	<u>2,760</u>

- 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).

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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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.45 per unit (2018: Re 0.33 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 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 0.10 (June 30, 2018: Re 0.17) per unit.

11 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 charges is 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.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION

	2019	2018
	(Rupees in '000)	
Annual audit fee	160	150
Half yearly review of condensed interim financial information	80	75
Fee for other certifications	43	40
Out of pocket expenses	13	11
	296	276

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 3.78%% which includes 0.8% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund (if any), sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 3% prescribed under the NBFC Regulations for a collective investment scheme categorised as Commodity Scheme.

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15 PERFORMANCE TABLE

	2019	2018	2017
Net assets (Rs in '000) (ex-distribution)	477,561	243,084	457,263
Net assets value per unit as at 30 June (Rs.) (ex-distribution)	68.1410	56.6676	50.4600
Offer price per unit as at 30 June (Rs.) (ex-distribution)	70.3624	58.5150	-
Highest offer price per unit (Rs.)	78.0109	59.4190	57.2900
Lowest offer price per unit (Rs.)	54.8450	45.9900	49.2400
Highest redemption price per unit (Rs.)	75.5481	56.9677	56.0200
Lowest redemption price per unit (Rs.)	53.1135	44.4800	48.1700
Distribution (%)			
- Interim	11.8%	-	-
Date of distribution			
- Interim	June 28, 2019	-	-
Income distribution (Rs. in '000)	38,120	-	-
Total return (%)	30.40	12.00	(7.20)
Average annual return as at June 30, 2019 (%)	One year 30.40	Two year 20.85	Three year 10.67

Investment portfolio composition of the Fund is described in note 6.

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

16 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.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Al Meezan Investment Management Company being the Management Company, the Central Depository Company being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** 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:

All (L)

Balances

2019 2018
(Rupees in '000)

AI Meezan Investment Management Limited - Management Company

Management fee payable	297	193
Sindh Sales Tax on remuneration of the Management Company	39	26
Allocated expenses payable	30	19
Selling and marketing expenses payable	373	70
Sales load payable	33	3

Meezan Bank Limited

Sales load payable	5	8
Sindh Sales tax on sales load	1	1
Bank balance	38,321	11,650
Profit on balances with bank	11	24

Central Depository Company of Pakistan Limited - Trustee

Trustee fee payable	116	33
Sindh Sales Tax payable on trustee fee	15	4

Directors and their close family members and key management personnel of the Management Company

Investment of 284,327 units (June 30, 2018: 197,723 units)	19,374	11,205
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Unitholders holding 10% or more of units of the Fund

Investment of 1,236,347 units (June 30, 2018: 1,363,271 units)	84,246	77,253
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Transactions during the year

For the year ended June 30,
2019 2018

AI Meezan Investment Management Limited - Management Company

Remuneration charged	2,993	3,652
Sindh Sales Tax on remuneration of the Management Company	389	475
Allocated expenses	299	365
Selling and marketing expenses	1,018	70
Redemption of Nil(2018: 702,463) units	-	36,507

Meezan Bank Limited

Profit on balances with bank	671	757
Issue of 84,712 (2018: nil) units	5,900	-

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	509	621
Sindh Sales Tax on remuneration of the Trustee	66	81

Directors and their close family members and key management

Issue of 1,432,301 units (2018: 54,805 units)	95,416	2,930
Redemption of 1,345,712 units (2018: 24,128 units)	89,730	1,252

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

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 sale of investments	3,065	-	3,065
Receivable against conversion of units	18,716	-	18,716
Profit accrued on balances with banks	227	-	227
Advances and deposits	11,850	-	11,850
	119,872	-	119,872

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
Payable against purchase of investments	-	684	684
Accrued expenses and other liabilities	-	591	591
	-	<u>2,476</u>	<u>2,476</u>

2018		
At amortised cost	At fair value through profit or loss	Total

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

Financial assets

Balances with banks	29,332	-	29,332
Receivable against sale of investments	1,927	-	1,927
Receivable against conversion of units	3,516	-	3,516
Profit accrued on balances with banks	115	-	115
	<u>34,890</u>	<u>-</u>	<u>34,890</u>

2018		
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	-	311	311
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	37	37
Payable to Meezan Bank Limited	-	9	9
Payable against conversion and redemption of units	-	280	280
Accrued expenses and other liabilities	-	575	575
	-	<u>1,212</u>	<u>1,212</u>

19 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:

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19.1 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, 2019, the net income would have increased / decreased by Rs. 0.859 million (June 30, 2018 Rs. 0.272 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.

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	85,920	-	-	94	86,014
Receivable against sale of investments	-	-	-	3,065	3,065
Receivable against conversion of units	-	-	-	18,716	18,716
Profit accrued on balances with banks	-	-	-	227	227
Advances and deposits	-	-	-	11,850	11,850
	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
Payable against purchase of investments	-	-	-	684	684
Accrued expenses and other liabilities	-	-	-	591	591
	-	-	-	2,476	2,476
On-balance sheet gap (a)	85,920	-	-	31,476	117,396
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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2018

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	2.4% - 6.05%	27,190	-	-	2,142	29,332
Receivable against sale of investments		-	-	-	1,927	1,927
Receivable against conversion of units		-	-	-	3,516	3,516
Profit accrued on balances with banks		-	-	-	115	115
Advances and deposits		-	-	-	-	-
		27,190	-	-	7,700	34,890

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	311	311
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	37	37
Payable to Meezan Bank Limited		-	-	-	9	9
Payable against conversion and redemption of units		-	-	-	280	280
Accrued expenses and other liabilities		-	-	-	575	575
		-	-	-	1,212	1,212

On-balance sheet gap (a)

	27,190	-	-	6,488	33,678
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap (b)

	-	-	-	-	-
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Total profit rate sensitivity gap (a+b)

	27,190	-	-	-	-
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Cumulative profit rate sensitivity gap

	27,190	27,190	27,190	-	-
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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.

19.2 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.

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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, 2019 is tabulated below:

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 sale of investments	3,065	-	-	-	-	3,065
Receivable against conversion of units	18,716	-	-	-	-	18,716
Profit accrued on balances with banks	227	-	-	-	-	227
Advances and deposits	11,850	-	-	-	-	11,850
	119,872	-	-	-	-	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
Payable against purchase of investments	684	-	-	-	-	684
Accrued expenses and other liabilities	-	591	-	-	-	591
	1,885	591	-	-	-	2,476
Net assets / (liabilities)	117,987	(591)	-	-	-	117,396
2018						
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	29,332	-	-	-	-	29,332
Receivable against sale of units	1,927	-	-	-	-	1,927
Receivable against conversion of units	3,516	-	-	-	-	3,516
Profit accrued on balances with banks	115	-	-	-	-	115
Advances and deposits	-	-	-	-	-	-
	34,890	-	-	-	-	34,890
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	311	-	-	-	-	311
Payable to the Central Depository Company of Pakistan Limited - Trustee	37	-	-	-	-	37
Payable to Meezan Bank Limited	9	-	-	-	-	9
Payable against conversion and redemption of units	280	-	-	-	-	280
Accrued expenses and other liabilities	-	575	-	-	-	575
	637	575	-	-	-	1,212
Net assets / (liabilities)	34,253	(575)	-	-	-	33,678

19.3 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:

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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:

	2019		2018	
	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	86,014	86,014	29,332	29,332
Receivable against sale of investments	3,065	3,065	1,927	1,927
Receivable against conversion of units	18,716	18,716	3,516	3,516
Profit accrued on balances with banks	227	227	115	115
Advances and deposits	11,850	11,850	-	-
	119,872	119,872	34,890	34,890

19.3.2 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	
	2019	2018
AAA	1.83%	58.60%
AA+	98.15%	-
AA	-	41.40%
A+	0.02%	-
	100.00%	100.00%

19.3.3 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.

20 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:

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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 June 30, 2019, the Fund does not hold any assets which required fair valuation.

21 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 19, 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.

22 COMMODITY RISK MANAGEMENT

22.1 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, 2019, with all other variables held constant, the total income of the Fund for the year would increase / decrease by Rs 3.643 million (2018: Rs 2.119 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	653	345,447	72.34	470	156,649	64.44
Bank / DFIs	1	73,913	15.47	1	56,668	23.32
Insurance companies	-	-	-	1	20,586	8.47
Retirement fund	-	-	-	1	6,913	2.84
Private limited companies	1	55,243	11.57	-	-	0.00
Others	3	2,958	0.62	2	2,268	0.93
All	658	477,561	100.00%	475	243,084	100.00%

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2019 -----		----- 2018 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Top Line Securities (Private) Limited	21%	Arif Habib Limited	26%
Shajar Capital Limited	18%	Shajar Capital Limited	16%
Arif Habib Limited	17%	Top Line Securities (Private) Limited	14%
IGI Finex Securities Limited	16%	AKD Securities Limited	13%
Fortune Securities Limited	11%	Fortune Securities Limited	12%
BIPL Securities Limited	9%	BIPL Securities Limited	10%
AKD Securities Limited	8%	IGI Finex Securities Limited	9%

24.1 The Fund has traded with only the above mentioned 7 brokers / dealers during the year ended June 30, 2019 (2018: 7 brokers / dealers).

25 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

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

26 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim*	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azeem resigned on May 07, 2019

27 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.

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**28 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

29 GENERAL

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

A handwritten signature in black ink, appearing to be 'Ali'.

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

Chief Executive

Chief Financial Officer

Director



Meezan
Islamic Income Fund

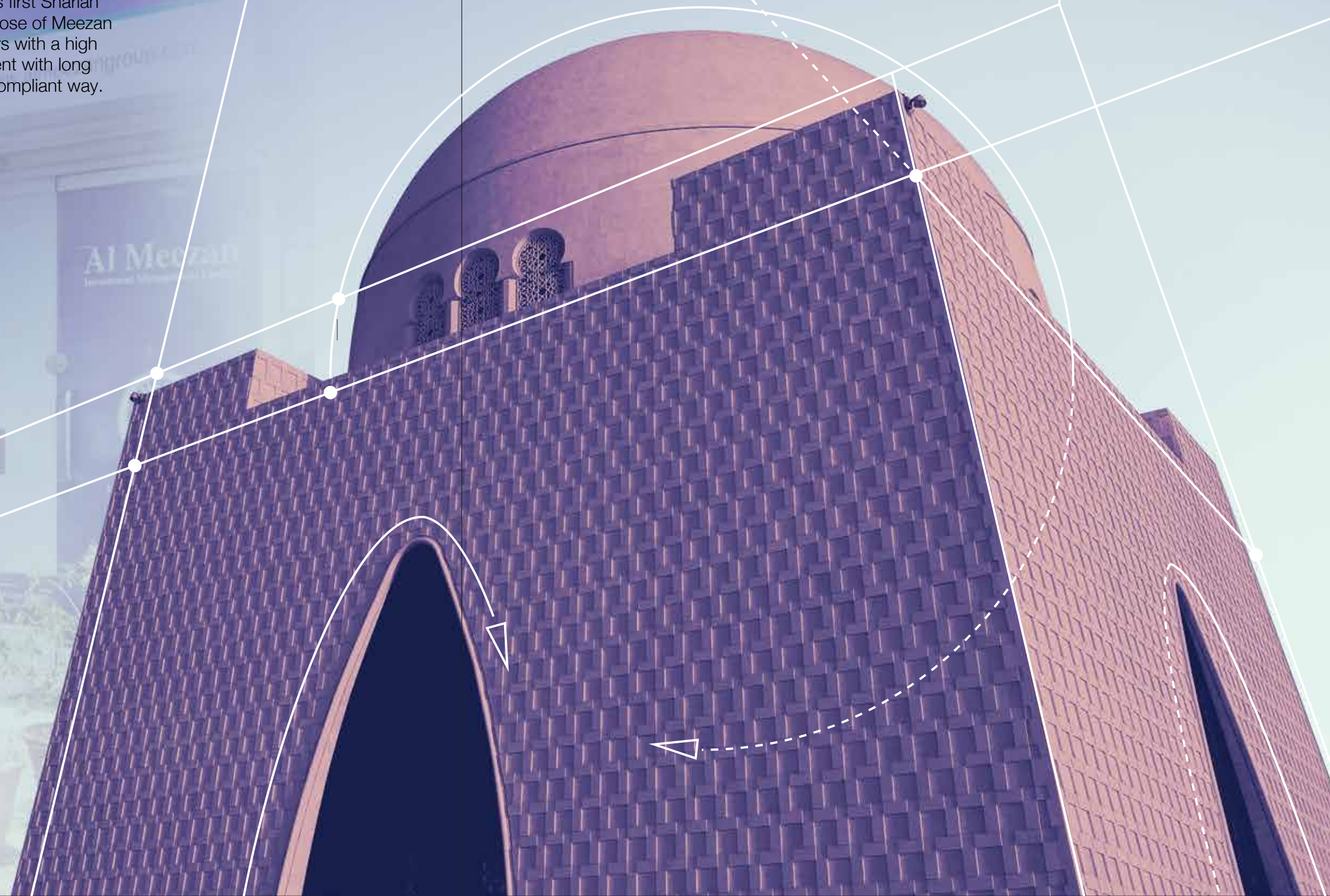
MEEZAN ISLAMIC INCOME FUND (MIIF)

Meezan Islamic Income Fund is Pakistan's first Shariah compliant income fund scheme. The purpose of Meezan Islamic Income Fund is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah compliant way.

- ◆ Bahadurabad Branch
- ◆ Clifton Branch
- ◆ DHA Branch
- ◆ DHA Badar Commercial Branch
- ◆ FTC Branch
- ◆ Gulshan-E-Iqbal Branch
- ◆ Gulistan-E-Jauhar Branch
- ◆ North Nazimabad Branch
- ◆ Sales Hub Karachi
- ◆ Site Area Branch

REDEFINING INVESTMENT IN THE CITY OF LIGHTS

● QUAID'S MAUSOLEUM
(KARACHI)



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 Shaikat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Islamic Income Fund (MIIF)

Type of Fund

Open end mutual fund which falls under the Income Fund category.

Objective

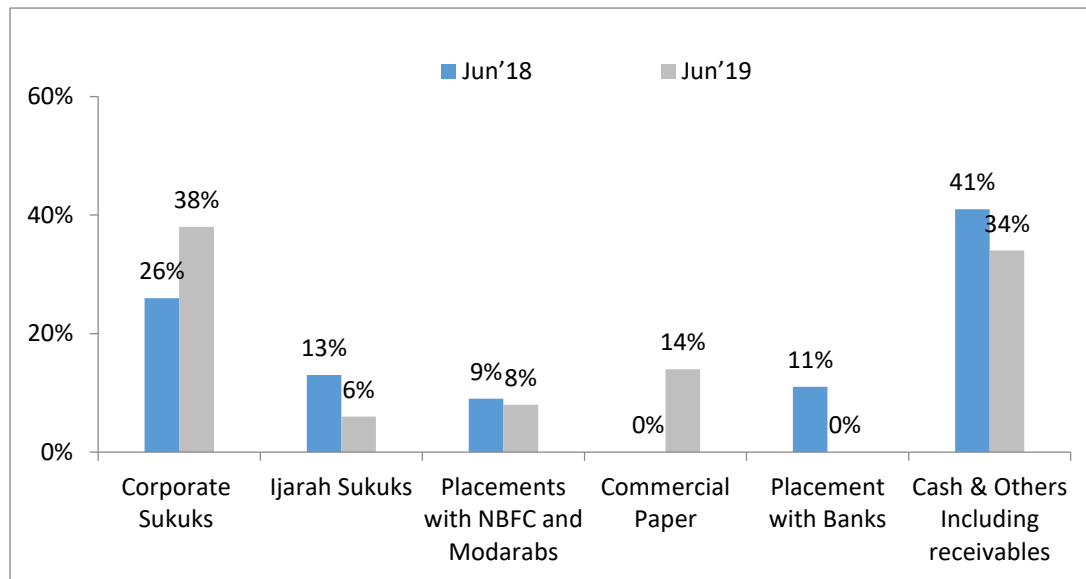
The Fund's primary objective is to provide investors with a competitive and stable rate of current income in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide investors with a rate of total return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic Income instruments.

Strategy, Investment policy and asset allocation

MIIF invests in Corporate and Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Shariah Compliant spread transactions, Certificate of Islamic Investments, Islamic bank deposits, and other Islamic Income products.

During the year, the focus was on proactive and continuous reallocation between high yield instruments, so as to maximize fund yield, while maintaining a balance within the risk management constraints. Term Deposits were also placed in order to lock in relatively higher profit rates.

Sector Allocation as on June 30, 2018 and 2019



Performance Review

During FY19, Meezan Islamic Income Fund (MIIF) provided a full year return of 7.99% as compared to its benchmark return of 3.69%. The fund manager remained on a continuous look out for deployment opportunities in high quality corporate Sukuks and investments were made in Sukuks issued by companies in the Foods, Steel, Chemicals, Power and Oil sector during the year. In line with monetary tightening expectations, TDRs above three months' tenor were not placed during the year. The fund has three non performing Sukuks currently (Sukuks of Eden Housing Limited, Security Leasing Company Limited and Arzoo Textile Mills Limited) but it is pertinent to note that these stand fully provided for; a case for Arzoo Textile Mills Limited Sukuks is already under contestation in the courts, for Eden Housing Limited, Bank Islami is currently in the process of filing a case against the company since rescheduling terms could not be agreed and for Security Leasing Company Limited, negotiations have not been very fruitful so it appears that the most likely way forward will be procession of legal proceedings against the

company but the Sukuks holders are yet to reach a conclusion on the matter. As at year end, the fund was invested 60% in Islamic Sukuks, 8% in Modarabas and other 32% in Islamic Bank Deposits including other receivables.

The Fund earned a gross income of Rs. 960 million, which was primarily due to profit on Sukuks certificates amounting worth Rs. 514 million, while the net outflow of the Fund during the year was 387 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 396 million, while realized loss on sale of Sukuks certificates was Rs. 31 million. On the other side, the fund incurred unrealized diminution worth Rs. 19 million. The fund also incurred expenses totalling to Rs. 155 million, which brought the net income figure to Rs. 805 million. The net assets of the Fund as at June 30, 2019 were Rs. 9,471 million as compared to Rs. 10,166 million at the end of last year depicting a decline of 6.83%. The net asset value per unit as at June 30, 2019 was Rs. 51.44 (Ex-Dividend) as compared to Rs. 53.59 per unit as on June 30, 2018.

	MIIF	Benchmark
Net Asset Value as on June 30, 2018	53.59	
Net Asset Value as on June 30, 2019	51.44	
Return for the year	7.99%	3.69%
Outperformance	4.30%	

Benchmark: 6 Month average deposit rate of 3 A rated Islamic Bank

Fund Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of A (f) to Meezan Islamic Income Fund.

Distributions

The interim distribution in the form of cash dividend by the Fund during the fiscal year ended June 30, 2019 was Rs. 4.0472 per unit (8.09%). Total distribution made by the fund was Rs. 434 million.

Breakdown of unit holdings by size:

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	6,181
10,000 - 49,999	1,563
50,000 - 99,999	261
100,000 - 499,999	153
500,000 and above	49
Total	8,207



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Islamic Income Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 01, 2018 to June 30, 2019 was the twelfth year of operations of Meezan Islamic Income Fund (MIIF) under management of Al Meezan Investment Management Limited (AMIM). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 7.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity.

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

It is the responsibility of the management company of the fund to establish and maintain a system of internal controls to ensure *Shari'ah* compliance 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 MIIF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MIIF 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 MIIF for the year ended June 30, 2019 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
Shari'ah Advisor

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 ISLAMIC INCOME 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 Islamic Income 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Islamic Income Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Islamic Income Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 6,454.219 million and balances with banks aggregated to Rs 2,971.017 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled 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; and

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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 these 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.

Muhammad



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Requirement

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 18, 2019

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019



Meezan
 Islamic Income Fund

	2019	2018
Note	Rupees in '000	
Assets		
Balances with banks	5 2,971,017	4,070,871
Investments	6 6,454,219	5,993,947
Receivable against conversion of units	3,802	129,263
Deposits, prepayments and other receivables	7 258,982	116,395
Total assets	9,688,020	10,310,476
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	8 19,857	7,743
Payable to Central Depository Company of Pakistan Limited - Trustee	9 838	783
Payable to Securities and Exchange Commission of Pakistan	10 7,822	8,207
Payable to Meezan Bank Limited	399	1,708
Payable against conversion and redemption of units	45,063	49,459
Accrued expenses and other liabilities	11 142,719	76,662
Total liabilities	216,698	144,562
NET ASSETS	9,471,322	10,165,914
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	9,471,322	10,165,914
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE	184,135,657	189,709,138
NET ASSET VALUE PER UNIT	51.4367	53.5868

The annexed notes from 1 to 29 form an integral part of these financial statements.

Ali

For AI Meezan Investment Management Limited
 (Management Company)

 Chief Executive

 Chief Financial Officer

 Director

MEEZAN ISLAMIC INCOME FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
----- Rupees in '000 -----			
Income			
Profit on sukuk certificates		513,505	246,193
Profit on term deposits		30,170	144,031
Profit on musharakah certificates		97,158	30,592
Net realised loss on sale of sukuk certificates		(31,107)	(24,853)
Profit on saving accounts with banks		365,570	253,093
Other income		3,361	94
		978,657	649,150
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(18,871)	(31,000)
Total income		959,786	618,150
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	83,862	103,021
Sindh Sales Tax on remuneration of the Management Company	8.2	10,902	13,393
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	8,901	9,261
Sindh Sales Tax on remuneration of the Trustee	9.2	1,157	1,204
Annual fee to Securities and Exchange Commission of Pakistan	10	7,823	8,207
Auditors' remuneration	13	644	603
Fees and subscription		1,406	1,549
Legal and professional charges		-	76
Printing charges		160	786
Brokerage expense		798	633
Bank and settlement charges		569	389
Selling and marketing expenses	8.4	12,175	-
Allocated expenses	8.3	10,431	10,944
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	16,419	9,362
Total expenses		155,247	159,428
Net income for the year before taxation		804,539	458,722
Taxation	16	-	-
Net income for the year after taxation		804,539	458,722
Allocation of net income for the year			
Net income for the year after taxation		804,539	458,722
Income already paid on units redeemed		(362,599)	(212,919)
		441,940	245,803
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		441,940	245,803
		441,940	245,803

The annexed notes from 1 to 29 form an integral part of these financial statements.

AU 16

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN ISLAMIC INCOME FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Islamic Income Fund

	2019	2018
	----- Rupees in '000 -----	
Net income for the year after taxation	804,539	458,722
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>804,539</u></u>	<u><u>458,722</u></u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

MU

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019

	2019			2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	9,755,035	410,879	10,165,914	11,616,350	165,076	11,781,426
Issuance of 374,693,447 units (2018: 461,491,894 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	19,256,021	-	19,256,021	23,716,068	-	23,716,068
- Element of income	668,853	-	668,853	372,251	-	372,251
Total proceeds on issuance of units	19,924,874	-	19,924,874	24,088,319	-	24,088,319
Redemption of 380,266,928 units (2018: 501,032,589 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	19,542,450	-	19,542,450	25,748,065	-	25,748,065
- Element of loss	407,031	362,599	769,630	201,569	212,919	414,488
Total payments on redemption of units	19,949,481	362,599	20,312,080	25,949,634	212,919	26,162,553
Total comprehensive income for the year	-	804,539	804,539	-	458,722	458,722
Distribution for the year ended June 30, 2018	-	(245,803)	(245,803)	-	-	-
Distribution for the year ended June 30, 2019	-	(433,613)	(433,613)	-	-	-
Refund of Capital for the year ended June 30, 2018	(170,684)	-	(170,684)	-	-	-
Refund of Capital for the year ended June 30, 2019	(261,825)	-	(261,825)	-	-	-
Total distribution during the year	(432,509)	(679,416)	(1,111,925)	-	-	-
Net assets at the end of the year	9,297,919	173,403	9,471,322	9,755,035	410,879	10,165,914
Undistributed income brought forward						
- Realised income		441,879			114,773	
- Unrealised loss		(31,000)			50,303	
		410,879			165,076	
Accounting income available for distribution (after adjusting income already paid on units redeemed)						
- Relating to capital gains		-			-	
- Excluding capital gains		441,940			245,803	
		441,940			245,803	
Final distribution during the year at Rs. 2.1954 per unit i.e. 4.39% of the par value of Rs. 50/- each (July 6, 2018)		(245,803)			-	
Interim distribution during the year at Rs. 4.0472 per unit i.e. 8.09% of the par value of Rs. 50/- each (June 28, 2019)		(433,613)			-	
Undistributed income carried forward		173,403			410,879	
Undistributed income carried forward						
- Realised income		192,274			441,879	
- Unrealised loss		(18,871)			(31,000)	
		173,403			410,879	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			53.5868			51.3900
Net assets value per unit at the end of the year			51.4367			53.5868

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



**MEEZAN ISLAMIC INCOME FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year before taxation		804,539	458,722
Adjustments for:			
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		18,871	31,000
		823,410	489,722
Decrease / (increase) in assets			
Investments - net		(1,609,143)	221,131
Deposits, prepayments and other receivables		(142,587)	42,686
		(1,751,730)	263,817
(Decrease) / increase in liabilities			
Payable to AI Meezan Investment Management Limited - Management Company		12,114	(7,225)
Payable to Central Depository Company of Pakistan Limited - Trustee		55	(15)
Payable to Securities and Exchange Commission of Pakistan		(385)	228
Payable to Meezan Bank Limited		(1,309)	1,035
Accrued expenses and other liabilities		66,057	(21,241)
		76,532	(27,218)
Net cash (used in) / generated from operating activities		(851,788)	726,321
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against issuance and conversion of units		19,617,826	25,162,020
Payments against redemption and conversion of units		(20,316,476)	(28,825,532)
Dividend paid		(679,416)	-
Net cash used in financing activities		(1,378,066)	(3,663,512)
Net decrease in cash and cash equivalents		(2,229,854)	(2,937,191)
Cash and cash equivalents at the beginning of the year		5,200,871	8,138,062
Cash and cash equivalents at the end of the year	18	2,971,017	5,200,871

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ISLAMIC INCOME FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Islamic Income Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on September 13, 2006 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) notified through S.R.O. 1203 (I) / 2008 on November 21, 2008. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long-term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point of time. Under the Trust Deed all conducts and acts of the Fund are based on Shariah principles. Meezan Bank Limited acts 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 is listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is categorised as an Open End Shariah Compliant (Islamic) Income Scheme in accordance with Circular 7 of 2009 issued by the SECP.
- 1.4 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of A(f) by JCR-VIS Credit Rating Company Limited.
- 1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

Al Meezan

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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income (FVOCI) or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. The Fund's investment in Term Deposit Receipts and Certificates of Musharakah which were previously classified as "loans and receivables" and carried at amortised cost under IAS 39 would now be classified as 'at fair value through profit or loss' and carried at fair value under level 2.

The Fund has adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current year.

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018	As at June 30, 2019
-----Rs. In '000-----				
Impact on Statement of Assets and Liabilities				
Investments - 'loans and receivables'	2,030,000	(2,030,000)	-	-
Investments - 'At fair value through profit or loss'	3,963,947	2,030,000	5,993,947	6,454,219

There is no impact on the income statement, statement of comprehensive income, statement of movement in unitholders' fund and cash flow statement of the Fund as a result of adoption of IFRS-9.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value.

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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 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 (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore, the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

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Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

The Fund can only invest in equity securities for the purpose of spread transactions as approved by Shariah Advisor.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.3 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.

4.3.4 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.

4.3.5 Derecognition

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.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

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4.7 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.

4.8 Issue and redemption of units

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

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

4.9 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 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.

4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on saving account with banks is recognised on time proportion basis using the effective yield method.
- Income on sukuk certificates, term deposit receipts, musharakah certificates and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.

4.12 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.

4.13 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.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.14 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.

4.15 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	2019	2018
		----- Rupees in '000 -----	
5			
BALANCES WITH BANKS			
Balances with banks in:			
Savings accounts	5.1	2,970,973	4,061,947
Current account		44	8,924
		<u>2,971,017</u>	<u>4,070,871</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.32% to 12.50% per annum (2018: 2.00% to 6.60% per annum).

	Note	2019	2018
		----- Rupees in '000 -----	
6			
INVESTMENTS			
Investments - at fair value through profit or loss		6,454,219	3,963,947
Investments - loans and receivables		-	2,030,000
		<u>6,454,219</u>	<u>5,993,947</u>
Investments - 'at fair value through profit or loss'			
Sukuk certificates	6.1	4,277,722	3,963,947
Certificates of musharakah	6.4	750,000	-
Commercial papers	6.5	1,426,497	-
		<u>6,454,219</u>	<u>3,963,947</u>
Loans and receivables			
Term deposit receipts - having original maturity of 3 months or less		-	1,130,000
Certificates of musharakah		-	900,000
		<u>-</u>	<u>2,030,000</u>
6.1			
Sukuk certificates			
Government securities	6.1.1	600,000	541,768
Corporate sukuks	6.1.2	3,677,722	3,422,179
		<u>4,277,722</u>	<u>3,963,947</u>

6.1.1 Government securities

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / maturity during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates			(Rupees in '000)			Net assets of the Fund	Total market value of investment	
GoP Ijarah Sukuk Certificates - XVIII (note 6.1.1.1)	Semi-annually	March 29, 2019	Weighted average 6 months T-Bills	1,250	-	1,250	-	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XIX (note 6.1.1.1)	Semi-annually	June 30, 2020	Weighted average 6 months T-Bills	4,250	2,000	6,250	-	-	-	-	-	-
Pakistan Energy Sukuk (note 6.1.1.1)	Semi-annually / At maturity	March 1, 2029	6 months KIBOR plus base rate of 0.8%	-	240,000	120,000	120,000	600,000	600,000	-	6.33	9.30
Total as at June 30, 2019								600,000	600,000	-	6.33	9.30
Total as at June 30, 2018								552,580	541,768	(10,812)	5.33	9.04

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy Sukuk Certificates having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuku

Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions during the year	As at June 30, 2019	* Carrying value as at June 30, 2019	* Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates			(Rupees in '000)			Net assets of the Fund	Total market value of investment	
Arzoo Textile Mills Limited (note 6.1.2.1, 6.1.2.2 & 6.1.2.2.1)*		April 15, 2014	6 months KIBOR plus base rate of 2%	14,000	-	-	14,000	-	-	-	-	-
Eden Housing Limited (note 6.1.2.1, 6.1.2.2 & 6.1.2.2.1)*		September 29, 2014	6 months KIBOR plus base rate of 2.5%	59,400	-	-	59,400	-	-	-	-	-
Security Leasing Corporation Limited II (note 6.1.2.1, 6.1.2.2 & 6.1.2.2.2)*		January 19, 2022	Nil	3,081	-	-	3,081	-	-	-	-	-
BANKS												
Dubai Islamic Bank Pakistan Limited (AA-, JCR-VIS, non-traded) (note 6.1.2.1)	Semi-annually / At maturity	July 14, 2027	6 months KIBOR plus base rate of 0.5%	513	-	-	513	522,595	522,595	-	5.52	8.10
Meezan Bank Limited Tier - II (AA, JCR-VIS, non-traded) (note 6.1.2.1)	Semi-annually / At maturity	September 22, 2026	6 months KIBOR plus base rate of 0.50%	300	118	50	368	371,946	367,991	(3,955)	3.89	5.70
FERTILIZER												
Engro Fertilizer Limited (AA, PACRA, non-traded) (note 6.1.2.1)	Semi-annually	July 9, 2019	6 months KIBOR plus base rate of 1.75%	44,625	-	29,750	14,875	75,119	74,415	(704)	0.79	1.15
Fatima Fertilizer Company Limited (AA-, PACRA, traded) (note 6.1.2.1)	Semi-annually	November 28, 2021	6 months KIBOR plus base rate of 1.10%	26,086	18,480	14,733	29,833	150,976	150,321	(655)	1.59	2.33
OIL & GAS MARKETING COMPANIES												
Hascol Petroleum Limited (AA, JCR-VIS, non-traded) (note 6.1.2.1)	Quarterly	January 06, 2022	3 months KIBOR plus base rate of 1.50%	45,000	12,000	13,000	44,000	224,597	221,650	(2,947)	2.34	3.43

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Name of the security	Profit Payments / Principal Redemptions	Maturity Date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions during the year	As at June 30, 2019	* Carrying value as at June 30, 2019	* Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
				Number of certificates			(Rupees in '000)			Net assets of the Fund	Total market value of investment	----- % -----
POWER GENERATION & DISTRIBUTION												
K-Electric Limited (AA+, JCR-VIS, non-traded) (note 6.1.2.1)	Quarterly	June 17, 2022	3 months KIBOR plus base rate of 1.00%	160,000	-	144,308	15,692	79,535	78,994	(541)	0.83	1.22
Neelum Jhelum Hydropower Company (Private) Limited (AAA, JCR-VIS, non-traded) (note 6.1.2.1)	Semi-annually	June 29, 2026	6 months KIBOR plus base rate of 1.13%	7,650	-	7,650	-	-	-	-	-	-
Hub Power Company Limited (A1+, PACRA) (note 6.1.2.1)		November 26, 2019	3 months KIBOR plus base rate of 1.00%	-	120,000	-	120,000	600,000	600,000	-	6.33	9.30
Hub Power Company Limited (A1+, PACRA) (note 6.1.2.1)		October 2, 2019	3 months KIBOR plus base rate of 1.00%	-	70,000	-	70,000	350,000	350,000	-	3.70	5.42
PHARMACEUTICALS												
AGP Limited (A+, PACRA, non-traded) (note 6.1.2.1)	Quarterly	June 9, 2022	3 months KIBOR plus base rate of 1.30%	-	2,349	637	1,712	171,826	171,180	(646)	1.81	2.65
CEMENT & CONSTRUCTION												
Javedan Corporation Limited (AA-, JCR-VIS, non-traded) (note 6.1.2.1 & note 6.1.2.3)	Semi-annually / At maturity	October 4, 2026	6 months KIBOR plus base rate of 1.75%	-	1,000	-	1,000	100,000	99,535	(465)	1.05	1.54
STEEL & ALLIED PRODUCTS												
Agha Steel Industries Limited (A+, JCR-VIS) (note 6.1.2.1)	Quarterly / At maturity	October 9, 2024	3 months KIBOR plus base rate of 0.80%	-	250	-	250	250,000	250,000	-	2.64	3.87
CHEMICALS												
Engro Polymer and Chemicals Limited (AA, PACRA, non-traded) (note 6.1.2.1)	Quarterly / At end of 5.5 years	July 11, 2026	3 months KIBOR plus base rate of 0.90%	-	3,000	-	3,000	300,000	301,406	1,406	3.18	4.67
MISCELLANEOUS												
International Brands Limited (AA, JCR-VIS, non-traded) (note 6.1.2.1)	Quarterly	November 15, 2021	3 months KIBOR plus base rate of 0.50%	4,000	-	-	4,000	400,000	391,800	(8,200)	4.14	6.07
Shakarganj Food Products Limited (A, JCR-VIS, non-traded) (note 6.1.2.1 & note 6.1.2.3)	Quarterly / At maturity	July 10, 2024	3 months KIBOR plus base rate of 1.75%	-	100	-	100	100,000	97,835	(2,165)	1.03	1.52
Total as at June 30, 2019								3,696,593	3,677,722	(18,872)	38.83	56.98
Total as at June 30, 2018								3,442,367	3,422,179	(20,188)	33.66	57.09

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

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

6.1.2.2 The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. Al Meezan Investment Management Limited (the Management Company) classified Meezan Islamic Income Fund (the Fund) as an 'Income Scheme' in accordance with the said circular. As at June 30, 2019, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade.

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Following investments of the Funds are in sukuku which are below 'investment grade' securities:

Name of non-compliant investment	Type of Investment	Value of investment before provision	Provision held (if any)	Value of investment after provision	Percentage of	
					Net assets	Total assets
					-----%-----	
(Rupees in '000)						
Arzoo Textile Mills Limited	Non-traded sukuk certificates	70,000	70,000	-	-	-
Eden Housing Limited	Non-traded sukuk certificates	58,472	58,472	-	-	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	15,403	15,403	-	-	-
Total - June 30, 2019		143,875	143,875	-	-	-
Total - June 30, 2018		143,875	143,875	-	-	-

6.1.2.2.1 On May 6, 2011, Arzoo Textile Mills Limited and Eden Housing Limited sukuk certificates have been classified as non-performing by Mutual Funds Association of Pakistan (MUFAP). Therefore in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 70 million and Rs. 58.472 million respectively have also been held as provision against the outstanding principal as at June 30, 2019.

6.1.2.2.2 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk as per the approval of contributors to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore, in accordance with the requirement of circular no.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy of the Fund, an amount of Rs 15.403 million has also been held as provision against the outstanding principal as at June 30, 2019.

6.1.2.3 Circular No. 33 of 2012 allows the asset manager to apply a mark up/mark down within available limit for valuation of any specific debt security. Exercising the discretionary power, the above mentioned Sukuku of Javedan Corporation and Shakarganj Food Products Limited has been valued at a discretionary rate of 99.5347 and 97.8353 when the reported market rate on MUFAP valuation sheet as at June 28, 2019 was 96.4870 and 95.8403 respectively.

6.2 Unrealised diminution on re-measurement of investments classified as financial assets at fair value through profit or loss	Note	2019	2018
		----- (Rupees in '000) -----	
Market value of investments	6.1.1, 6.1.2 6.4 & 6.5	6,454,219	5,993,947
Carrying value of investments	6.1.1, 6.1.2 6.4 & 6.5	(6,473,090)	(6,024,947)
		(18,871)	(31,000)

6.3 Details of term deposit receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2018	Term deposit receipts placed during the year	Matured during the year	As at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
									Net assets of the Fund	Total market value of investment
		%	----- (Rupees in '000) -----					-----%-----		
Dubai Islamic Bank Pakistan Limited	July 5, 2018	6.15	630,000	-	630,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	October 5, 2018	6.65	-	630,000	630,000	-	-	-	-	-
Dubai Islamic Bank Pakistan Limited	November 15, 2018	8.60	-	650,000	650,000	-	-	-	-	-
Bank Islami Pakistan Limited	November 1, 2018	8.10	-	1,000,000	1,000,000	-	-	-	-	-
Faysal Bank Limited	August 18, 2018	6.13	500,000	-	500,000	-	-	-	-	-
MCB Islamic Bank Limited	March 19, 2019	10.82	-	500,000	500,000	-	-	-	-	-
Total as at June 30, 2019			1,130,000	2,780,000	3,910,000	-	-	-	-	-
Total as at June 30, 2018			2,500,000	6,277,001	7,647,001	1,130,000	1,130,000	-	11.12	18.85

6.4 Details of certificates of musharakah

Name of the investee company	Maturity date	Profit rate	As at July 1, 2018	Placed during the year	Matured during the year	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
										Net assets of the Fund
			(Rupees in '000)						%	
First Habib Modaraba	September 5, 2018	6.75	300,000	-	300,000	-	-	-	-	-
First Habib Modaraba	December 5, 2018	7.80-8.80	-	300,000	300,000	-	-	-	-	-
First Habib Modaraba	March 5, 2019	10.50-10.75	-	306,399	306,399	-	-	-	-	-
First Habib Modaraba	June 5, 2019	10.90-11.40	-	306,399	306,399	-	-	-	-	-
Onix Modaraba *	November 22, 2018	6.40	200,000	-	200,000	-	-	-	-	-
Onix Modaraba *	November 22, 2018	6.40	100,000	-	100,000	-	-	-	-	-
Orix Modaraba *	November 22, 2018	6.40	150,000	-	150,000	-	-	-	-	-
Orix Modaraba *	November 22, 2018	6.40	150,000	-	150,000	-	-	-	-	-
Orix Modaraba	September 14, 2019	10.47-12.72	-	600,000	-	600,000	600,000	-	6.33	9.30
Orix Modaraba	September 27, 2019	10.69-12.94	-	150,000	-	150,000	150,000	-	1.58	2.32
Total as at June 30, 2019			900,000	1,662,798	1,812,798	750,000	750,000	-	7.92	11.62
Total as at June 30, 2018			-	900,000	-	900,000	900,000	-	8.85	15.02

* These Certificates of Musharakah were encashed on September 14, 2018, prior to the above mentioned maturity date.

6.5 Commercial papers

Name of the security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Percentage in relation to	
										Net assets of the Fund
			(Number of certificates)			(Rupees in '000)		%		
Hascol Petroleum Limited CP-2 (note 6.5.1)	January 4, 2019	6 months KIBOR plus base rate of 1.25%	-	375	375	-	-	-	-	-
Hascol Petroleum Limited CP-3 (note 6.5.1)	July 15, 2019	6 months KIBOR plus base rate of 1.50%	-	400	-	400	398,227	398,227	4.20	6.17
K-Electric Limited CP (note 6.5.1)	March 1, 2019	6 months KIBOR plus base rate of 0.90%	-	721	721	-	-	-	-	-
K-Electric Limited CP-2 (note 6.5.1)	September 2, 2019	6 months KIBOR plus base rate of 0.90%	-	1,001	-	1,001	981,840	981,840	10.37	15.21
TPL Corp Limited CP (note 6.5.1)	January 11, 2020	6 months KIBOR plus base rate of 2.75%	-	50	-	50	46,430	46,430	0.49	0.72
Total as at June 30, 2019							1,426,497	1,426,497	15.06	22.10
Total as at June 30, 2018							-	-	-	-

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

7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2019	2018
		----- (Rupees in '000) -----	
Security deposit with Central Depository Company of Pakistan Limited		100	100
Security deposit with National Clearing Company of Pakistan Limited		-	2,503
Prepayments		2,970	2,963
Advance tax	7.1	2,881	2,131
Profit receivable on balances with banks and term deposit receipts		44,569	32,380
Profit receivable on sukuk certificates		146,371	70,668
Profit receivable on certificates of musharakah		62,091	5,650
All in		258,982	116,395

- 7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151 and 150. However, withholding tax on dividend and profit on debt paid to the Fund has been deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated May 12, 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholder. The tax withheld on profit on debt amounts to Rs. 2.881 million (2018: Rs. 2.131 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On January 28, 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Funds together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received by the Fund on dividends and profit on debt has been shown as other receivables as at June 30, 2019 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

8	Note	2019	2018
		----- (Rupees in '000) -----	
PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED			
Management fee payable	8.1	6,904	5,757
Sindh Sales Tax payable on remuneration of the Management Company	8.2	898	749
Allocated expenses payable	8.3	872	803
Selling and marketing expenses payable	8.4	10,591	-
Sales load payable		523	383
Sindh Sales Tax on sales load payable		68	50
Certificate charges		1	1
		<u>19,857</u>	<u>7,743</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 1.5% of the average annual net assets in case of an Income Scheme. During the year, the Management Company has reduced charging of the remuneration to 6.5% of gross earnings of the Fund subject to the minimum of 0.5% of average annual net assets and maximum of 1.5% of average annual net assets. The reduction in remuneration is effective from March 18, 2019 (2018: 10% of gross earnings of the Fund with effect from November 16, 2017).
- 8.2 During the year, an amount of Rs. 10.902 million (2018: Rs 13.393 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. 10.753 million (2018: Rs. 14.245 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.
- However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.
- 8.4 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. Accordingly, such expenses have been charged to the Fund with effect from March 18, 2019 at the rate of 0.4% of the net assets of the Fund being lower than actual expenses incurred.

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	Note	2019	2018
----- (Rupees in '000) -----			

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Trustee fee payable	9.1	742	693
Sindh Sales Tax payable on trustee fee	9.2	96	90
		838	783

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 1,000 million Rs 0.6 million or 0.17% per annum of net assets, whichever is higher.
- from Rs 1,000 million to Rs.5,000 million Rs 1.7 million plus 0.085% per annum of net assets exceeding Rs 1,000 million.
- exceeding Rs.5,000 million Rs 5.1 million plus 0.07% per annum of net assets exceeding Rs 5,000 million.

9.2 During the year, an amount of Rs 1.157 million (2018: Rs. 1.204 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. 1.151 million (2018: Rs. 1.206 million) was paid to the Trustee which acts as a collecting agent.

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

This represents annual fee at the rate of 0.075% of the average annual net assets of the Fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation.

	Note	2019	2018
----- (Rupees in '000) -----			

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		430	550
Printing expenses payable		566	438
Brokerage payable		159	204
Shariah advisor fee payable		529	538
Withholding tax payable		37,969	-
Capital gain tax payable		11,065	1,103
Provision for Sindh Workers' Welfare Fund (SWWF)	11.1	38,755	22,336
Zakat payable		187	127
Provision for Federal Excise Duty payable on remuneration of the Management Company and related Sindh Sales Tax	11.2	50,417	48,995
Provision for Federal Excise Duty payable on sales load and related Sindh Sales Tax	11.2	2,642	2,371
		142,719	76,662

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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.21 per unit (2018: Re 0.12 per unit).

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- 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 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from 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 53.059 million (2018: 51.366 million) is being retained in these 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 0.29 (2018: Re 0.27) per unit.

During the year, FED amounting to Rs. 1.693 million has been paid to the Fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 AUDITORS' REMUNERATION

	2019	2018
	----- (Rupees in '000) -----	
Annual audit fee	364	350
Half yearly review	137	130
Fee for other certifications	100	100
Out of pocket expenses	43	23
	<u>644</u>	<u>603</u>

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.48% which includes 0.35% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, Sales Taxes, Federal excise Duties, Annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

15 PERFORMANCE TABLE

	2019	2018	2017	2016	2015
Net assets (Rs '000) (ex-distribution)	9,471,322	10,165,914	11,781,426	9,051,417	3,995,835
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution)	51.4367	51.3914	51.3912	51.2812	50.8500
Offer price per unit as at June 30 (Rs) (ex-distribution)	51.7273	51.6818	51.6800	51.6248	51.1907
Distribution (%)					
- Interim					
- First quarter	-	-	-	-	-
- Second quarter	-	-	-	-	-
- Third quarter	-	-	-	-	-
- Fourth quarter	8.09%	-	5.00%	5.00%	-
- Annual	-	4.40%	-	-	6.80%

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	2019	2018	2017	2016	2015
Dates of distribution (interim)					
- First quarter	-	-	-	-	-
- Second quarter	-	-	-	-	-
- Third quarter	-	-	-	-	-
- Fourth quarter	June 28, 2019	-	June 21, 2017	June 24, 2016	-
Dates of distribution (annual)	-	July 6, 2018	-	-	July 3, 2015
Income distribution (Rupees in '000)	-	-	-	-	267,165
Growth distribution (Rupees in '000)	-	-	-	-	-
Highest offer price per unit (Rs)	55.7518	53.8896	54.1300	54.1300	54.6100
Lowest offer price per unit (Rs)	51.6976	51.6945	51.5000	51.3500	50.6200
Highest redemption price per unit (Rs)	55.4386	53.5868	53.8300	53.7700	54.2500
Lowest redemption price per unit (Rs)	51.4072	51.4041	51.2100	51.0100	50.2800
Total return (%)	7.92%	4.26%	5.09%	5.76%	8.15%
Weighted Average Portfolio Duration (years)	2.18	2.08	0.90	1.60	2.13
	One year	Two year	Three year	Four year	Five year
Average annual return (%) as at June 30, 2019	7.92%	6.09%	5.76%	5.76%	6.24%

Investment portfolio composition of the Fund as described in Note 6.

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

16 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, 2008, 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. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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 as per Section 4B of the Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan (CDC) being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2 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.
- 17.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations and the Trust Deed.
- 17.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.

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- 17.5 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	2019 ----- (Rupees in '000) -----	2018 ----- (Rupees in '000) -----
Al Meezan Investment Management Limited (Management Company)		
Remuneration payable	6,904	5,757
Sindh Sales Tax on management fee payable	898	749
Sales load payable	523	383
Sindh Sales Tax on sales load payable	68	50
Allocated expenses payable	872	803
Selling and marketing expense payable	10,591	-
Certificate charges payable	1	1
Investment of 1,287,879 units (2018: 18,479,681 units)	66,244	990,267
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Security deposit refundable	100	100
Remuneration payable	742	693
Sindh Sales Tax payable on trustee fee	96	90
Meezan Bank Limited		
Profit receivable on saving account	466	371
Profit receivable on sukuk certificates	13,925	7,026
Balances with bank	44,405	141,814
Investment as at June 30, 2019: 368 sukuk certificates (June 30, 2018: 300)	367,991	304,500
Sales load payable	353	1,512
Sindh Sales Tax on sales load payable	46	196
MSAF - Meezan Strategic Allocation Plan-I		
Investment of 4,983,963 units (2018: 7,736,308 units)	256,359	414,564
MSAF - Meezan Strategic Allocation Plan-II		
Investment 3,408,091 units (2018: 4,578,838 units)	175,301	245,365
MSAF - Meezan Strategic Allocation Plan-III		
Investment of 4,056,911 units (2018: 3,862,902 units)	208,674	207,001
MSAF - Meezan Strategic Allocation Plan-IV		
Investment of 4,583,447 units (2018: 4,594,666 units)	235,757	246,213
MSAF - Meezan Strategic Allocation Plan-V		
Investment of 787,065 units (2018: 363,562 units)	40,484	19,482
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 882,014 units (2018: 1,161,137 units)	45,368	62,222
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 981,323 units (2018: 1,445,143 units)	50,476	77,441
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 1,598,392 units (2018: 1,979,904 units)	82,216	106,097
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of nil units (2018: 3,467,932 units)	-	185,835

	2019	2018
	----- (Rupees in '000) -----	
Meezan Financial Planning Fund of Funds - MAAP - IV		
Investment of nil units (2018: 1,494,217 units)	-	80,070
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Investment of nil units (2018: 212,599 units)	-	11,393
Directors and Executives of the Management Company		
Investment of 288,053 units (2018: 292,675 units)	14,816	15,684
Transactions during the year		
Al Meezan Investment Management Limited (Management Company)		
Remuneration charged	83,862	103,021
Sindh Sales Tax on remuneration of the Management Company	10,902	13,393
Allocated expenses	10,431	10,944
Selling and marketing expense	12,175	-
Issuance of 19,377,264 units (2018: 33,002,274 units)	1,024,536	1,725,000
Redemption of 36,569,066 units (2018: 35,115,734 units)	1,934,100	1,827,000
Dividend paid	19,777	-
Refund of capital	25,652	-
Central Depository Company of Pakistan Limited - CDC (Trustee)		
Remuneration of the Trustee	8,901	9,261
Sindh Sales Tax on remuneration of the Trustee	1,157	1,204
CDS charges	132	64
Meezan Bank Limited		
Profit on saving account	2,360	2,041
Profit on sukuk certificates	33,482	1,485
Purchase of 118 sukuk certificates (2018: 300 Sukuk certificates)	117,982	304,500
Sale of 50 sukuk certificates (2018: nil certificates)	50,000	-
MSAF - Meezan Strategic Allocation Plan-I		
Issuance of 3,478,440 units (2018: 10,175,158 units)	184,183	531,000
Redemption of 6,230,785 units (2018: 12,357,647 units)	338,170	639,860
Dividend paid	22,416	-
Refund of capital	13,267	-
MSAF - Meezan Strategic Allocation Plan-II		
Issuance of 2,436,108 units (2018: 5,035,700 units)	128,839	263,000
Redemption of 3,606,855 units (2018: 4,263,241 units)	196,920	221,740
Dividend paid	15,018	-
Refund of capital	7,821	-
MSAF - Meezan Strategic Allocation Plan-III		
Issuance of 2,818,997 units (2018: 4,780,885 units)	149,303	250,000
Redemption of 2,624,988 units (2018: 8,023,229 units)	144,610	415,160
Dividend paid	15,330	-
Refund of capital	8,371	-
MSAF - Meezan Strategic Allocation Plan-IV		
Issuance of 2,928,468 units (2018: 7,269,504 units)	155,283	378,500
Redemption of 2,939,687 units (2018: 11,663,825 units)	161,920	603,770
Dividend paid	17,929	-
Refund of capital	9,354	-

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	2019	2018
	----- (Rupees in '000) -----	
MSAF - Meezan Strategic Allocation Plan-V		
Issuance of 970,684 units (2018: 1,667,261 units)	51,657	87,000
Redemption of 547,181 units (2018: 1,303,699 units)	30,210	68,020
Dividend paid	1,564	-
Refund of capital	2,187	-
MSAF II - Meezan Capital Preservation Plan-V		
Issuance of 112,077 units (2018: nil units)	6,100	-
Redemption of 112,077 units (2018: nil units)	6,106	-
Meezan Financial Planning Fund of Funds		
- Aggressive Allocation Plan		
Issuance of 183,808 units (2018: 208,445 units)	9,522	10,936
Redemption of 462,931 units (2018: 881,116 units)	25,009	45,851
Dividend paid	5,558	-
Refund of capital	300	-
Meezan Financial Planning Fund of Funds		
- Moderate Allocation Plan		
Issuance of 137,126 units (2018: 334,253 units)	7,057	17,541
Redemption of 600,946 units (2018: 879,257 units)	31,858	45,914
Dividend paid	6,481	-
Refund of capital	374	-
Meezan Financial Planning Fund of Funds		
- Conservative Allocation Plan		
Issuance of 400,310 units (2018: 360,446 units)	20,815	18,881
Redemption of 781,822 units (2018: 1,358,365 units)	41,377	70,816
Dividend paid	9,743	-
Refund of capital	600	-
Meezan Financial Planning Fund of Funds - MAAP - I		
Issuance of 1,636,590 units (2018: 35,256,918 units)	87,140	1,819,662
Redemption of 5,104,522 units (2018: 31,788,986 units)	280,151	1,645,916
Dividend paid	4,610	-
Refund of capital	3,003	-
Meezan Financial Planning Fund of Funds - MAAP - II		
Issuance of nil units (2018: 4,596,367 units)	-	237,200
Redemption of nil units (2018: 4,596,367 units)	-	238,776
Meezan Financial Planning Fund of Funds - MAAP - III		
Issuance of nil units (2018: 46,358,992 units)	-	2,414,633
Redemption of nil units (2018: 53,804,184 units)	-	2,820,365
Meezan Financial Planning Fund of Funds - MAAP - IV		
Issuance of 63,834 units (2018: 4,922,358 units)	3,280	255,000
Redemption of 1,558,051 units (2018: 3,880,834 units)	80,267	201,000
Dividend paid	1,736	-
Refund of capital	1,544	-
Al Meezan Investment Management Limited - Employees' Gratuity Fund		
Issuance of 9,077 units (2018: nil units)	466	-
Redemption of 221,676 units (2018: nil units)	12,275	-
Dividend paid	2	-
Refund of capital	465	-

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	Note	2019 ----- (Rupees in '000) -----	2018
Directors and Executives of the Management Company			
Issuance of 3,793,334 units (2018: 4,794,864 units)		201,805	251,166
Redemption of 3,801,709 units (2018: 4,642,395 units)		203,069	243,541
Dividend paid		791	-
Refund of capital		947	-

18 CASH AND CASH EQUIVALENTS

Cash and bank balances	5	2,971,017	4,070,871
Term deposit receipt (with original maturity of three months)	6	-	1,130,000
		<u>2,971,017</u>	<u>5,200,871</u>

19 FINANCIAL INSTRUMENTS BY CATEGORY

	----- 2019 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Balances with banks	2,971,017	-	2,971,017
Investments	-	6,454,219	6,454,219
Receivable against conversion of units	3,802	-	3,802
Deposits and other receivables	253,131	-	253,131
	<u>3,227,950</u>	<u>6,454,219</u>	<u>9,682,169</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	-	19,857	19,857
Payable to Central Depository Company of Pakistan Limited - Trustee	-	838	838
Payable to Meezan Bank Limited	-	399	399
Payable against conversion and redemption of units	-	45,063	45,063
Accrued expenses and other liabilities	-	1,684	1,684
	-	<u>67,841</u>	<u>67,841</u>

	----- 2018 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- (Rupees in '000) -----		
Financial assets			
Balances with banks	4,070,871	-	4,070,871
Investments	2,030,000	3,963,947	5,993,947
Receivable against conversion of units	129,263	-	129,263
Deposits and other receivables	111,301	-	111,301
	<u>6,341,435</u>	<u>3,963,947</u>	<u>10,305,382</u>

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2018		
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	-	7,743	7,743
Payable to Central Depository Company of Pakistan Limited - Trustee	-	783	783
Payable to Meezan Bank Limited	-	1,708	1,708
Payable against conversion and redemption of units	-	49,459	49,459
Accrued expenses and other liabilities	-	1,730	1,730
	-	<u>61,423</u>	<u>61,423</u>

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

20.1 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: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks, investments in sukuk certificates, commercial papers and certificates of musharakah. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuks certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 79.987 million (2018: Rs. 74.185 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund did not hold any fixed rate instrument that may expose the fund to fair value profit rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for GoP ijarah sukuks and with all other variables held constant, the net income for the year and net assets of the Fund would have been higher / lower by Rs 14.265 million (2018: Rs 5.500 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

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2019					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	3.32% - 12.50%	2,970,973	-	-	44	2,971,017
Investments - Sukuk certificates	KIBOR + 0.50% - KIBOR + 2.50%	4,027,866	249,856	-	-	4,277,722
Investments - Government securities	5.24% - 5.59%	-	-	-	-	-
Investments - Others	12.72% - 12.94%	2,130,067	46,430	-	-	2,176,497
Receivable against conversion of units		-	-	-	3,802	3,802
Deposits and other receivables		-	-	-	253,131	253,131
		9,128,906	296,286	-	256,977	9,682,169
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	19,857	19,857
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	838	838
Payable to Meezan Bank Limited		-	-	-	399	399
Payable against conversion and redemption of units		-	-	-	45,063	45,063
Accrued expenses and other liabilities		-	-	-	1,684	1,684
		-	-	-	67,841	67,841
On-balance sheet gap (a)		9,128,906	296,286	-	189,136	9,614,328
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		9,128,906	296,286	-		
Cumulative interest rate sensitivity gap		9,128,906	9,425,192	9,425,192		

2018					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	2.00% - 6.60%	4,061,947	-	-	8,924	4,070,871
Investments - Sukuk certificates	KIBOR + 0.50% - KIBOR + 1.75%	1,863,389	1,558,790	-	-	3,422,179
Investments - Government securities sukuk certificates	5.24% - 5.59%	124,588	417,180	-	-	541,768
Investments - Others	6.13% - 6.75%	1,430,000	600,000	-	-	2,030,000
Receivable against conversion of units		-	-	-	129,263	129,263
Deposits and other receivables		-	-	-	111,301	111,301
		7,479,924	2,575,970	-	249,488	10,305,382
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	7,743	7,743
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	783	783
Payable to Meezan Bank Limited		-	-	-	1,708	1,708
Payable against conversion and redemption of units		-	-	-	49,459	49,459
Accrued expenses and other liabilities		-	-	-	1,730	1,730
		-	-	-	61,423	61,423
On-balance sheet gap (a)		7,479,924	2,575,970	-	188,065	10,243,959
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,479,924	2,575,970	-		
Cumulative interest rate sensitivity gap		7,479,924	10,055,894	10,055,894		

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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2019.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	2,971,017	-	-	-	-	2,971,017	
Investments	492,792	1,752,688	1,179,552	398,025	2,631,162	6,454,219	
Receivable against conversion of units	3,802	-	-	-	-	3,802	
Deposits and other receivables	110,371	137,586	5,074	-	-	253,131	
	3,577,982	1,890,274	1,184,626	398,025	2,631,162	100	9,682,169
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	19,857	-	-	-	-	19,857	
Payable to Central Depository Company of Pakistan Limited - Trustee	838	-	-	-	-	838	
Payable to Meezan Bank Limited	399	-	-	-	-	399	
Payable against conversion and redemption of units	45,063	-	-	-	-	45,063	
Accrued expenses and other liabilities	159	959	566	-	-	1,684	
	66,316	959	566	-	-	-	67,841
Net assets / (liabilities)	3,511,666	1,889,315	1,184,060	398,025	2,631,162	100	9,614,328

2018						
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	4,070,871	-	-	-	-	4,070,871
Investments	630,000	800,000	724,588	2,216,701	1,622,658	5,993,947
Receivable against conversion of units	129,263	-	-	-	-	129,263
Deposits and other receivables	52,806	20,531	35,261	-	2,603	111,301
	4,882,940	820,631	759,849	2,216,701	1,622,658	10,305,382
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	7,743	-	-	-	-	7,743
Payable to Central Depository Company of Pakistan Limited - Trustee	783	-	-	-	-	783
Payable to Meezan Bank Limited	1,708	-	-	-	-	1,708
Payable against conversion and redemption of units	49,459	-	-	-	-	49,459
Accrued expenses and other liabilities	204	1,088	438	-	-	1,730
	59,897	1,088	438	-	-	61,423
Net assets / (liabilities)	4,823,043	819,543	759,411	2,216,701	1,622,658	10,243,959

20.3 Credit risk

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

Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion and receivable against sale of investments.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2019		2018	
	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) -----			
Balance with banks and term deposits	2,971,017	2,971,017	5,200,871	5,200,871
Investments in debt instruments	6,454,219	5,854,219	4,863,947	4,322,179
Receivable against conversion of units	3,802	3,802	129,263	129,263
Deposits and other receivables	253,131	253,131	111,301	111,301
	9,682,169	9,082,169	10,305,382	9,763,614

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

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20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon and receivable against conversion of units and against investments, term deposit receipts, certificates of musharakah and investments in sukuk certificates. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	-	23%
AA+	3%	10%
AA-	10%	7%
AA	-	23%
A+	-	37%
A	87%	-
	100%	100%

Ratings of sukuk (other than Government securities) have been disclosed in related notes to the financial statements. GoP Ijarah Sukuk and sukuk issued by government owned entities are government guaranteed.

20.3.3 Concentration of credit risk

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 Fund does not have any collateral against any of the aforementioned assets. The issuer of the Sukuk, however, pledge securities with the investment agent in Trust for the benefit of the Sukuk Holder.

Due to the Fund's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Fund except for Arzoo Textiles Limited Sukuk, Security Leasing Corporation Sukuk and Eden Housing Limited Sukuk (refer note 6).

21 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.

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).

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As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Sukuk certificates	-	4,277,722	-
Certificates of musharakah*	-	750,000	-
Commercial papers**	-	1,426,497	-
	-	6,454,219	-
	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Sukuk certificates	-	3,963,947	-
Term deposit receipts*	-	-	-
Certificates of musharakah*	-	-	-
Commercial papers**	-	-	-
	-	3,963,947	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

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

22 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 has no restriction 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 20, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	8,013	5,843,987	61.70%	5,205	4,495,934	44.22%
Associated Companies / Directors	11	1,165,459	12.31%	13	2,650,159	26.07%
Insurance Companies	9	165,187	1.74%	10	230,204	2.26%
Banks and DFIs	1	11	0.00%	1	10	0.00%
Retirement Funds	80	1,044,589	11.03%	67	1,136,425	11.18%
Private Limited Companies	24	234,087	2.47%	30	735,961	7.24%
Public Limited Companies	3	1,770	0.02%	3	1,667	0.02%
Others	66	1,016,233	10.73%	43	915,554	9.01%
	8,207	9,471,322	100.00%	5,372	10,165,914	100.00%

24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2019 -----		----- 2018 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Paramount Capital (Private) Limited	32%	Paramount Capital (Private) Limited	51%
Invest One Markets Limited	-	Invest One Markets Limited	40%
BMA Capital Management Limited	9%	BMA Capital Management Limited	7%
JS Global Capital Limited	46%	JS Global Capital Limited	2%
Next Capital Limited	10%	Next Capital Limited	1%
Vector Capital (Private) Limited	3%	Vector Capital (Private) Limited	-

24.1 The fund has traded with only the above mentioned 5 brokers / dealers during the year ended June 30, 2019 (2018: 5 brokers / dealers)

25 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

25.1 The Fund manager of the Fund is Mr. Zain Malik. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Sovereign Fund; and
- Meezan Rozana Amdani Fund.

26 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

*Mr. Atif Azim resigned on May 07, 2019.

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27 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.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

29 GENERAL

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

All

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

Chief Executive

Chief Financial Officer

Director




Meezan
Sovereign Fund

MEEZAN SOVEREIGN FUND (MSF)

Meezan Sovereign Fund is Pakistan's first Shariah compliant Government Securities Fund. The purpose of the fund is to provide maximum possible preservation of capital and a reasonable rate of return by investing primarily in Shariah compliant Government Securities.

REDEFINING INVESTMENT IN THE FRUIT HUB OF PAKISTAN

 Quetta Branch

 **QUETTA RAILWAY STATION
(QUETTA)**



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 Shaikat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER

Meezan Sovereign Fund (MSF)

Type of Fund

Open end Sovereign mutual fund which falls under the category of Income Funds.

Objective

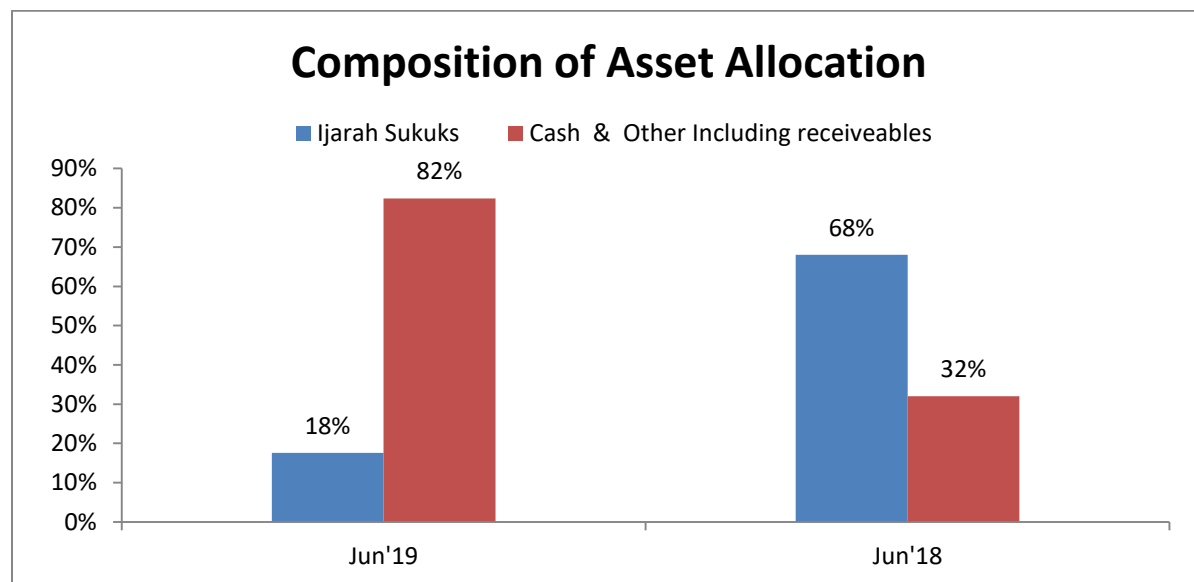
The Fund's primary objective is to provide investors with a low risk and stable rate of current income by primarily investing in Shariah Compliant Sovereign Securities.

Investment Policy and Strategy

The investment policy of the fund demarcates that at least 70% of the net assets of the fund shall be invested in Shariah compliant fixed income government securities on a monthly average basis while at least 10% of the fund size has to be maintained in cash on a monthly average basis. The remaining allocation can be in other permissible Islamic investment avenues. The instruments in which MSF invests are Sovereign Sukuks (Islamic Bonds), Musharaka and Murabaha instruments, Certificate of Islamic Investments, Islamic bank deposits and other Sovereign Islamic income products.

Sector Allocation for the year ended FY18 and FY19

The asset allocation of the fund on June 30, 2018 and June 30, 2019 is as follows:



Performance Review

Meezan Sovereign Fund (MSF) provided a return of 7.08% to its investors for the year ended June 30, 2019 against a benchmark return of 7.15%.

	MSF	Benchmark
Net Asset Value as on June 30, 2018	52.72	
Net Asset Value as on June 30, 2019	51.53	
Return for the year	7.08%	7.15%
Underperformance	-0.07%	

Benchmark: 6 Month PKISRV Rate

During the year, the Fund earned a gross income of Rs. 160 million, which was primarily due to profit on Sukuks certificates worth Rs. 90 million, while the net inflow in the Fund during the year was 3,878 million. Profit on saving accounts at Islamic banks contributed Rs. 84 million. On the other side, the fund accrued realized and unrealized losses worth Rs. 12 million and Rs. 1 million respectively. The fund also incurred expenses totalling to Rs. 31 million, which brought the net income figure to Rs. 129 million. The net assets of the Fund as at June 30, 2019 were Rs. 5,705 million as compared to Rs. 2,121 million at the end of last year depicting an increase of 169%. The net asset value per unit as at June 30, 2019 was Rs. 51.53 (Ex-dividend) as compared to Rs. 52.72 per unit as on June 30, 2018.

Distributions

Interim Pay-out by the Fund during the fiscal year ended June 30, 2019 was Rs. 3.59 per unit (7.18%). Total distribution made by the fund was Rs. 91 million.

Fund Stability Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of AA- (f) to Meezan Sovereign Fund.

Unit holder Break down:

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	3,649
10,000 - 49,999	629
50,000 - 99,999	103
100,000 - 499,999	94
500,000 and above	25
Total	4500



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 01, 2018 to June 30, 2019 was the ninth year of operations of Meezan Sovereign Fund (MSF) 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 8.2.7 of the Trust Deed 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 procedures 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 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 MSF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSF 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 MSF for the year ended June 30, 2019 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

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN SOVEREIGN 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 Sovereign 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

**To the Unit holders of Meezan Sovereign Fund
Report on the Audit of the Financial Statements**

Opinion

We have audited the financial statements of Meezan Sovereign Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,124.715 million and balances with banks aggregated to Rs 5,132.514 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled 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; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 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 these 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 Requirement

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 18, 2019

**MEEZAN SOVEREIGN FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



Meezan
Sovereign Fund

	2019	2018
Note	-----Rupees in '000-----	
Assets		
Balances with banks	5 5,132,514	673,082
Investments	6 1,124,715	1,489,533
Receivable against conversion of units	59,236	31,469
Deposits, prepayments and other receivables	7 70,900	34,159
Total assets	6,387,365	2,228,243
Liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	8 4,228	2,203
Payable to Central Depository Company of Pakistan Limited - Trustee	9 538	220
Payable to the Securities and Exchange Commission of Pakistan	10 1,400	2,117
Payable to Meezan Bank Limited	68	322
Payable against redemption and conversion of units	562,316	11,847
Accrued expenses and other liabilities	12 113,666	91,018
Total liabilities	682,216	107,727
NET ASSETS	5,705,149	2,120,516
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)	5,705,149	2,120,516
CONTINGENCIES AND COMMITMENTS	13	
NUMBER OF UNITS IN ISSUE	110,716,688	40,219,172
	(Rupees)	
NET ASSET VALUE PER UNIT	51.5293	52.7240

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019	2018
----- Rupees in '000 -----			
Income			
Profit on sukuk certificates		90,058	124,871
Profit on term deposits		-	2,942
Net realised loss on sale of sukuk certificates		(12,436)	(33,132)
Profit on saving accounts with banks		83,846	39,645
		161,468	134,326
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.2	(1,455)	(32,036)
Total income		160,013	102,290
Expenses			
Remuneration of Al Meezan Investment Management Limited - Management Company	8.1	18,664	28,222
Sindh Sales Tax on remuneration of the Management Company	8.2	2,426	3,669
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	2,150	2,867
Sindh Sales Tax on remuneration of the Trustee	9.2	279	373
Annual fee to Securities and Exchange Commission of Pakistan	10.1	1,400	2,117
Auditors' remuneration	14	551	490
Fees and subscription		865	617
Legal and professional charges		-	49
Brokerage expense		230	255
Bank and settlement charges		153	200
Allocated expenses	8.3	1,866	2,822
Provision for Sindh Workers' Welfare Fund	12.1	2,629	1,212
Total expenses		31,213	42,893
Net income for the year before taxation		128,800	59,397
Taxation	17	-	-
Net income for the year after taxation		128,800	59,397
Allocation of net income for the year			
Net income for the year after taxation		128,800	59,397
Income already paid on units redeemed		(33,199)	(22,371)
		95,601	37,026
Accounting income available for distribution			
- Relating to capital gains		-	-
- Excluding capital gains		95,601	37,026
		95,601	37,026

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Sovereign Fund

	2019	2018
	----- Rupees in '000 -----	
Net income for the year after taxation	128,800	59,397
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>128,800</u>	<u>59,397</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN SOVEREIGN FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	2019			2018		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees in '000)			(Rupees in '000)		
Net assets at the beginning of the year	1,792,404	328,112	2,120,516	4,042,582	291,086	4,333,668
Issue of 168,581,314 units (2018: 71,636,834 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	8,679,510	-	8,679,510	3,682,132	-	3,682,132
- Element of income	430,206	-	430,206	41,742	-	41,742
Total proceeds on issuance of units	9,109,716	-	9,109,716	3,723,874	-	3,723,874
Redemption of 98,083,798 units (2018: 115,738,380 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	5,049,903	-	5,049,903	5,948,953	-	5,948,953
- Element of loss	148,162	33,199	181,361	25,099	22,371	47,470
Total payments on redemption of units	5,198,065	33,199	5,231,264	5,974,052	22,371	5,996,423
Total comprehensive income for the year	-	128,800	128,800	-	59,397	59,397
Distribution for the year ended June 30, 2018	-	(37,026)	(37,026)	-	-	-
Distribution for the year ended June 30, 2019	-	(90,798)	(90,798)	-	-	-
Refund of Capital for the year ended June 30, 2018	(12,782)	-	(12,782)	-	-	-
Refund of Capital for the year ended June 30, 2019	(282,013)	-	(282,013)	-	-	-
Total distribution during the year	(294,795)	(127,824)	(422,619)	-	-	-
Net assets at the end of the year	5,409,260	295,889	5,705,149	1,792,404	328,112	2,120,516
Undistributed income brought forward						
- Realised income		360,148			247,434	
- Unrealised (loss) / income		(32,036)			43,652	
		<u>328,112</u>			<u>291,086</u>	
Accounting income available for distribution (after adjusting income already paid on units redeemed)					37,026	
- Relating to capital gains		-			-	
- Excluding capital gains		95,601			37,026	
		<u>95,601</u>			<u>37,026</u>	
Final distribution during the year at Rs. 1.2384 per unit i.e. 2.48% of the par value of Rs. 50/- each (July 6, 2018)		(37,026)			-	
Interim distribution during the year at Rs. 3.5911 per unit i.e. 7.18% of the par value of Rs. 50/- each (June 28, 2019)		(90,798)			-	
Undistributed income carried forward		<u>295,889</u>			<u>328,112</u>	
Undistributed income carried forward						
- Realised income		297,344			360,148	
- Unrealised loss		(1,455)			(32,036)	
		<u>295,889</u>			<u>328,112</u>	
			(Rupees)			(Rupees)
Net asset value per unit at beginning of the year			<u>52.7240</u>			<u>51.4000</u>
Net asset value per unit at end of the year			<u>51.5293</u>			<u>52.7240</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.



For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN SOVEREIGN FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Sovereign Fund

Note	2019	2018
----- Rupees in '000 -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	128,800	59,397
Adjustments for:		
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	1,455	32,036
Provision for Sindh Workers' Welfare Fund	2,629	1,212
	132,884	92,645
Decrease / (increase) in assets		
Investments - net	363,363	2,167,532
Deposits, prepayments, profit accrued and other receivables	(36,741)	27,832
	326,622	2,195,364
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	2,025	(2,217)
Payable to Central Depository Company of Pakistan - Trustee	318	(151)
Payable to Securities and Exchange Commission of Pakistan	(717)	(3,968)
Payable to Meezan Bank Limited	(254)	93
Unclaimed dividend	-	(67,471)
Accrued expenses and other liabilities	20,019	(21,919)
	21,391	(95,633)
Net cash generated from operating activities	480,897	2,192,376
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	8,787,154	4,411,137
Net payments against redemption of units	(4,680,795)	(7,173,692)
Dividend paid	(127,824)	-
Net cash generated from / (used in) financing activities	3,978,535	(2,762,555)
Net increase / (decrease) in cash and cash equivalents	4,459,432	(570,179)
Cash and cash equivalents at the beginning of the year	673,082	1,243,261
Cash and cash equivalents at the end of the year	5,132,514	673,082

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN SOVEREIGN FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Sovereign Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to provide the unitholders maximum possible preservation of capital along with Halal and reasonable returns by investing primarily in a portfolio of Shariah compliant government securities thus, minimising the credit risk of investments. The Fund shall also keep an exposure in short-term near cash instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns if available at any given point of time. Under the Trust Deed, all conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah. The investment objectives and policies are explained in the Fund's offering document.
- 1.3** The Fund is an open-end Shariah Compliant (Islamic) Income Scheme, listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The Fund has been given a stability rating of AA-(f) by JCR-VIS Credit Rating Company Limited.
- 1.5** The title to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

The transactions undertaken by the Fund in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisor are accounted for on substance rather than the form prescribed by the aforementioned guidelines. This practice is being followed to comply with the requirements of the approved accounting 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 VIII A of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed have been followed.

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

3.3 Standards, interpretations and amendments to published approved accounting 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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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.

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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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments classified as 'at fair value through profit or loss' measured at their 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 Funds operates. These financial statements are presented in Pakistani Rupee, which is the Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 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 (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.1.2 Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the "Statement of Assets and Liabilities" at fair value, with gains and losses recognised in the "Income Statement", except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI. The management considers its investment in equity securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the irrevocable option has not been considered.

The dividend income for equity securities classified under FVPL is recognised in the Income Statement.

Since all investments in equity instruments have been designated as FVPL, the subsequent movement in the fair value of equity securities is routed through the Income Statement.

The Fund can only invest in equity securities for the purpose of spread transactions as approved by Shariah Advisor.

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4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.2.1 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

4.3.3 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.

4.3.4 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.

4.3.5 Derecognition

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.

4.3.6 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

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4.7 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.

4.8 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the Management Company / distributors during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / distributors.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / distributors receive redemption applications during business hours of that day. The redemption price is equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges.

4.9 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 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.

4.10 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 assets 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement currently, on the date when the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Income on term deposit receipts and Government securities is recognised on a time proportionate basis using the effective yield method.
- Profit on saving account with banks is recognised on time proportion basis using the effective yield method.

4.12 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.

4.13 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.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.14 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.

4.15 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.

5	BALANCES WITH BANKS	Note	2019 ----- Rupees in '000 -----	2018 ----- Rupees in '000 -----
	Balances with banks in:			
	Savings accounts	5.1	5,129,670	667,641
	Current accounts		2,844	5,441
			<u>5,132,514</u>	<u>673,082</u>
5.1	The balances in saving accounts have expected profit rates ranging from 3.32% to 12.50% per annum (2018: 2.00% to 6.60% per annum).			
6	INVESTMENTS	Note	2019 ----- Rupees in '000 -----	2018 ----- Rupees in '000 -----
	Investments - 'at fair value through profit or loss'			
	Sukuk certificates	6.1	<u>1,124,715</u>	<u>1,489,533</u>
6.1	Sukuk Certificates			
	Government securities	6.1.1	950,000	1,489,533
	Corporate sukuks	6.1.2	174,715	-
	<u>ALL</u>		<u>1,124,715</u>	<u>1,489,533</u>

6.1.1 Government securities

Maturity Date	Rate of Return	As at July 01, 2018	Purchased during the year	Disposed/ matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain as at June 30, 2019	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments
			----- Number of certificates -----			(Rupees in '000)		----- Percentage -----		
GoP Ijarah Sukuk Certificates - XVI (note 6.1.1.1)	December 18, 2018	Weighted average 6 months T-Bills	4,035	60,500	64,535	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XVII (note 6.1.1.1)	February 15, 2019	6.10%	10,058	-	10,058	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XVIII (note 6.1.1.1)	March 29, 2019	5.59%	500	-	500	-	-	-	-	-
GoP Ijarah Sukuk Certificates - XIX (note 6.1.1.1)	June 30, 2020	5.24%	250	-	250	-	-	-	-	-
Pakistan Energy Sukuk (note 6.1.1.1)	March 1, 2029	6 months KIBOR plus base rate of 0.8%	-	381,453	191,453	190,000	950,000	950,000	-	16.65%
Total - June 30, 2019						950,000	950,000	-	16.65%	84.47%
Total - June 30, 2018						1,521,569	1,489,533	(32,036)	70.24%	100.00%

6.1.1.1 The nominal value of these sukuk certificates is Rs 100,000 each except for Pakistan Energy Sukuk Certificates having nominal value of Rs. 5,000 each.

6.1.2 Corporate sukuku

Name of the security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (diminution) as at June 30, 2019	Percentage in relation to	
										Net assets of the Fund	Total market value of investment
			(Number of certificates)			(Rupees in '000)			----- % -----		
Power generation & distribution											
Neelum Jhelum Hydropower Company (Private) Limited (AAA, JCR-VIS, non-traded) (note 6.1.2.1)	June 29, 2026	6 months KIBOR plus base rate of 1.13%	-	2,500	794	1,706	176,170	174,715	(1,455)	3.06	15.53
Total - June 30, 2019						176,170	174,715	(1,455)			
Total - June 30, 2018						-	-	-			

6.1.2.1 The nominal value of these sukuk certificates is Rs 100,000 each.

6.2 Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss	Note	2019		2018
		----- Rupees in 000 -----		
Market value of investments	6.1.1 & 6.1.2	1,124,715	1,489,533	
Carrying value of investments	6.1.1 & 6.1.2	(1,126,170)	(1,521,569)	
All in		<u>(1,455)</u>	<u>(32,036)</u>	

7	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2019	2018
			----- Rupees in 000 -----	
	Security deposit with Central Depository Company of Pakistan Limited		100	100
	Prepayments		133	126
	Profit receivable on balances with banks		33,181	8,394
	Profit receivable on sukuk certificates		37,092	25,145
	Others		394	394
			<u>70,900</u>	<u>34,159</u>
8	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
	Management fee payable	8.1	2,859	1,775
	Sindh Sales Tax payable on remuneration of the Management Company	8.2	372	231
	Allocated expenses payable	8.3	286	178
	Sales Load Payable		629	17
	Sindh Sales Tax on Sales Load Payable		82	2
			<u>4,228</u>	<u>2,203</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 1.5% of the average annual net assets in case of an Income Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

8.2 During the year, an amount of Rs 2.426 million (2018: Rs 3.669 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 2.285 million (2018: Rs 3.951 million) has been paid to the Management Company which acts as a collecting agent.

8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

9	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE	Note	2019	2018
			-----Rupees in 000-----	
	Trustee fee payable	9.1	476	195
	Sindh Sales Tax payable on trustee fee	9.2	62	25
			<u>538</u>	<u>220</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 0.15% per annum of net assets
- Rs 1 billion to Rs. 10 billion Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion
- over Rs. 10 billion Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion

9.2 During the year, an amount of Rs 0.279 million (2018: Rs 0.373 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 0.243 million (2018: Rs 0.391 million) was paid to the Trustee which acts as a collecting agent.

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

10.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an Income Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

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11 PAYABLE AGAINST REDEMPTIONS OF UNITS

This includes units redeemed by the unit holders based on re-balancing of units on or before June 30, 2019 in respect of which payments were made subsequent to the year ended June 30, 2019.

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019	2018
-----Rupees in '000-----			
Auditors' remuneration payable		348	470
Printing charges payable		156	174
Brokerage payable		501	289
Shariah advisor fee payable		360	161
Withholding tax payable		12,021	136
Capital gain tax payable		968	155
Provision for Sindh Workers' Welfare Fund	12.1	16,531	13,902
Zakat payable		142	87
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	12.2	80,077	73,253
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	12.2	2,562	2,391
		<u>113,666</u>	<u>91,018</u>

- 12.1** 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.15 per unit (2018: Re 0.35 per unit).

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

With effect from July 1 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 82.639 million (2017: Rs 75.644 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 for FED not been made, the Net Asset Value of the Fund as at June 30, 2019 would have been higher by Re 0.75 (2018: Rs. 1.88) per unit.

During the year, FED amounting to Rs. 6.995 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior years.

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13 CONTINGENCIES AND COMMITMENTS

13.1 There were no other contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

14 AUDITORS' REMUNERATION	2019	2018
	-----Rupees in '000-----	
Statutory audit fee	376	353
Half yearly review of condensed interim financial statements	140	120
Out of pocket expenses	35	17
	<u>551</u>	<u>490</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.67% which includes 0.22% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to SECP, etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as an Income Scheme.

16 PERFORMANCE TABLE

	2019	2018	2017	2016	2015
Net assets (Rs. in '000) (ex-distribution)	5,705,149	2,120,516	4,354,375	7,944,746	8,656,701
Net assets value / redemption price per unit as at June 30 (Rs.) (ex-distribution)	51.5293	52.7240	51.6400	50.8000	50.4700
Offer price per unit as at June 30 (Rs.) (ex-distribution)	55.3878	53.0219	51.6900	51.1400	54.2800
Distribution (%)					
Interim	-	-	-	-	-
- First quarter	-	-	-	-	-
- Second quarter	-	-	-	-	-
- Third quarter	-	-	5.50	4.50	-
- Fourth quarter	7.18	-	-	6.80	-
Annual					
Dates of distribution (interim)					
- First quarter	-	-	-	-	-
- Second quarter	-	-	-	-	-
- Third quarter	-	-	-	-	-
- Fourth quarter	June 28, 2019	-	June 23, 2017	June 29, 2016	-
Dates of distribution (annual)	-	July 6, 2018	-	July 3, 2015	-
Income distribution (Rs. in '000)	372,811	-	204,384	870,835	-
Growth distribution (Rs. in '000)	-	-	-	-	-
Highest offer price per unit (Rs.)	55.3878	54.5600	54.5600	54.2800	54.2800
Lowest offer price per unit (Rs.)	51.5952	51.1300	51.1300	50.8600	50.8800
Highest redemption price per unit (Rs.)	55.0767	54.2500	54.2500	53.9200	53.9200
Lowest redemption price per unit (Rs.)	51.3053	50.8400	50.8400	50.9300	50.5400
Total return (%)	7.02	2.57	6.57	5.12	6.81
Weighted Average Portfolio Duration (years)	1.83	1.55	1.55	0.03	0.40
	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2019	7.02%	4.77%	5.37%	5.31%	5.60%

Investment portfolio composition of the Fund as described in note 5.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 20.

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17 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, 2008, 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. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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 as per section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan (CDC) being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 18.2** 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.
- 18.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 18.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5** 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:

	2019	2018
	-----Rupees in '000-----	
Balances		
Al Meezan Investment Management Limited (Management Company)		
Remuneration Payable	2,859	1,775
Sindh Sales Tax on management fee	372	231
Sales load payable	629	17
Sindh Sales Tax on sales load	82	2
Allocated expenses	286	178
Meezan Bank Limited		
Balances with bank	485,689	42,023
Profit receivable on saving accounts	1,117	946
Sales load payable	60	285
Sindh Sales Tax on sales load payable	8	37
Central Depository Company of Pakistan Limited (CDC) - Trustee		
Security deposits refundable	100	100
Remuneration payable	476	195
Sindh Sales Tax on trustee fee	62	25
		E
Meezan Financial Planning Fund of Funds - MAAP I		
Investment of 3,775,285 units (2018: 386 units)	194,538	20

	2019	2018
	-----Rupees in '000-----	
Meezan Strategic Allocation Fund - MCPP III Investment 13,138,233 units (2018: nil units)	677,003	-
Meezan Strategic Allocation Fund II - MCPP IV Investment of 17,633,059 units (2018: nil units)	908,618	-
Meezan Strategic Allocation Fund II - MCPP V Investment of 5,140,342 units (2018: nil units)	264,878	-
Meezan Strategic Allocation Fund II - MCPP VI Investment 4,162,469 units (2018: nil units)	214,489	-
Meezan Strategic Allocation Fund II - MCPP VII Investment 2,218,732 units (2018: nil units)	114,330	-
Meezan Strategic Allocation Fund II - MCPP VIII Investment 1,692,281 units (2018: nil units)	87,202	-
Meezan Strategic Allocation Fund III - MCPP IX Investment of 198,820 units (2018: nil units)	10,245	-
Directors and their close family members and key management personnel of the Management Company Investment of 1,743,755 units (2018: 5 units)	89,854	-
	For the year ended June 30,	
	2019	2018
	-----Rupees in '000-----	
Transactions during the year		
Al Meezan Investment Management Limited - Management Company		
Remuneration charged	18,664	28,222
Sindh Sales Tax on remuneration of the Management Company	2,426	3,669
Allocated expenses	1,866	2,822
Issuance of 2,686,839 units (2018: nil units)	145,000	-
Redemption of 2,686,839 units (2018: nil units)	147,233	-
Meezan Bank Limited		
Profit on saving accounts	1,489	598
Redemption of nil units (2018: 21,593,102 units)	-	1,108,590
Central Depository Company of Pakistan Limited - Trustee		
Remuneration of the Trustee	2,150	2,867
Sindh Sales Tax on remuneration of the Trustee	279	373
CDS charges	62	7
Meezan Financial Planning Fund of Funds - MAAP I		
Issuance of 3,920,223 units (2018: nil units)	214,605	-
Redemption of 145,324 units (2018: 908,229 units)	8,000	46,700
Dividend paid	407	-
Refund of capital	12,267	-
Meezan Financial Planning Fund of Funds - MAAP II		
Redemption of nil units (2018: 1,579,961 units)	-	81,242
Meezan Strategic Allocation Fund - MCPP III		
Issuance of 17,598,384 units (2018: nil units)	962,122	-
Redemption of 4,460,151 units (2018: nil units)	245,440	-
Dividend paid	1,416	-
Refund of capital	42,688	-

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	For the year ended June 30,	
	2019	2018
	-----Rupees in '000-----	
Meezan Strategic Allocation Fund II - MCPP IV		
Issuance of 23,423,819 units (2018: nil units)	1,223,538	-
Redemption of 5,790,760 units (2018: nil units)	318,930	-
Dividend paid	1,899	-
Refund of capital	57,295	-
Meezan Strategic Allocation Fund II - MCPP V		
Issuance of 7,638,156 units (2018: nil units)	401,096	-
Redemption of 2,497,814 units (2018: nil units)	137,570	-
Dividend paid	554	-
Refund of capital	16,702	-
Meezan Strategic Allocation Fund II - MCPP VI		
Issuance of 6,852,698 units (2018: nil units)	361,379	-
Redemption of 2,690,229 units (2018: nil units)	148,110	-
Dividend paid	449	-
Refund of capital	13,525	-
Meezan Strategic Allocation Fund II - MCPP VII		
Issuance of 2,919,954 units (2018: nil units)	152,366	-
Redemption of 701,222 units (2018: nil units)	38,620	-
Dividend paid	239	-
Refund of capital	7,209	-
Meezan Strategic Allocation Fund II - MCPP VIII		
Issuance of 2,291,535 units (2018: nil units)	119,847	-
Redemption of 599,254 units (2018: nil units)	33,000	-
Dividend paid	145	-
Refund of capital	5,536	-
Meezan Strategic Allocation Fund III - MCPP IX		
Issuance of 198,820 units (2018: nil units)	10,224	-
Dividend paid	-	-
Refund of capital	667	-
Directors and their close family members and key management personnel of the Management Company		
Issuance of 4,316,171 units (2018: 121 units)	234,598	6
Redemption of 2,572,663 units (2018: 29,999 units)	140,250	1,536
Cash dividend	980,296	-

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

19 FINANCIAL INSTRUMENTS BY CATEGORY

	2019		
	At amortised cost	At fair value through profit or loss	Total
	-----Rupees in '000-----		
Financial assets			
Balances with banks	5,132,514	-	5,132,514
Investments	-	1,124,715	1,124,715
Receivable against conversion of units	59,236	-	59,236
Deposits and other receivables	70,373	-	70,373
	5,262,123	1,124,715	6,386,838

Financial liabilities

 Payable to Al Meezan Investment Management Limited -
 Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption and conversion of units

Payable to Meezan Bank Limited

Accrued expenses and other liabilities

2019		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		

-	4,228	4,228
-	538	538
-	562,316	562,316
-	68	68
-	1,365	1,365
-	568,515	568,515

Financial assets

Balances with banks

Investments

Receivable against conversion of units

Deposits and other receivables

2018		
At amortised cost	At fair value through profit or loss	Total
Rupees in '000		

673,082	-	673,082
-	1,489,533	1,489,533
31,469	-	31,469
34,033	-	34,033
738,584	1,489,533	2,228,117

Financial liabilities

 Payable to Al Meezan Investment Management Limited -
 Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against redemption and conversion of units

Payable to Meezan Bank Limited

Accrued expenses and other liabilities

2018		
At fair value through profit or loss	At amortised cost	Total
Rupees in '000		

-	2,203	2,203
-	220	220
-	11,847	11,847
-	322	322
-	1,094	1,094
-	15,686	15,686

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

20.1 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: Profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks and investments in sukuk certificates. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based sukuk certificates and balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 62.54 million (2018: Rs. 10.73 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund did not hold any fixed rate instrument that may expose the fund to fair value profit rate risk. A 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for GoP ijarah sukuk with all other variables held constant, would not have impacted the net income for the year and net assets of the Fund (2018: Rs 0.25 million).

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

----- 2019 -----					
Effective yield / profit rate (%)	Exposed to yield / profit rate risk			Not exposed to yield / profit 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	3.32% - 12.50%	5,129,670	-	-	2,844	5,132,514
Investments	5.24% - 11.92%	950,000	174,715	-	-	1,124,715
Receivable against conversion of units		-	-	-	59,236	59,236
Deposits and other receivables		-	-	-	70,373	70,373
		6,079,670	174,715	-	132,453	6,386,838
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	4,228	4,228
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	538	538
Payable against redemption and conversion of units		-	-	-	562,316	562,316
Payable to Meezan Bank Limited		-	-	-	68	68
Accrued expenses and other liabilities		-	-	-	1,365	1,365
		-	-	-	568,515	568,515
On-balance sheet gap (a)		6,079,670	174,715	-	(436,062)	5,818,323
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		6,079,670	174,715	-		
Cumulative interest rate sensitivity gap		6,079,670	6,254,385	6,254,385		

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2018					
Effective interest rate (%)	Exposed to yield / Profit 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	2.00% - 6.60%	667,641	-	-	5,441	673,082
Investments	5.24% - 6.10%	1,010,125	479,408	-	-	1,489,533
Receivable against conversion of units		-	-	-	31,469	31,469
Deposits, prepayments and other receivables		-	-	-	34,033	34,033
		1,677,766	479,408	-	70,943	2,228,117
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	2,203	2,203
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	220	220
Payable against redemption and conversion of units		-	-	-	11,847	11,847
Payable to Meezan Bank Limited		-	-	-	322	322
Accrued expenses and other liabilities		-	-	-	1,094	1,094
		-	-	-	15,686	15,686
On-balance sheet gap (a)		1,677,766	479,408	-	55,257	2,212,431
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total interest rate sensitivity gap (a+b)		1,677,766	479,408	-		
Cumulative interest rate sensitivity gap		1,677,766	2,157,174	2,157,174		

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of June 30, 2019.

20.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, 2008, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

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In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	5,132,514	-	-	-	-	5,132,514	
Investments	-	-	24,959	99,837	999,919	1,124,715	
Receivable against conversion of units	59,236	-	-	-	-	59,236	
Deposits and other receivables	70,273	-	-	-	100	70,373	
	5,262,023	-	24,959	99,837	999,919	100	6,386,838
Financial liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	4,228	-	-	-	-	4,228	
Payable to Central Depository Company of Pakistan Limited - Trustee	538	-	-	-	-	538	
Payable against redemption and conversion of units	562,316	-	-	-	-	562,316	
Payable to Meezan Bank Limited	68	-	-	-	-	68	
Accrued expenses and other liabilities	501	708	156	-	-	1,365	
	567,651	708	156	-	-	-	568,515
Net assets / (liabilities)	4,694,372	(708)	24,803	99,837	999,919	100	5,818,323

2018							
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	673,082	-	-	-	-	673,082	
Investments	-	-	1,464,993	24,540	-	1,489,533	
Receivable against conversion of units	31,469	-	-	-	-	31,469	
Deposits and other receivables	33,539	-	-	-	494	34,033	
	738,090	-	1,464,993	24,540	-	494	2,228,117
Financial liabilities							
Payable to Al Meezan Investment Management Limited Management Company	2,203	-	-	-	-	2,203	
Payable to the Central Depository Company of Pakistan Limited - Trustee	220	-	-	-	-	220	
Payable against redemption and conversion of units	11,847	-	-	-	-	11,847	
Payable to Meezan Bank Limited	322	-	-	-	-	322	
Accrued expenses and other liabilities	289	631	174	-	-	1,094	
	14,881	631	174	-	-	-	15,686
Net assets / (liabilities)	723,209	(631)	1,464,819	24,540	-	494	2,212,431

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20.3 Credit risk

20.3.1 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. Credit risk arises from deposits with banks and financial institutions, profit receivable on bank deposits, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, receivable against issuance and conversion and receivable against sale of investments.

Credit risk arising on the debt instruments other than government securities is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The Fund, however, also invests in unrated instruments based on internal ratings assigned by the Fund manager using an approach that is consistent with the approach used by the rating agencies. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by Trustee of the Fund minimize the credit risk. In accordance with the risk management policy of the Fund, the investment manager monitors the credit position on a daily basis which is reviewed by the Board of Directors of the Management Company on a quarterly basis.

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

	2019		2018	
	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	5,132,514	5,132,514	673,082	673,082
Investments	1,124,715	174,715	1,489,533	-
Receivable against conversion of units	59,236	59,236	31,469	31,469
Deposits and other receivables	70,373	70,373	34,033	34,033
	6,386,838	5,436,838	2,228,117	738,584

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk and have been excluded from the above analysis as these are guaranteed by the Government of Pakistan.

20.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units and against investments, investments in sukuk certificates. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	58.60	27.24
AA+	9.48	6.62
AA	22.42	26.28
A+	9.50	6.93
A	-	0.02
A-	-	32.91
	100.00	100.00

21 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.

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.

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Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets 'at fair value through profit or loss'			
Sukuk certificates	-	1,124,715	-
	-	1,124,715	-
	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets 'at fair value through profit or loss'			
Sukuk certificates	-	1,489,533	-
	-	1,489,533	-

22 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 has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 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 20, 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.

23 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	Number of unit holders	Investment amount (Rupees)	Percentage of total	Number of unit holders	Investment amount (Rupees)	Percentage of total
Individuals	4,368	2,574,733	45.13	3,850	1,483,948	69.98
Associated Companies / Directors	11	2,552,336	44.74	1	20	0.00
Insurance Companies	2	6,657	0.12	3	13,466	0.64
Retirement Funds	37	278,165	4.88	39	510,853	24.09
Public Limited Companies	2	626	0.01	2	592	0.03
Others	80	292,632	5.13	82	111,637	5.26
Total	4,500	5,705,149	100.00%	3,977	2,120,516	100.00%

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24 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

----- 2019 -----		----- 2018 -----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Paramount Capital (Private) Limited	69.94	Paramount Capital (Private) Limited	48.00
Vector Capital (Private) Limited	1.23	Invest Capital Markets Limited	45.00
Next Capital Limited	1.38	Vector Capital (Private) Limited	7.00
JS Global Limited	2.88		100.00
Invest One Market Limited	24.57		
	100.00		

- 24.1 The Fund has traded with only the above mentioned 5 brokers / dealers during the year ended June 30, 2019 (2018: 3 brokers / dealers).

25 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	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/Head of Research	CFA / MBA (in progress)	Eight years

- 25.1 The Fund manager of the Fund is Mr. Zain Malik. Other Funds being managed by the Fund Manager are as follows:

- Meezan Cash Fund;
- Meezan Islamic Income Fund; and
- Meezan Rozana Amdani Fund

26 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

*Mr. Atif Azim resigned on May 07, 2019.

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27 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.

28 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

29 GENERAL

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

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

Chief Executive

Chief Financial Officer

Director




Meezan
Cash Fund

MEEZAN CASH FUND (MCF)

Meezan Cash Fund is Pakistan's first Shariah compliant Money Market Fund. MCF aims to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.

CHALLENGING THE MARKET IN THE CITY OF WRESTLERS

 Gujranwala Branch

 NISHAN-E-MANZIL
(GUJRANWALA)



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 Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited	Habib Metropolitan Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking	MCB Bank Limited
Bank Al Habib Limited - Islamic Banking	MCB Islamic Bank Limited
Bank Alfalah Limited	Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited	National Bank of Pakistan - Islamic Banking
Faysal Bank Limited - Islamic Banking	Sindh Bank Limited
Habib Bank Limited -Islamic Banking	UBL Ameen - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited

REPORT OF THE FUND MANAGER Meezan Cash Fund (MCF)

Type of Fund

Open end cash fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

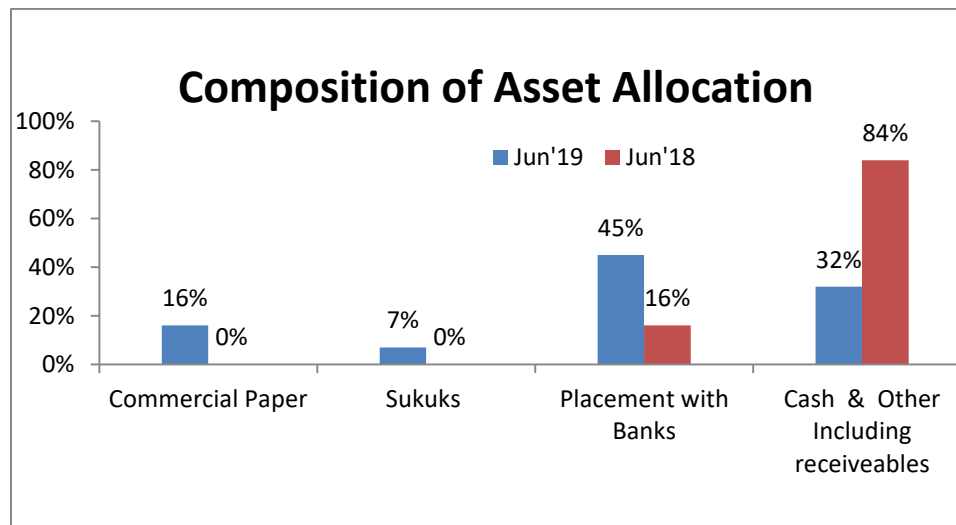
Objective

Its objective is to seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market & debt securities.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MCF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio duration of three months.

Sector Allocation as on June 30th 2018 and 2019



Performance Review

Meezan Cash Fund (MCF) provided a return of 7.86% to its investors for the year ended June 30, 2019 as compared to its benchmark return of 3.37%.

	MCF	Benchmark
Net Asset Value as on June 30, 2018	52.60	
Net Asset Value as on June 30, 2019	50.47	
Return During the Period - Net	7.86%	3.37%
Outperformance – Net	4.49%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 1,085 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 1,082 million, while the net outflow of the Fund during the year was 921 million. The fund also incurred expenses totalling to Rs. 184 million, which brought the net income figure to Rs. 902 million. The net assets of the Fund as at June 30, 2019 were Rs. 8,851 million as compared to Rs. 9,921 million at the end of last year depicting a decrease of 11%. The net asset value per unit as at June 30, 2019 was Rs. 50.47 (Ex-dividend) as compared to Rs. 52.60 per unit as on June 30, 2018.

Distributions

The interim Pay out by the Fund during the fiscal year ended June 30, 2019 was Rs. 3.92 per unit (7.84 %). Total distribution made by the fund was Rs. 334 million.

Fund Stability Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of AA (f) to Meezan Cash Fund.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	12,113
10,000 - 49,999	2,355
50,000 - 99,999	478
100,000 - 499,999	304
500,000 and above	25
Total	15,273



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 1, 2018 to June 30, 2019 was the tenth year of operations of Meezan Cash Fund (MCF) 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 8.2.7 of the Trust Deed 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 MCF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MCF 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 MCF for the year ended June 30, 2019 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

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

MEEZAN CASH 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 Cash 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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Cash Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Cash Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 6,270.999 million and balances with banks aggregated to Rs 2,580.335 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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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 these 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.
- 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.

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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 Requirement

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 18, 2019

**MEEZAN CASH FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



**Meezan
Cash Fund**

	Note	2019 (Rupees in '000)	2018 (Rupees in '000)
Assets			
Balances with banks	5	2,580,335	8,470,637
Investments	6	6,270,999	1,657,000
Receivable against conversion of units		130,600	86,612
Profit accrued	7	92,348	73,526
Deposits and prepayments	8	579	572
Total assets		9,074,861	10,288,347
Liabilities			
Payable to AI Meezan Investment Management Limited - Management Company	9	11,306	10,198
Payable to Central Depository Company of Pakistan Limited - Trustee	10	834	763
Payable to the Securities and Exchange Commission of Pakistan	11	8,764	5,536
Payable against conversion and redemption of units		98,921	308,928
Accrued expenses and other liabilities	12	103,948	41,970
Total liabilities		223,773	367,395
NET ASSETS		8,851,088	9,920,952
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		8,851,088	9,920,952
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		175,362,634	188,624,016
		----- Rupees -----	
NET ASSET VALUE PER UNIT		50.4731	52.5964

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

AMW

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

	Note	2019 (Rupees in '000)	2018
Income			
Profit on GoP ijarah sukuks		4,552	-
Profit on corporate sukuks		20,189	-
Profit on commercial papers		102,973	-
Profit on term deposits		143,855	73,673
Profit on Bai Muajjal		18,551	-
Profit on saving accounts with banks		792,003	352,205
Net realised gain on sale of investments		3,470	-
Total income		<u>1,085,593</u>	<u>425,878</u>
Expenses			
Remuneration of AI Meezan Investment Management Limited - Management Company	9.1	116,853	73,813
Sindh Sales Tax on remuneration of the Management Company	9.2	15,191	9,596
Allocated expenses	9.3	11,685	7,381
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	9,258	6,284
Sindh Sales Tax on remuneration of the Trustee	10.2	1,204	817
Annual fees to the Securities and Exchange Commission of Pakistan	11	8,764	5,536
Auditors' remuneration	14	494	464
Fees and subscription		1,337	1,130
Printing expenses		123	119
Legal and professional charges		-	76
Brokerage expenses		94	-
Bank and settlement charges		635	379
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	18,399	6,406
Total expenses		<u>184,037</u>	<u>112,001</u>
Net income for the year before taxation		<u>901,556</u>	<u>313,877</u>
Taxation	17	-	-
Net income for the year after taxation		<u>901,556</u>	<u>313,877</u>
Allocation of net income for the year			
Net income for the year after taxation		901,556	313,877
Income already paid on units redeemed		(560,440)	(135,869)
		<u>341,116</u>	<u>178,008</u>
Accounting income available for distribution			
- Relating to capital gains		3,470	-
- Excluding capital gains		337,646	178,008
		<u>341,116</u>	<u>178,008</u>

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

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**



**Meezan
Cash Fund**

	2019	2018
	(Rupees in '000)	
Net income for the year after taxation	901,556	313,877
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>901,556</u></u>	<u><u>313,877</u></u>

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

AMM

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

Chief Executive

Chief Financial Officer

Director

MEEZAN CASH FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019

	2019			2018		
	(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistrib-uted income	Total	Capital Value	Undistrib-uted income	Total
Net assets at the beginning of the year	9,707,096	213,856	9,920,952	3,314,546	35,848	3,350,394
Issuance of 605,880,722 units (2018: 709,742,876 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	30,555,473	-	30,555,473	35,792,333	-	35,792,333
- Element of income	1,041,160	-	1,041,160	774,214	-	774,214
Total proceeds on issuance of units	31,596,633	-	31,596,633	36,566,547	-	36,566,547
Redemption of 619,142,104 units (2018: 587,549,498 units)						
- Capital value (at ex-net asset value per unit at the beginning of the year)	31,224,265	-	31,224,265	29,630,121	-	29,630,121
- Element of loss	733,253	560,440	1,293,693	543,876	135,869	679,745
Total payments on redemption of units	31,957,518	560,440	32,517,958	30,173,997	135,869	30,309,866
Total comprehensive income for the year	-	901,556	901,556	-	313,877	313,877
Distribution for the year ended June 30, 2018	-	(178,008)	(178,008)	-	-	-
Distribution for the year ended June 30, 2019	-	(333,845)	(333,845)	-	-	-
Refund of Capital for the year ended June 30, 2018	(230,343)	-	(230,343)	-	-	-
Refund of Capital for the year ended June 30, 2019	(307,899)	-	(307,899)	-	-	-
Total distribution during the year	(538,242)	(511,853)	(1,050,095)	-	-	-
Net assets at the end of the year	8,807,969	43,119	8,851,088	9,707,096	213,856	9,920,952
Undistributed income brought forward						
- Realised income		213,856			35,848	
- Unrealised income		-			-	
Accounting income available for distribution		213,856			35,848	
- Relating to capital gains	3,470				-	
- Excluding capital gains	337,646				178,008	
	341,116				178,008	
Distribution during the year at Rs. 2.1649 per unit i.e. 4.33% of the par value of Rs. 50/- each (July 6, 2018)		(178,008)			-	
Distribution during the year at Rs. 3.9218 per unit i.e. 7.84% of the par value of Rs. 50/- each (June 30, 2019)		(333,845)			-	
Undistributed income carried forward		43,119			213,856	
Undistributed income carried forward						
- Realised income		43,119			213,856	
- Unrealised income		-			-	
		43,119			213,856	
			(Rupees)			(Rupees)
Net assets value per unit at the beginning of the year			52.5964			50.4300
Net assets value per unit at the end of the year			50.4731			52.5964

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

AM / L

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN CASH FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



**Meezan
Cash Fund**

Note	2019 (Rupees in '000)	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year before taxation	901,556	313,877
(Increase) / decrease in assets		
Investments - net	(3,420,999)	-
Profit accrued	(18,822)	(36,455)
Deposits and prepayments	(7)	24
	(3,439,828)	(36,431)
Increase / (decrease) in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	1,108	5,648
Payable to Central Depository Company of Pakistan Limited - Trustee	71	388
Payable to the Securities and Exchange Commission of Pakistan	3,228	2,633
Accrued expenses and other liabilities	61,978	(5,945)
	66,385	2,724
Net cash (used in) / generated from operating activities	<u>(2,471,887)</u>	<u>280,170</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units	31,014,403	37,218,706
Payments against redemption and conversion of units	(32,727,965)	(31,097,392)
Dividend paid	(511,853)	(4,552)
Net cash (used in) / generated from financing activities	<u>(2,225,415)</u>	<u>6,116,762</u>
Net increase / (decrease) in cash and cash equivalents	<u>(4,697,302)</u>	<u>6,396,932</u>
Cash and cash equivalents at the beginning of the year	10,127,637	3,730,705
Cash and cash equivalents at the end of the year	19 <u><u>5,430,335</u></u>	<u><u>10,127,637</u></u>

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN CASH FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Cash Fund (the Fund) was established under a trust deed executed between Al Meezan Investment Management Limited (Al Meezan) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The trust deed was executed on May 14, 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The Fund has been formed to provide the unitholders safe and stable stream of halal income on their investments and to generate superior long term risk adjusted returns. The Fund shall also keep an exposure in short-term instruments for the purpose of maintaining liquidity and to capitalise on exceptional returns, if available, at any given point in time. The Fund shall seek to maximise preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and Shariah compliant debt securities. Under the Trust Deed all the conducts and acts of the Fund are based on Shariah. Meezan Bank Limited (MBL) acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is categorized as an open-end Shariah Compliant (Islamic) Money Market Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.4 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The stability rating of the Fund is AA(f) given by JCR-VIS Credit Rating Company Limited.
- 1.5 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part 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.

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

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities. Furthermore, the ECL has impact on all other assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund other than debt securities (for which there is a separate criteria as mentioned above) that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 has provided a criteria for debt securities whereby debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income "(FVOCI)" or (c) at fair value through profit or loss (FVPL) based on the business model of the entity. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Furthermore, the collection of contractual cash flows for debt securities is only incidental to achieving the Fund's business model's objective.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The management considers its investment in debt securities being managed as a group of assets and hence has classified them as FVPL. Accordingly, the Fund's investment portfolio is classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. The Funds investment in Term Deposit Receipts which were previously classified as "loans and receivables" and carried at amortised cost under IAS 39 would now be classified as 'at fair value through profit or loss' and carried at fair value under level 2.

The Fund has adopted modified retrospective restatement approach for adopting IFRS-9 and accordingly, all changes arising on adoption of IFRS-9 have been adjusted at the beginning of the current year.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

The effect of this change in accounting policy is as follows:

	As at June 30, 2018 (as previously stated)	Change	As at July 1, 2018	As at June 30, 2019
----- Rupees in '000 -----				
Impact on Statement of Assets and Liabilities				
Investments - 'loans and receivables'	1,657,000	(1,657,000)	-	-
Investments - 'At fair value through profit or loss'	-	1,657,000	1,657,000	6,270,999

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as at fair value through profit or loss' which are measured at their respective 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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

These comprise balances with banks in savings and current accounts, cheques in hand 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

4.3.1.1 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 (FVPL) based on the business model of the entity

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

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As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

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 Derecognition

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 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.

4.7 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.

4.8 Issue and redemption of units

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

Units redeemed are recorded at the redemption price prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redeemed price represents the net assets value per unit less back end load, any duties, taxes, charges on redemption and any provision for transaction costs, if applicable.

4.9 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.

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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.

4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on time proportion basis using the effective yield method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates, placements and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

4.12 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.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.14 Earnings / (loss) per unit

Earnings / (loss) per unit is calculated by dividing the net income 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.

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4.15 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.

5	BALANCES WITH BANKS	Note	2019	2018
			(Rupees in '000)	
	Balances with banks in:			
	Savings accounts	5.1	2,579,578	8,468,137
	Current account		757	2,500
			<u>2,580,335</u>	<u>8,470,637</u>

5.1 The balances in saving accounts have expected profit rates ranging from 3.32% to 12.50% per annum (2018: 2.40% to 6.60% per annum).

6	INVESTMENTS	Note	2019	2018
			(Rupees in '000)	
	Investments - at fair value through profit or loss		6,270,999	-
	Investments - loans and receivables		-	1,657,000
			<u>6,270,999</u>	<u>1,657,000</u>
	At fair value through profit or loss			
	GoP ijarah sukuks	6.1	-	-
	Corporate sukuks	6.2	675,000	-
	Commercial papers	6.3	1,471,289	-
	Term deposit receipts - having original maturity of 3 months or less	6.4	2,850,000	-
	Bai muajjal receivable	6.5	1,274,710	-
			<u>6,270,999</u>	<u>-</u>
	Loans and receivables			
	Term deposit receipts - having original maturity of 3 months or less		-	1,657,000
			<u>-</u>	<u>1,657,000</u>

6.1 GoP Ijarah Sukuks

Name of the Security	Maturity date	Profit rate	As at July 1, 2018	Purchased during the year	Sales / matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage in relation to	
										Number of certificates	(Rs in '000)
GoP Ijarah Sukuk Certificates - XVI (note 6.1.1)	December 18, 2018	Weighted average 6 months T-Bills	-	80,800	80,800	-	-	-	-	-	-
Total as at June 30, 2019											
Total as at June 30, 2018											

6.1.1 The nominal value of the sukuk certificates is Rs 100,000 each.

6.2 Corporate Sukuks

Name of the security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
										(Number of certificates)	(Rupees in '000)
Hub Power Company Limited - II (A1+, PACRA) (note 6.2.1)	October 2, 2019	3 months Kibor plus base rate of 1.00%	-	135,000	-	135,000	675,000	675,000	-	7.63%	10.76%
Total as at June 30, 2019							<u>675,000</u>	<u>675,000</u>			
Total as at June 30, 2018							<u>-</u>	<u>-</u>			

6.2.1 The nominal value of these sukuk certificates is Rs 5,000 each.

6.3 Commercial Papers

Name of the security	Maturity date	Profit rate	As at July 1, 2018	Purchases during the year	Sales / redemptions / maturity during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	As a percentage of net assets of the fund	As a percentage of total market value of investment
			(Number of certificates)			(Rupees in '000)			— % —		
K-Electric Limited CP (note 6.3.1)	March 1, 2019	6 months Kibor plus base rate of 0.90%	-	1,097	1,097	-	-	-	-	-	-
K-Electric Limited CP II (note 6.3.1)	September 2, 2019	6 months Kibor plus base rate of 0.90%	-	1,500	-	1,500	1,471,289	1,471,289	-	16.62%	23.46%
Total as at June 30, 2019							1,471,289	1,471,289	-		
Total as at June 30, 2018							-	-	-		

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

6.3.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.4 Term Deposit Receipts

Name of the bank	Maturity date	Profit rate	As at July 1, 2018	Term deposit receipts placed during the year	Matured during the year	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of total market value of investments
		%	(Rupees in '000)						%

Having original maturity of 3 months or less

Bank AL Habib Limited	July 30, 2018	6.05%	757,000	-	757,000	-	-	-	-
Faysal Bank Limited	August 18, 2018	6.13%	900,000	-	900,000	-	-	-	-
Faysal Bank Limited	October 13, 2018	7.55%	-	500,000	500,000	-	-	-	-
Faysal Bank Limited	October 13, 2018	7.55%	-	500,000	500,000	-	-	-	-
Faysal Bank Limited	December 4, 2018	8.25%	-	1,100,000	1,100,000	-	-	-	-
United Bank Limited - Ameen	December 1, 2018	8.10%	-	1,000,000	1,000,000	-	-	-	-
United Bank Limited - Ameen	March 7, 2019	10.25%	-	1,200,000	1,200,000	-	-	-	-
Faysal Bank Limited	May 3, 2019	10.60%	-	1,200,000	1,200,000	-	-	-	-
United Bank Limited - Ameen	April 8, 2019	10.60%	-	1,200,000	1,200,000	-	-	-	-
Allied Bank Limited	May 1, 2019	10.70%	-	1,300,000	1,300,000	-	-	-	-
United Bank Limited - Ameen	May 8, 2019	10.60%	-	1,200,000	1,200,000	-	-	-	-
United Bank Limited - Ameen	June 8, 2019	10.60%	-	1,200,000	1,200,000	-	-	-	-
Faysal Bank Limited	June 8, 2019	10.75%	-	450,000	450,000	-	-	-	-
Faysal Bank Limited	September 6, 2019	10.75%	-	450,000	-	450,000	450,000	-	7%
Askari Bank Limited	September 1, 2019	12.05%	-	1,200,000	-	1,200,000	1,200,000	-	19%
United Bank Limited - Ameen	September 6, 2019	12.10%	-	1,200,000	-	1,200,000	1,200,000	-	19%
As at June 30, 2019			13,700,000	12,507,000	2,850,000	2,850,000	-	45%	
As at June 30, 2018			-	1,657,000	1,657,000	-	100%		

6.5 Bai Muajjal Receivable

The Fund entered in a Bai Muajjal transaction with Pak Brunei Investment Company Limited on May 14, 2019 against K-Electric Limited Commercial Paper II (issued on March 1, 2019) at an effective interest rate of 11.23%. The final payment is agreed to be received on August 12, 2019. The final transaction price is Rs 1,290.942 million which includes deferred profit of Rs. 34.784 million.

6.5.1 The carrying amount of the Bai Muajjal receivable includes accrued profit amounting to Rs. 18.551 million.

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	Note	2019	2018	
(Rupees in '000)				
7	PROFIT ACCRUED			
	Profit accrued on			
	Bank balances	49,267	66,602	
	Term deposit receipts	22,892	6,924	
	Sukuk certificates	20,189	-	
		<u>92,348</u>	<u>73,526</u>	
8	DEPOSITS AND PREPAYMENTS			
	Security deposit with Central Depository Company of Pakistan Limited	100	100	
	Prepayments	279	272	
	Initial deposit with Meezan Bank Limited	200	200	
		<u>579</u>	<u>572</u>	
9	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY			
	Management fee payable	9.1	9,192	8,291
	Sindh Sales Tax payable on remuneration of the Management Company	9.2	1,195	1,078
	Allocated expenses	9.3	919	829
		<u>11,306</u>	<u>10,198</u>	
9.1	As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of Money Market Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the average net assets of the Fund during the year ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.			
9.2	During the year, an amount of Rs. 15.191 million (2018: Rs 9.596 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. 15.074 million (2018: Rs. 8.999 million) has been paid to the Management Company which acts as a collecting agent.			
9.3	Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.			
	However, the Management Company continued to charge expenses at the rate 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.			
10	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2019	2018
(Rupees in '000)				
	Trustee fee payable	10.1	738	683
	Sindh Sales Tax payable on trustee fee	10.2	96	80
			<u>834</u>	<u>763</u>
10.1	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	0.15% per annum of net assets		
	- from Rs 1 billion to Rs.10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion.		
	- exceeding Rs.10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion.		
10.2	During the year, an amount of Rs 1.204 million (2018: Rs 0.817 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 1.188 million (2018: Rs 0.780 million) was paid to the Trustee which acts as a collecting agent.			
11	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
	In accordance with the NBFC Regulations, a collective investment scheme classified as a Money Market scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.			

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	2019 (Rupees in '000)	2018
Auditors' remuneration payable		335	445
Printing expenses payable		111	40
Brokerage payable		85	-
Shariah advisor fee payable		472	403
Withholding tax payable		44,483	3,659
Federal Excise Duty payable on remuneration of the Management Company	12.1	27,018	24,687
Provision for Sindh Workers' Welfare Fund (SWWF)	12.2	30,896	12,497
Zakat payable		548	239
		103,948	41,970

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

With effect from July 1, 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 27.018 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 0.15 (June 30, 2018: Re 0.13) per unit.

During the year, FED amounting to Rs. 2.331 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

- 12.2** 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, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.18 per unit (2018: Re 0.07 per unit).

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

14 AUDITORS' REMUNERATION	2019 (Rupees in '000)	2018
Annual audit fee	282	336
Half yearly review	152	111
Other certification fee	47	-
Out of pocket expenses	13	17
	494	464


15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 1.56% which includes 0.37% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

16 PERFORMANCE TABLE

	2019	2018	2017	2016	2015
Net assets (Rs '000) (ex-distribution)	8,851,088	9,920,952	3,350,394	3,431,782	7,617,739
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.4731	50.4315	50.43	50.14	50.10
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.4731	50.4315	50.43	50.14	50.10
Distribution (%)					
- First interim distribution	3.9218	-	5.50	4.50	7.40
- Second interim distribution	-	-	-	-	-
- Third interim distribution	-	-	-	-	-
- Fourth interim distribution	-	-	-	-	-
- Fifth interim distribution	-	-	-	-	-
- Sixth interim distribution	-	-	-	-	-
- Seventh interim distribution	-	-	-	-	-
- Eighth interim distribution	-	-	-	-	-
- Ninth interim distribution	-	-	-	-	-
- Tenth interim distribution	-	-	-	-	-
- Eleventh interim distribution	-	-	-	-	-
- Final distribution	-	-	-	-	-
Dates of distribution					
- First interim distribution	Jun 28, 2019	-	Jun 23, 2017	Jun 24, 2016	Jun 26, 2015
- Second interim distribution	-	-	-	-	-
- Third interim distribution	-	-	-	-	-
- Fourth interim distribution	-	-	-	-	-
- Fifth interim distribution	-	-	-	-	-
- Sixth interim distribution	-	-	-	-	-
- Seventh interim distribution	-	-	-	-	-
- Eighth interim distribution	-	-	-	-	-
- Ninth interim distribution	-	-	-	-	-
- Tenth interim distribution	-	-	-	-	-
- Eleventh interim distribution	-	-	-	-	-
- Final distribution	July 06, 2018	-	-	-	-
Income distribution (Rupees in '000)	333,845	178,008	179,346	98,455	231,767
Growth distribution (Rupees in '000)	307,899	230,344	-	-	-
Highest offer price per unit (Rs.)	54.3533	53	53.12	52.32	53.72
Lowest offer price per unit (Rs.)	50.4455	50	50.21	50.09	50.04
Highest redemption price per unit (Rs.)	54.3533	53	53.12	52.32	53.72
Lowest redemption price per unit (Rs.) *	50.4455	50	50.21	50.09	50.04
Total return (%)	7.8436	4	6.07	4.59	7.46
	One Year	Two Year	Three Year	Four Year	Five Year
Average annual return (%) as at June 30, 2019	7.84	5.84	5.92	5.56	5.90

* Back end load will apply as per the requirements of the offering document of the Fund.

Investment portfolio composition of the Fund as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

17 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, 2008, 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. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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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 per Section 4B of the Income Tax Ordinance, 2001.

18 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 18.1 Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and unitholders holding 10 percent or more of the Fund's net assets.
- 18.2 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.
- 18.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, and the Trust Deed.
- 18.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 18.5 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	2019 (Rupees in '000)	2018
Al Meezan Investment Management Limited - Management Company		
Remuneration Payable	9,192	8,291
Sindh Sales Tax on management fee	1,195	1,078
Allocated expenses	919	829
Central Depository Company of Pakistan Limited - Trustee		
Remuneration Payable	738	683
Sindh Sales Tax on trustee fee payable	96	80
Security deposits	100	100
Meezan Bank Limited		
Balance with bank	131,399	133,042
Profit receivable on saving account	170	1,288
Meezan Financial Planning Fund of Funds - Aggressive Allocation Plan		
Investment of 898,802 units (June 30, 2018: 1,182,986 units)	45,365	62,221
Meezan Financial Planning Fund of Funds - Conservative Allocation Plan		
Investment of 1,628,815 units (June 30, 2018: 2,017,164 units)	82,211	106,096
Meezan Financial Planning Fund of Funds - Moderate Allocation Plan		
Investment of 1,000,001 units (June 30, 2018: 1,472,340 units)	50,473	77,440
Meezan Financial Planning Fund of Funds - MAAP - I		
Investment of 8,448 units (June 30, 2018: 564,625 units)	426	29,697
Meezan Financial Planning Fund of Funds - MAAP - IV		
Investment of nil (June 30, 2018: 962,660 units)	-	50,632
Meezan Strategic Allocation Fund - MSAP - I		
Investment of nil (June 30, 2018: 1,820,040)	-	95,728
Meezan Strategic Allocation Fund - MSAP - II		
Investment of 1,616 units (June 30, 2018: 1,639,719 units)	82	86,243

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	For the year ended June 30,	
	2019	2018
	(Rupees in '000)	
Meezan Financial Planning Fund of Funds - MAAP - I		
Units issued: 24,848 units (June 30, 2018: 3,634,077 units)	1,253	185,030
Units redeemed: 581,025 units (June 30, 2018: 4,946,368 units)	30,010	252,980
Dividend paid	886	-
Refund of capital	368	-
Meezan Financial Planning Fund of Funds - MAAP - II		
Units issued: nil (June 30, 2018: 13,750,054 units)	-	705,388
Units redeemed: nil (June 30, 2018: 15,325,017 units)	-	789,452
Meezan Financial Planning Fund of Funds - MAAP - III		
Units issued: nil (June 30, 2018: 58,062,364 units)	-	2,995,511
Units redeemed: nil (June 30, 2018: 15,296,546 units)	-	3,010,181
Meezan Financial Planning Fund of Funds - MAAP - IV		
Units issued: 7,368,899 units (June 30, 2018: 391,619 units)	372,084	20,000
Units redeemed: 8,331,559 units (June 30, 2018: 835,093 units)	421,491	43,160
Dividend paid	1,833	-
Refund of capital	251	-
Meezan Strategic Allocation Fund - MSAP - I		
Units issued: 78,130 units (June 30, 2018: 3,993,262 units)	3,940	201,500
Units redeemed: 1,898,170 units (June 30, 2018: 2,173,221 units)	97,777	112,371
Dividend paid	3,863	-
Refund of capital	78	-
Meezan Strategic Allocation Fund - MSAP - II		
Units issued: 70,506 units (June 30, 2018: 69 units)	3,556	4
Units redeemed: 1,708,608 units (June 30, 2018: 880,336 units)	88,430	45,591
Dividend paid	3,556	-
Refund of capital	44	-
Meezan Strategic Allocation Fund - MSAP - III		
Units issued: 135,718 units (June 30, 2018: 3,606,817 units)	2,985	182,000
Units redeemed: 6,844,458 units (June 30, 2018: 650,740 units)	155,816	33,940
Dividend paid	6,749	-
Refund of capital	95	-
Meezan Strategic Allocation Fund - MSAP - IV		
Units issued: 2,157,738 units (June 30, 2018: 2,576,298 units)	110,525	130,000
Units redeemed: 5,523,736 units (June 30, 2018: 253,653 units)	285,470	13,140
Dividend paid	7,897	-
Capital refund	309	-
Meezan Strategic Allocation Fund - MSAP - V		
Units issued: 148,857 units (June 30, 2018: 8,654,895 units)	7,507	441,000
Units redeemed: 1,507,716 units (June 30, 2018: 6,509,422 units)	78,911	332,508
Dividend paid	6,175	-
Refund of capital	1,332	-
Meezan Strategic Asset Allocation Fund - MCPP-III		
Units Issued: 12,068,356 units (June 30, 2018: 38,939,974 units)	621,276	2,015,155
Units redeemed: 35,300,192 units (June 30, 2018: 15,708,622 units)	1,873,381	815,330
Dividend paid	16,480	-
Refund of capital	33,815	-

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For the year ended June 30,
2019 2018
(Rupees in '000)
Meezan Strategic Allocation Fund II- MCPP - IV

Units issued: 26,190,952 units (June 30, 2018: 51,132,660 units)	1,351,751	2,665,000
Units redeemed: 60,080,430 units (June 30, 2018: 17,243,112 units)	3,175,048	900,280
Dividend Paid	13,834	-
Refund of Capital	59,534	-

Meezan Strategic Allocation Fund II- MCPP - V

Units issued: 11,656,713 units (June 30, 2018: 12,517,489 units)	598,507	656,100
Units redeemed: 21,251,903 units (June 30, 2018: 2,922,299 units)	1,120,631	153,350
Dividend Paid	1,360	-
Refund of Capital	19,413	-

Meezan Strategic Allocation Fund II- MCPP - VI

Units issued: 17,489,369 units (June 30, 2018: nil units)	896,940	-
Units redeemed: 17,489,369 units (June 30, 2018: nil units)	926,277	-

Meezan Strategic Allocation Fund II- MCPP - VII

Units issued: 10,117,433 units (June 30, 2018: nil units)	524,917	-
Units redeemed: 10,117,433 units (June 30, 2018: nil units)	535,927	-

Meezan Strategic Allocation Fund II- MCPP - VIII

Units issued: 4,224,783 units (June 30, 2018: nil units)	223,062	-
Units redeemed: 4,224,783 units (June 30, 2018: nil units)	226,382	-

Meezan Strategic Allocation Fund III- MCPP - IX

Units issued: 304,134 units (June 30, 2018: nil units)	16,200	-
Units redeemed: 239,507 units (June 30, 2018: nil units)	12,974	-

Directors and Executives of the Management Company

Units issued: 1,405,485 units (June 30, 2018: 318,481 units)	73,097	22,656
Units redeemed: 1,102,645 units (June 30, 2018: 285,098 units)	57,195	17,294
Dividend Paid	889	-
Refund of Capital	1,277	-

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

	Note	2019	2018
(Rupees in '000)			
19 CASH AND CASH EQUIVALENTS			
Cash and bank balances	5	2,580,335	8,470,637
Term deposit receipt (with original maturity of three months)	6.4	2,850,000	1,657,000
		<u>5,430,335</u>	<u>10,127,637</u>

20 FINANCIAL INSTRUMENTS BY CATEGORY

	2019		
	At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)			
Financial assets			
Balances with banks	2,580,335	-	2,580,335
Investments	-	6,270,999	6,270,999
Receivable against conversion of units	130,600	-	130,600
Profit accrued	92,348	-	92,348
Deposits	300	-	300
	<u>2,803,583</u>	<u>6,270,999</u>	<u>9,074,582</u>

----- 2019 -----		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
Payable to Al Meezan Investment Management Limited - Management Company	-	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	-	834
Payable against conversion and redemption of units	-	98,921
Accrued expenses and other liabilities	-	1,003
	-	112,064
	112,064	112,064

Financial liabilities

Payable to Al Meezan Investment Management Limited -
Management Company
Payable to Central Depository Company of Pakistan
Limited - Trustee
Payable against conversion and redemption of units
Accrued expenses and other liabilities

----- 2018 -----		
At amortised cost	At fair value through profit or loss	Total
----- (Rupees in '000) -----		
Balances with banks	8,470,637	-
Investments	1,657,000	-
Receivable against conversion of units	86,612	-
Profit accrued	73,526	-
Deposits	300	-
	10,288,075	-
	-	10,288,075

Financial assets

Balances with banks
Investments
Receivable against conversion of units
Profit accrued
Deposits

----- 2018 -----		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees in '000) -----		
Payable to Al Meezan Investment Management Limited - Management Company	-	10,198
Payable to Central Depository Company of Pakistan Limited - Trustee	-	763
Payable against conversion and redemption of units	-	308,928
Accrued expenses and other liabilities	-	888
	-	320,777
	320,777	320,777

Financial liabilities

Payable to Al Meezan Investment Management Limited -
Management Company
Payable to Central Depository Company of Pakistan
Limited - Trustee
Payable against conversion and redemption of units
Accrued expenses and other liabilities

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, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (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: profit rate risk, currency risk and price risk.

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(i) Profit rate risk

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukuks, commercial papers, term deposit receipts and Bai Muajjal. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts and investments in corporate sukuks and term deposit receipts. At June 30, 2019, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 61.05 million (2018: Rs 101.25 million).

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2019, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the year then ended would have been higher / lower by Rs 27.46 million (2018: Rs Nil).

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

2019					
Effective interest rate (%)	Exposed to profit rate risk			Not exposed to profit 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	3.32% to 12.50%	2,579,578	-	757	2,580,335
Investments	KIBOR + 0.90% - KIBOR + 1.00% and 11.23% - 12.13%	6,270,999	-	-	6,270,999
Receivable against conversion of units		-	-	130,600	130,600
Profit accrued		-	-	92,348	92,348
Deposits		-	-	300	300
		8,850,577	-	224,005	9,074,582
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company		-	-	11,306	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	834	834
Payable against conversion and redemption of units		-	-	98,921	98,921
Accrued expenses and other liabilities		-	-	1,003	1,003
		-	-	112,064	112,064
On-balance sheet gap (a)		8,850,577	-	111,941	8,962,518
Off-balance sheet financial instruments		-	-	-	-
Off-balance sheet gap (b)		-	-	-	-
Total profit rate sensitivity gap (a+b)		8,850,577	-	-	-
Cumulative profit rate sensitivity gap		8,850,577	8,850,577	8,850,577	

Al Meezan

2018					
Effective interest rate (%)	Exposed to profit 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	2.4% to 6.6%	8,468,137	-	-	2,500	8,470,637
Investments	6.05% to 6.13%	1,657,000	-	-	-	1,657,000
Receivable against conversion of units		-	-	-	86,612	86,612
Profit accrued		-	-	-	73,526	73,526
Deposits		-	-	-	300	300
		10,125,137	-	-	162,938	10,288,075

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	10,198	10,198
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	763	763
Payable against conversion and redemption of units		-	-	-	308,928	308,928
Dividend payable		-	-	-	-	-
Accrued expenses and other liabilities		-	-	-	888	888
		-	-	-	320,777	320,777

On-balance sheet gap (a)

10,125,137	-	-	(157,839)	9,967,298
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Off-balance sheet financial instruments

-	-	-	-	-
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Off-balance sheet gap (b)

-	-	-	-	-
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Total profit rate sensitivity gap (a+b)

10,125,137	-	-	-	-
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Cumulative profit rate sensitivity gap

10,125,137	10,125,137	10,125,137	10,125,137	10,125,137
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21.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summarises the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

AMIL

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	2,580,335	-	-	-	-	2,580,335
Investments	-	5,595,999	675,000	-	-	6,270,999
Receivable against conversion of units	130,600	-	-	-	-	130,600
Profit accrued	49,267	43,081	-	-	-	92,348
Deposits	-	-	-	-	300	300
	2,760,202	5,639,080	675,000	-	300	9,074,582

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company	11,306	-	-	-	-	11,306
Payable to Central Depository Company of Pakistan Limited - Trustee	834	-	-	-	-	834
Payable against conversion and redemption of units	98,921	-	-	-	-	98,921
Accrued expenses and other liabilities	85	807	111	-	-	1,003
	111,146	807	111	-	-	112,064

Net assets / (liabilities)

	2,649,056	5,638,273	674,889	-	-	300	8,962,518
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2018						
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	8,470,637	-	-	-	-	8,470,637
Investments	757,000	900,000	-	-	-	1,657,000
Receivable against conversion of units	86,612	-	-	-	-	86,612
Profit accrued	73,526	-	-	-	-	73,526
Deposits	-	-	-	-	300	300
	9,387,775	900,000	-	-	300	10,288,075

Financial liabilities

Payable to AI Meezan Investment Management Limited - Management Company	10,198	-	-	-	-	10,198
Payable to Central Depository Company of Pakistan Limited - Trustee	763	-	-	-	-	763
Payable against conversion and redemption of units	308,928	-	-	-	-	308,928
Accrued expenses and other liabilities		848	40	-	-	888
	319,889	848	40	-	-	320,777

Net assets / (liabilities)

	9,067,886	899,152	(40)	-	-	300	9,967,298
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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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21.3 Credit risk

21.3.1 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. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. 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.

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

	2019		2018	
	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	2,580,335	2,580,335	8,470,637	8,470,637
Investments	6,270,999	6,270,999	1,657,000	1,657,000
Receivable against conversion of units	130,600	130,600	86,612	86,612
Profit accrued	92,348	92,348	73,526	73,526
Deposits	300	300	300	300
	<u>9,074,582</u>	<u>9,074,582</u>	<u>10,288,075</u>	<u>10,288,075</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets.

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 thereon and receivable against conversion of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	% of financial assets exposed to credit risk	
	2019	2018
AAA	73.60	54.48
AA+	26.33	19.35
AA	0.07	26.17
	<u>100.00</u>	<u>100.00</u>

Ratings of sukus (other than Government securities) have been disclosed in related notes to the financial statements. GoP Ijarah Sukus and sukus issued by government owned entities are government guaranteed.

21.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2019 are unsecured and are not impaired.

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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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukus *	-	675,000	-
Commercial papers **	-	1,471,289	-
Term deposit receipts - having original maturity of 3 months or less *	-	2,850,000	-
Bai Muajjal receivable **	-	1,274,710	-
	-	6,270,999	-
	2018		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukus *	-	-	-
Commercial papers **	-	-	-
Term deposit receipts - having original maturity of 3 months or less *	-	-	-
Bai Muajjal receivable **	-	-	-
	-	-	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation of commercial papers and the sale price under Bai Muajjal to their fair values as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

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 has no restriction 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 requirements of minimum fund size at all times.

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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 20, 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 UNIT HOLDING PATTERN OF THE FUND

Category	2019			2018		
	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	15,078	7,841,359	88.59	6,902	4,224,512	42.58
Associated Companies /						
Directors	17	240,430	2.72	15	4,472,648	45.08
Insurance Companies	6	54,264	0.61	9	124,484	1.25
Banks and DFIs	1	11	0.00	1	10	0.00
Retirement Funds	62	315,677	3.57	45	206,059	2.08
Private Limited Companies	38	246,893	2.79	20	243,921	2.46
Others	71	152,454	1.73	46	649,318	6.53
	15,273	8,851,088	100.00%	7,038	9,920,952	100.00%

26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2019 Percentage of commission paid
Paramount Capital (Private) Limited	90%
C & M Management (Private) Limited	10%
	100%

26.1 The Fund has traded with only the above mentioned two brokers / dealers during the year ended June 30, 2019.

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	Twenty nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Eight years

The Fund manager of the Fund is Mr. Zain Malik. Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Rozana Amdani 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					
		July 6, 2018	August 9, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoab	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019.

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 19, 2019.

31 GENERAL

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

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



Meezan
Rozana Amdani Fund

MEEZAN ROZANA AMDANI FUND (MRAF)

Meezan Rozana Amdani Fund the objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments.

The Fund shall be subject to such exposure limits as are specified in the Rules, the Regulations and directives issued by SECP from time to time. The Fund will make daily payout to the unit holders, which will be reinvested.

BUILDING ON THE VALUES OF GROWTH IN THE CITY OF FLOWERS

 Peshawar Branch

 **KHYBER PASS
(PESHAWAR)**



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 Shaukat Khan (Kamila)	Independent Director
Mr. Arshad Majeed	Nominee Director - MBL
Mr. Naeem Abdul Sattar	Nominee Director - PKIC
Syed Amir Ali Zaidi	Nominee Director - PKIC

CFO & COMPANY SECRETARY OF THE MANAGEMENT COMPANY

Syed Owais Wasti

AUDIT COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Moin M. Fudda	Chairman
Mr. Ariful Islam	Member
Mr. Naeem Abdul Sattar	Member
Mr. Mohammad Shoaib, CFA	Member

TRUSTEE

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

AUDITORS

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

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

Allied Bank Limited
Askari Bank Limited - Islamic Banking
Bank Al Habib Limited - Islamic Banking
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
Habib Bank Limited -Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

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

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 Rozana Amdani Fund (MRAF)

Type of Fund

Open end money market fund investing primarily in Shariah compliant money market and Islamic bonds (Sukuks).

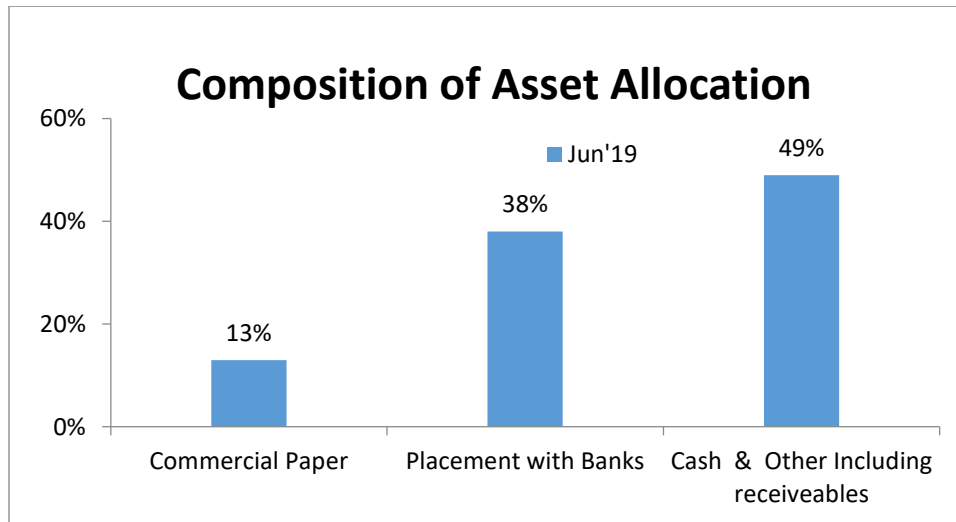
Objective

Its objective is to meet liquidity needs of investors by providing investors a daily pay out through investment in Shariah Compliant money market instruments.

Investment Policy and Strategy

The fund provides investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term tenors. As per its investment policy, MRAF can invest or place funds in instruments/avenues with a credit rating of at least 'double A' (AA). Moreover, the investment policy limits interest rate risk by capping the maturity of instruments up to a maximum of six months, along with maximum portfolio duration of three months.

Sector Allocation as on June 30th 2019



Performance Review

Meezan Rozana Amdani Fund (MRAF) provided a return of 9.97% to its investors for the year ended June 30, 2019.

	MRAF	Benchmark
Net Asset Value as on Dec 27, 2018	50.00	
Net Asset Value as on June 30, 2019	50.00	
Return During the Period - Net	9.97%	3.83%
Outperformance – Net	6.14%	

Benchmark: 3 Month average deposit rate of 3 AA rated Islamic Banks

The Fund earned a gross income of Rs. 502 million, which was primarily due to profit on bank deposits, placements and Sukuks amounting to Rs. 502 million, while the net inflow in the Fund during the year was 16,134 million. The fund also incurred expenses totalling to Rs. 47 million, which brought the net income figure to Rs. 456 million. The net assets of the Fund as at June 30, 2019 were Rs. 16,134 million. The net asset value per unit as at June 30, 2019 was Rs. 50 (Ex-dividend).

Distributions

The Total Pay-out by the Fund during the period ended June 30, 2019 was Rs. 2.47 per unit (9.97%). Total distribution made by the fund was Rs. 456 million.

Fund Stability Rating

JCR-VIS Credit Rating Company has assigned Stability Rating of AA (f) to the Fund.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	No. of investors
1 - 9,999	189
10,000 - 49,999	1,086
50,000 - 99,999	275
100,000 - 499,999	311
500,000 and above	68
Total	1,929



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Rozana Amdani Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from December 28, 2018 to June 30, 2019 was the First year of operations of Meezan Rozana Amdani Fund (MRAF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity.

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

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

In light of the above, we hereby certify that:

- i. We have reviewed and approved the modes of investments of MRAF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MRAF 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 MRAF for the year ended June 30, 2019 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
Shari'ah Advisor

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 ROZANA AMDANI 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 Rozana Amdani 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 period from December 28, 2018 to June 30, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Rozana Amdani Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Rozana Amdani Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' fund and cash flow statement for the period from December 28, 2018 to June 30, 2019 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, 2019, and of its financial performance, its cash flows and transactions for the period from December 28, 2018 to June 30, 2019 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)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 8,359.401 million and balances with banks aggregated to Rs 7,673.651 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; Ensured that the investments are carried as per the valuation methodology specified in the accounting policies; and

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State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>



S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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 these 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Requirement

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 18, 2019

**MEEZAN ROZANA AMDANI FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



Meezan
Rozana Amdani Fund

	Note	2019 (Rupees in '000)
Assets		
Balances with banks	5	7,673,651
Investments	6	8,359,401
Receivable against conversion of units		74,205
Profit accrued	7	160,695
Deposits and prepayments	8	266
Preliminary expenses and floatation costs	9	899
Total assets		16,269,117
Liabilities		
Payable to Al Meezan Investment Management Limited - Management Company	10	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee	11	1,173
Payable to the Securities and Exchange Commission of Pakistan	12	3,418
Payable against conversion and redemption of units		96,609
Dividend payable		9,333
Accrued expenses and other liabilities	13	14,784
Total liabilities		134,677
NET ASSETS		16,134,440
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		16,134,440
CONTINGENCIES AND COMMITMENTS	14	
NUMBER OF UNITS IN ISSUE		322,688,791
		----- Rupees -----
NET ASSET VALUE PER UNIT		50.0000

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ROZANA AMDANI FUND
INCOME STATEMENT
FOR THE PERIOD FROM DECEMBER 28, 2018 TO JUNE 30, 2019

	Note	For the period from December 28, 2018 to June 30, 2019 (Rupees in '000)
Income		
Profit on corporate sukuks		20,189
Profit on commercial papers		35,831
Profit on term deposits		54,699
Profit on Bai muajjal		18,828
Profit on saving accounts with banks		372,611
Total income		<u>502,158</u>
Expenses		
Remuneration of Al Meezan Investment Management Limited - Management Company	10.1	25,108
Sindh Sales Tax on remuneration of the Management Company	10.2	3,264
Remuneration of Central Depository Company of Pakistan Limited - Trustee	11.1	3,637
Sindh Sales Tax on remuneration of the Trustee	11.2	473
Annual fees to the Securities and Exchange Commission of Pakistan	12	3,418
Auditors' remuneration	15	200
Amortisation of flotation costs	9	101
Fees and subscription		570
Brokerage expenses		85
Bank and settlement charges		355
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	9,299
Total expenses		<u>46,510</u>
Net income for the period before taxation		<u>455,648</u>
Taxation	18	-
Net income for the period after taxation		<u>455,648</u>
Allocation of net income for the period		
Net income for the period after taxation		455,648
Income already paid on units redeemed		-
		<u>455,648</u>
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		455,648
		<u>455,648</u>

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

Handwritten signature

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM DECEMBER 28, 2018 TO JUNE 30, 2019**



Meezan
Rozana Amdani Fund

For the period
from December
28, 2018 to
June 30, 2019
(Rupees in '000)

Net income for the period after taxation	455,648
Other comprehensive income for the period	-
Total comprehensive income for the period	455,648

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ROZANA AMDANI FUND
STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE PERIOD FROM DECEMBER 28, 2018 TO JUNE 30, 2019

For the period from December 28, 2018 to June 30, 2019		
Capital Value	Undistributed income	Total
(Rupees in '000)		

Net assets at the beginning of the period	-	-	-
Issuance of 572,675,141 units			
- Capital value (at par value per unit at the beginning of the period)	28,633,757	-	28,633,757
- Element of income	-	-	-
Total proceeds on issuance of units	28,633,757	-	28,633,757
Redemption of 249,986,350 units			
- Capital value (at par value per unit at the beginning of the period)	12,499,317	-	12,499,317
- Element of loss	-	-	-
Total payments on redemption of units	12,499,317	-	12,499,317
Total comprehensive income for the period	-	455,648	455,648
Distribution during the period *	-	(455,648)	(455,648)
Net income for the period less distribution	-	-	-
Net assets at the end of the period	16,134,440	-	16,134,440

Undistributed income brought forward			
- Realised income		-	
- Unrealised income		-	
Accounting income available for distribution			
- Relating to capital gains		-	
- Excluding capital gains		455,648	
		455,648	
Distribution during the period		(455,648)	
Undistributed income carried forward		-	
Undistributed income carried forward			
- Realised income		-	
- Unrealised income		-	

(Rupees)

Net assets value per unit at the beginning of the period	50.0000
Net assets value per unit at the end of the period	50.0000

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

* Meezan Rozana Amdani Fund is required to distribute dividend on a daily basis on each business day. The cumulative distribution per unit for the period from December 28, 2018 to June 30, 2019 amounted to Rs. 2.4687.

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN ROZANA AMDANI FUND
CASH FLOW STATEMENT
FOR THE PERIOD FROM DECEMBER 28, 2018 TO JUNE 30, 2019**



	Note	For the period from December 28, 2018 to June 30, 2019 (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation		455,648
(Increase) / decrease in assets		
Investments		(3,709,401)
Profit accrued		(160,695)
Deposits and prepayments		(266)
Preliminary expenses and flotation costs		(899)
		(3,871,261)
Increase in liabilities		
Payable to AI Meezan Investment Management Limited - Management Company		9,360
Payable to the Central Depository Company of Pakistan Limited - Trustee		1,173
Payable to the Securities and Exchange Commission of Pakistan		3,418
Accrued expenses and other liabilities		14,784
		28,735
Net cash used in operating activities		(3,386,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against issuance and conversion of units		28,559,552
Payments against redemption and conversion of units		(12,402,708)
Dividend paid		(446,315)
Net cash generated from financing activities		15,710,529
Net increase in cash and cash equivalents		12,323,651
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	20	12,323,651

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

Signature

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

Chief Executive

Chief Financial Officer

Director

MEEZAN ROZANA AMDANI FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM DECEMBER 28, 2018 TO JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Rozana Amdani Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on October 29, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Management Company has been granted license by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2 The investment objective of the Fund is to meet liquidity needs of investors by providing investors a daily payout through investment in Shariah Compliant money market instruments. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah principles. The Management Company has appointed Dr. Imran Ashraf Usmani as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3 The Fund is an open-end Shariah Compliant Money Market Scheme and has the following specific features:
- (a) Dividend will be distributed to the entitled unit holders on a daily basis (i.e. each business day).
 - (b) Daily dividend received by the unit holder shall be reinvested.
- By distributing dividend on a daily basis, the Management Company is required to ensure that total distribution in an accounting period accumulates to an amount that is required under the tax laws and other regulations in force.
- 1.4 Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund is in the process of listing on the Pakistan Stock Exchange Limited.
- 1.5 As per the offering document approved by the SECP, the accounting period, in case of the first such period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from December 28, 2018 to June 30, 2019 (former being the date from which the proceeds from the issue of units were received).
- 1.6 The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes. The stability rating of the Fund is AA(f) given by JCR-VIS Credit Rating Company Limited.
- 1.7 The title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2 BASIS OF PRESENTATION

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

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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 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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 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.

3.3 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).

3.4 Accounting convention

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

3.5 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 Fund's 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.

4.2 Cash and cash equivalents

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

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4.3 Financial assets

4.3.1 Classification and subsequent measurement

4.3.1.1 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

However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVPL. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. Therefore the management considers its investment in debt securities as being managed as a group of assets and hence has classified them as FVPL.

4.3.2 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

4.3.3 Impairment loss on debt securities

Provision for non-performing debt securities is made on the basis of time-based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company in accordance with the guidelines issued by the SECP. Impairment losses recognised on debt securities can be reversed through the Income Statement.

As allowed by the SECP, the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with the provisioning policy duly approved by the Board of Directors.

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 Derecognition

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.

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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 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.

4.7 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.

4.8 Issue and redemption of units

Units of the Scheme shall be allocated on the basis of Purchase (Offer) Price applicable on the date of realization of subscription money into the bank account of the Scheme.

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

4.9 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. As more fully explained in note 1.3 to the financial statements, the Fund is required to make distribution on each business day.

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.

4.10 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.

4.11 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Profit on bank deposits is recognised on time proportion basis using the effective yield method.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Income on sukuk certificates, placements and government securities is recognised on a time proportionate basis using the effective yield method except for the securities which are classified as non-performing asset under Circular 33 of 2012 issued by SECP for which the profits are recorded on cash basis.

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4.12 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.

4.13 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 utilised. 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 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.14 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.

4.15 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	2019 (Rupees in '000)
5 BALANCES WITH BANKS		
Balances with banks in:		
Savings accounts	5.1	7,673,626
Current account		25
		<u>7,673,651</u>
5.1 The balances in saving accounts have expected profit rates ranging from 4.00% to 11.85% per annum.		
6 INVESTMENTS		
At fair value through profit or loss		
Corporate sukus	6.1	675,000
Commercial papers	6.2	1,558,584
Term deposit receipts - having original maturity of 3 months or less	6.3	4,650,000
Bai Muajjal receivable	6.4	1,475,817
		<u>8,359,401</u>

6.1 Corporate sukuk

Name of the security	Maturity date	Profit rate	Purchases during the period	Sales / redemptions during the period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution)	Percentage in relation to	
									Net assets of the Fund	Total market value of investment
-----Certificates-----						(Rupees in '000)		----- % -----		
Hub Power Company Limited - II (A1+, PACRA) (note 6.1.1)	October 2, 2019	3 months Kibor plus base rate of 1.00%	135,000	-	135,000	675,000	675,000	-	4.18%	8.07%
Total						675,000	675,000			

6.1.1 The nominal value of these sukuk certificates is Rs 5,000 each.

6.2 Commercial Papers

Name of the security	Maturity date	Profit rate	Purchases during the period	Sales / redemptions / maturity during the period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised appreciation / (diminution)	As a percentage of net assets of the fund	As a percentage of total market value of investment
K-Electric Limited CP II (note 6.2.1)	September 2, 2019	6 months Kibor plus base rate of 0.90%	1,589	-	1,589	1,558,584	1,558,584	-	9.66%	18.64%
Total						1,558,584	1,558,584			

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

6.2.2 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and non traded debt securities with residual maturity of upto six months.

6.3 Term deposit receipts

Name of the bank	Maturity date	Profit rate	Term deposit receipts placed during the period	Matured during the period	As at June 30, 2019	Percentage of total market value of investments

Having original maturity of 3 months or less

Faysal Bank Limited	May 3, 2019	10.60%	340,000	340,000	-	-
Allied Bank Limited	April 30, 2019	10.70%	750,000	750,000	-	-
Faysal Bank Limited	June 8, 2019	10.75%	1,550,000	1,550,000	-	-
Faysal Bank Limited	September 8, 2019	12.15%	1,550,000	-	1,550,000	19%
Askari Bank Limited	September 17, 2019	12.05%	1,600,000	-	1,600,000	19%
Meezan Bank Limited	September 20, 2019	12.25%	1,500,000	-	1,500,000	18%
As at June 30, 2019			7,290,000	2,640,000	4,650,000	56%

6.4 Bai Muajjal receivable

The fund entered in a Bai Muajjal transaction with Pak Brunei Investment Company Limited on May 20, 2019 against K-Electric Commercial Paper II (issued on March 1, 2019) at an effective interest rate of 11.23%. The final payment is agreed to be received on August 16, 2019. The final transaction price is Rs 1,496.437 million which includes deferred profit of Rs. 39.448 million.

6.4.1 The carrying amount of the Bai Muajjal receivable includes accrued profit amounting to Rs. 18.828 million.

	Note	2019 (Rupees in '000)
7 PROFIT ACCRUED		
Profit accrued on		
Bank balances		115,926
Term deposit receipts		24,580
Sukuk certificates		20,189
		<u>160,695</u>
8 DEPOSITS AND PREPAYMENTS		
Security deposit with Central Depository Company of Pakistan Limited		100
Prepayments		166
		<u>266</u>
9 PRELIMINARY EXPENSES AND FLOTATION COSTS		
At the beginning of the period		-
Preliminary expenses and flotation costs incurred		1,000
Less: amortisation during the period		(101)
At the end of the period	9.1	<u>899</u>
9.1	Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulation, 2008.	
	Note	2019 (Rupees in '000)
10 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY		
Management fee payable	10.1	8,283
Sindh Sales Tax payable on remuneration of the Management Company	10.2	1,077
		<u>9,360</u>
10.1	As per regulation 61 of the NBFC Regulations, 2008, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of a Money Market scheme. During the period, the Management Company has charged its remuneration at the rate of 5% of gross earnings of the Fund subject to the minimum of 0.25% of average annual net assets and maximum of 1% of average annual net assets.	
10.2	During the period, an amount of Rs. 3.264 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. 2.187 million has been paid to the Management Company which acts as a collecting agent.	
11 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY	Note	2019 (Rupees in '000)
Trustee fee payable	11.1	1,038
Sindh Sales Tax payable on trustee fee	11.2	135
		<u>1,173</u>
11.1	The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed in accordance with the tariff specified therein, based on the daily net assets value of the Fund.	

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The remuneration of the trustee for the period has been calculated as per the following applicable tariff:

Net assets	Tariff
Upto Rs 1 billion	0.15% per annum of net assets
Rs 1 billion to Rs 10 billion	Rs 1.5 million plus 0.075% per annum of net assets exceeding Rs 1 billion
Over Rs 10 billion	Rs 8.25 million plus 0.06% per annum of net assets exceeding Rs 10 billion

- 11.2** During the period, an amount of Rs 0.473 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 0.338 million was paid to the Trustee which acts as a collecting agent.

12 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, a collective investment scheme classified as a Money Market scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.075% of the average annual net assets of the Fund as annual fee.

	Note	2019 (Rupees in '000)
13 ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable		200
Brokerage payable		85
Shariah advisor fee payable		538
Withholding tax payable		4,649
Provision for Sindh Workers' Welfare Fund (SWWF)	13.1	9,299
Zakat payable		13
		14,784

- 13.1** 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). Since the Fund has started operations with effect from December 28, 2018 therefore, the provision has been recognised from December 28, 2018 to June 30, 2019.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period ended June 30, 2019, the net asset value of the Fund as at June 30, 2019 would have been higher by Re. 0.03 per unit.

14 CONTINGENCIES AND COMMITMENTS

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

		2019 (Rupees in '000)
15 AUDITORS' REMUNERATION		
Annual audit fee		200

16 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at June 30, 2019 is 0.51% which includes 0.18% representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, federal excise duties, annual fee to the SECP etc. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

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17 PERFORMANCE TABLE**2019**

Net assets (Rs '000) (ex-distribution)	16,134,440
Net assets value / redemption price per unit as at June 30 (Rs) (ex-distribution) *	50.0000
Offer price per unit as at June 30 (Rs) (ex-distribution) *	50.0000
Distribution (%)	
- Final distribution	2.4670
Income distribution (Rupees in '000)	455,648
Growth distribution (Rupees in '000)	-
Highest offer price per unit (Rs.)	50.0000
Lowest offer price per unit (Rs.)	50.0000
Highest redemption price per unit (Rs.)	50.0000
Lowest redemption price per unit (Rs.) *	50.0000
Total return (%)	9.97%
	One Year
Average annual return (%) as at June 30, 2019	9.97%

* Back end load will apply as per the requirements of the offering document of the Fund.

Investment portfolio composition of the Fund as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate .

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. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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. The Fund has not recorded any tax liability as the Fund has distributed the required level of profit during the period to avail tax exemption.

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 per Section 4B of the 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 Limited being the Trustee, Meezan Bank Limited being the holding company of the Management Company, Directors and Executives of the Management Company, other funds under the common management of the Management Company, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Management Company and 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 period and balances with them as at period end are as follows:

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	2019 (Rupees in '000)
Balances	
AI Meezan Investment Management Limited - Management Company	
Remuneration payable	8,283
Sindh Sales Tax payable on management remuneration	1,077
Central Depository Company of Pakistan Limited - Trustee	
Remuneration payable	1,038
Sindh Sales Tax on trustee fee payable	135
Security deposit	100
Meezan Bank Limited	
Balance with bank	55,616
Profit receivable on saving account	364
Meezan Strategic Allocation Fund - MSAP - I	
Investment of 1,486,486 units	74,324
Meezan Strategic Allocation Fund - MSAP - II	
Investment of 1,014,332 units	50,717
Meezan Strategic Allocation Fund - MSAP - III	
Investment of 1,222,400 units	61,120
Meezan Strategic Allocation Fund - MSAP - IV	
Investment of 1,378,452 units	68,923
Meezan Strategic Allocation Fund - MSAP - V	
Investment of 220,080 units	11,004
Meezan Strategic Asset Allocation Fund - MCPP - III	
Investment of 4,521,293 units	226,065
Meezan Strategic Allocation Fund -II - MCPP - IV	
Investment of 6,081,739 units	304,087
Meezan Strategic Allocation Fund-II - MCPP - V	
Investment of 2,000,572 units	100,029
Meezan Strategic Allocation Fund II- MCPP - VI	
Investment of 1,420,406 units	71,020
Meezan Strategic Allocation Fund II- MCPP - VII	
Investment of 760,217 units	38,011
Meezan Strategic Allocation Fund II- MCPP - VIII	
Investment of 460,132 units	23,007
Directors and Executives of the Management Company	
Investment of 2,291,179 units	114,559
Transactions during the period	
AI Meezan Investment Management Limited - Management Company	
Remuneration charged	25,108
Sindh Sales Tax on remuneration of the Management Company	3,264
Units issued: 16,629,842 units	835,975
Dividend paid	29,888
	For the period from December 28, 2018 to June 30, 2019 (Rupees in '000)



For the period
from December
28, 2018 to June
30, 2019
(Rupees in '000)

Transactions during the period

Central Depository Company of Pakistan Limited - Trustee

Remuneration of the Trustee	3,637
Sindh Sales Tax on remuneration of the Trustee	473
Settlement charges incurred	174

Meezan Bank Limited

Profit on saving accounts	1,689
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Meezan Strategic Allocation Fund - MSAP - I

Units issued: 1,700,486 units	85,024
Units redeemed: 214,000 units	10,700
Dividend paid	24

Meezan Strategic Allocation Fund - MSAP - II

Units issued: 1,160,332 units	58,017
Units redeemed: 146,000 units	7,300
Dividend paid	17

Meezan Strategic Allocation Fund - MSAP - III

Units issued: 1,400,000 units	70,020
Units redeemed: 178,000 units	8,900
Dividend paid	20

Meezan Strategic Allocation Fund - MSAP - IV

Units issued: 1,580,452 units	79,023
Units redeemed: 202,000 units	10,100
Dividend paid	23

Meezan Strategic Allocation Fund - MSAP - V

Units issued: 280,000 units	14,004
Units redeemed: 60,000 units	3,000
Dividend paid	4

Meezan Strategic Asset Allocation Fund - MCPP-III

Units Issued: 4,521,293 units	226,065
Dividend paid	65

Meezan Strategic Allocation Fund II- MCPP - IV

Units issued: 6,081,739 units	304,087
Dividend paid	87

Meezan Strategic Allocation Fund II- MCPP - V

Units issued: 2,000,572 units	100,029
Dividend paid	29

Meezan Strategic Allocation Fund II- MCPP - VI

Units issued: 1,420,406 units	71,020
Dividend paid	20

Meezan Strategic Allocation Fund II- MCPP - VII

Units issued: 760,217 units	38,011
Dividend paid	11

Meezan Strategic Allocation Fund II- MCPP - VIII

Units issued: 460,132 units	23,007
Dividend paid	7

At the

For the period
 from December
 28, 2018 to June
 30, 2019
 (Rupees in '000)

Directors and Executives of the Management Company

Units issued: 2,550,952 units

Units redeemed: 259,773 units

Dividend paid

127,913
12,989
3,651

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

	Note	2019 (Rupees in '000)
20 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5	7,673,651
Term deposit receipt (with original maturity of three months)	6.3	4,650,000
		<u>12,323,651</u>

21 FINANCIAL INSTRUMENTS BY CATEGORY
Financial assets

Balances with banks

Investments

Receivable against conversion of units

Profit accrued

Deposits

----- 2019 -----		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
7,673,651	-	7,673,651
-	8,359,401	8,359,401
74,205	-	74,205
160,695	-	160,695
100	-	100
<u>7,908,651</u>	<u>8,359,401</u>	<u>16,268,052</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company

Payable to Central Depository Company of Pakistan Limited - Trustee

Payable against conversion and redemption of units

Accrued expenses and other liabilities

----- 2019 -----		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
-	9,360	9,360
-	1,173	1,173
-	96,609	96,609
-	823	823
-	<u>107,965</u>	<u>107,965</u>

22 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The risk management policy of the Fund aims to maximise the return attributable to the unit holders 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, interest rate risk and currency risk) credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the NBFC Regulations, 2008, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Risks managed and measured by the Fund are explained below:

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22.1 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: profit rate risk, currency risk and price risk.

(i) Profit rate risk

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks and investments in corporate sukus, commercial papers, term deposit receipts and Bai Muajjal. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

The Fund's profit rate risk arises from the balances in savings accounts and investment in corporate sukus and term deposit receipts. At June 30, 2019, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 129.99 million.

b) Sensitivity analysis for fixed rate instruments

The Fund's fixed rate risk arises from investments in commercial papers and Bai Muajjal. At June 30, 2019, if there had been increase / decrease of 100 basis points in interest rates, with all other variables held constant, net assets of the Fund for the period then ended would have been higher / lower by Rs 30.34 million.

The composition of the Fund's investment portfolio and KIBOR rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

2019						
Effective Interest rate (%)	Exposed to profit rate risk			Not exposed to profit 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	4.00% to 11.85%	7,673,626	-	-	25	7,673,651
Investments	10.6% to 12.25%	8,359,401	-	-	-	8,359,401
Receivable against conversion of units		-	-	-	74,205	74,205
Profit accrued		-	-	-	160,695	160,695
Deposits		-	-	-	100	100
		16,033,027	-	-	235,025	16,268,052
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9,360	9,360
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	1,173	1,173
Payable against conversion and redemption of units		-	-	-	96,609	96,609
Accrued expenses and other liabilities		-	-	-	823	823
		-	-	-	107,965	107,965
On-balance sheet gap (a)		16,033,027	-	-	127,060	16,160,087
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-
Total profit rate sensitivity gap (a+b)		16,033,027	-	-	-	-
Cumulative profit rate sensitivity gap		16,033,027	16,033,027	16,033,027	-	-

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(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

22.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement. The maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the period from December 28, 2018 to June 30, 2019.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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	7,673,651	-	-	-	-	7,673,651
Investments	-	7,684,401	675,000	-	-	8,359,401
Receivable against conversion of units	74,205	-	-	-	-	74,205
Profit accrued	115,926	44,769	-	-	-	160,695
Deposits	-	-	-	-	100	100
	7,863,782	7,729,170	675,000	-	-	16,268,052

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	9,360	-	-	-	-	9,360
Payable to the Central Depository Company of Pakistan Limited - Trustee	1,173	-	-	-	-	1,173
Payable against conversion and redemption of units	96,609	-	-	-	-	96,609
Accrued expenses and other liabilities	85	738	-	-	-	823
	107,227	738	-	-	-	107,965

Net assets / (liabilities)

	7,756,555	7,728,432	675,000	-	-	100	16,160,087
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22.3 Credit risk

22.3.1 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. Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed.

Credit risk arises from deposits with banks and financial instruments, profit receivable on balances with banks, receivable against conversion of units and credit exposure arising as a result of receivable against sale of investments. Credit risk arising on other financial assets is monitored through a regular analysis of financial position of brokers and other parties. For debt instrument settlement, Delivery versus Payment (DvP) mechanism applied by the Trustee of the fund minimises the credit risk. 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.

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

	2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
-----Rupees in '000-----		
Balances with banks	7,673,651	7,673,651
Investments	8,359,401	8,359,401
Receivable against conversion of units	74,205	74,205
Profit accrued	160,695	160,695
Deposits	100	100
	16,268,052	16,268,052

The maximum exposure to credit risk before any credit enhancement as at June 30, 2019 is the carrying amount of the financial assets.

22.3.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk
	2019
AAA	26.19
AA+	35.32
AA	38.49
	100.00

Ratings of corporate sukus have been disclosed in related notes to the financial statements.

22.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic and industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. As transactions are entered with credit worthy parties thereby any significant concentration of credit risk is mitigated.

All financial assets of the Fund as at June 30, 2019 are unsecured and are not impaired.

23 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.

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets - at fair value through profit or loss			
Corporate sukuks *	-	675,000	-
Commercial papers **	-	1,558,584	-
Term deposit receipts - having original maturity of 3 months or less *	-	4,650,000	-
Bai Muajjal receivable **	-	1,475,817	-
	-	8,359,401	-

* The carrying value of these securities approximate their fair value since these are short term in nature and are placed with counter parties which have high credit ratings.

** The valuation of commercial papers and Bai Muajjal receivable have been carried out based on amortisation to their face values / sale price as per the guidelines given in Circular 33 of 2012 since the residual maturity of these investments is less than six months and they are placed with counterparties which have high credit rating.

24 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 has no restriction 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 requirements 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.

25 UNIT HOLDING PATTERN OF THE FUND

Category	2019		
	Number of unit holders	Investment amount (Rupees in '000)	Percentage of total
Individuals	1,794	5,985,067	37.10
Associated Companies / Directors	14	1,140,948	7.07
Insurance Companies	1	10,296	0.06
Banks and DFIs	-	-	0.00
Retirement Funds	29	438,121	2.72
Private Limited Companies	32	5,134	0.03
Others	59	8,554,874	53.03
	1,929	16,134,440	100.00%

26 LIST OF TOP BROKERS BY PERCENTAGE OF COMMISSION PAID

Name of broker	2019
	Percentage of commission paid
Paramount Capital (Private) Limited	90%
C & M Management (Private) Limited	10%
	<u>100%</u>

26.1 The fund has traded with only the above mentioned 2 brokers / dealers during the period ended June 30, 2019.

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	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Eight years

The Fund Manager of the Fund is Mr. Zain Malik. Other Funds being managed by the Fund Manager are as follows:

- Meezan Islamic Income Fund
- Meezan Sovereign Fund
- Meezan Cash 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		
		February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes
Mr. Atif Azim *	Director	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	Yes	Yes	No
Mr. Syed Amir Ali Zaidi	Director	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes

* Mr. Atif Azim resigned on May 07, 2019.

29 CORRESPONDING FIGURES

There are no corresponding figures as the Fund commenced its operations from December 28, 2018.

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**30 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

31 GENERAL

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

all in

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

Chief Executive

Chief Financial Officer

Director



Meezan

Financial Planning
Fund of Funds

MEEZAN FINANCIAL PLANNING FUND OF FUNDS (MFPF)

Meezan Financial Planning Fund of Funds invests in Shariah compliant Fixed Income and Equity Mutual Funds in line with the risk tolerance of the investor and in doing so, it strives to generate returns on investment aligned with respective allocation plans.

REDEFINING INVESTMENT IN THE CITY OF LIGHTS

● EMPRESS MARKET
(KARACHI)



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 Shaukat Khan (Kamila)	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 Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

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

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 Financial Planning Fund of Funds (MFPF)

Type of Fund

Open-end Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MFPF has fifteen Allocation Plans which allow investors to invest according to their risk tolerance levels.

The Aggressive Allocation Plan

This Allocation Plan is suitable for Investors having a relatively higher risk tolerance and/or wish to save for long term. It shall invest at least 65% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.

The Moderate Allocation Plan

This Allocation Plan is suitable for Investors having a relatively moderate risk tolerance and/or wish to save for medium to long term. It shall invest at least 45% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds

The Conservative Allocation Plan

This Allocation Plan is suitable for Investors having a relatively low risk tolerance and/or wish to save for short to medium term. It shall invest at least 20% of its net assets in Shariah Compliant Equity Funds, while the remaining portion is allocated to Shariah Compliant Fixed Income Funds.

Meezan Asset Allocation Plan - I - IV (MAAP I-IV)

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a combination of KSE Meezan Index 30's performance and average 6 month Islamic bank deposits as per the following detail:

Aggressive Allocation Plan	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Moderate Allocation Plan	
Conservative Allocation Plan	
Meezan Asset Allocation Plan - I	

Performance Table with Benchmark

	Returns - FY19
MFPF - Aggressive	-17.21%
Benchmark	-17.21%
MFPF - Moderate	-9.18%
Benchmark	-10.47%
MFPF - Conservative	-1.03%
Benchmark	-3.48%
MFPF - MAAP I	-18.53%
Benchmark	-16.37%

Aggressive Allocation Plan

The Aggressive Allocation Plan posted a total loss of Rs. 82 million in FY19 as compared to a total loss of Rs. 70 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 10 million and Rs. 84 million respectively, while the net outflow of the Fund during the year was 48 million. After accounting for expenses of Rs. 2 million, the Fund posted a net loss of Rs. 84 million. The net assets of the Fund as at June 30, 2019 were Rs. 365 million as compared to Rs. 497 million at the end of last year depicting a decline of 26.56%.

Moderate Allocation Plan

The Moderate Allocation Plan posted a total loss of Rs. 22 million in FY19 as compared to a total loss of Rs. 26 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 4 million and Rs. 31 million respectively, while the net outflow of the Fund during the year was 83 million. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 23 million. The net assets of the Fund as at June 30, 2019 were Rs. 203 million as compared to Rs. 309 million at the end of last year depicting a decline of 34.30%.

Conservative Allocation Plan

The Conservative Allocation Plan posted a total loss of Rs. 2 million in FY19 as compared to a total loss of Rs. 6 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 2 million and 19 million respectively, while the net outflow of the Fund during the year was 66 million. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 3 million. The net assets of the Fund as at June 30, 2019 were Rs. 222 million as compared to Rs. 290 million at the end of last year depicting a decline of 23.45%.

Meezan Asset Allocation Plan - I (MAAP-I)

Meezan Asset Allocation Plan-I posted a total loss of Rs. 140 million during FY19 as compared to a total loss of Rs. 62 million last year. Total loss comprised of realized and unrealized loss on investments of Rs. 5 million and Rs. 141 million respectively, while the net outflow of the Fund during the year was 94 million. After accounting for expenses of Rs. 3 million, the Fund posted a net loss of Rs. 143 million. The

net assets of the Fund as at June 30, 2019 were Rs. 593 million as compared to Rs. 829 million at the end of last year depicting a decline of 28.47%.

Distributions

The Interim Pay out by the Fund during the fiscal year ended June 30, 2019 was Rs. 7 per unit (14%) and Rs. 10 per unit (20%) in Moderate Allocation Plan and Conservative Allocation Plan respectively. Distribution made by the fund was Rs. 23 million and 34 million in Moderate allocation Plan and Conservative Allocation Plan respectively.

Breakdown of unit holdings by size

(As on June 30, 2019)

Breakdown of unit holdings by size							
Range (Units)	Aggressive	Moderate	Conservative	MAAP-I	MAAP-II	MAAP-III	MAAP-IV
	No. of investors						
1 - 9,999	638	322	255	156	-	-	-
10,000 - 49,999	46	53	53	83	-	-	-
50,000 - 99,999	3	5	8	10	-	-	-
100,000 - 499,999	3	4	7	8	-	-	-
500,000 and above	3	1	1	4	-	-	-
Total	693	385	324	261	-	-	-



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Financial Planning Fund of Funds

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 01, 2018 to June 30, 2019 was the sixth year of operations of Meezan Financial Planning Fund of Funds (MFPPFOF) 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 6.2.7 of the Trust Deed 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 MFPPFOF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MFPPFOF 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 MFPPFOF for the year ended June 30, 2019 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 FINANCIAL PLANNING FUND OF FUNDS

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 Financial Planning Fund of Funds (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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Financial Planning Fund of Funds

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Financial Planning Fund of Funds (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 1,389.575 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 Requirement

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 18, 2019

**MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT JULY 24, 2018 AND JUNE 30, 2019**



Meezan
Financial Planning
Fund of Funds

	Note	As at June 30, 2019				As at July 24, 2018	
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
(Rupees in '000)							
Assets							
Balances with banks	5	5,765	4,366	4,861	725	15,717	4,045
Investments	6	364,165	202,298	219,360	603,752	1,389,575	-
Receivable against conversion of units		6	-	56	-	62	-
Receivable against sale of investments		-	-	-	-	-	473,018
Profit receivable on saving accounts with banks		29	34	17	4	84	196
Total assets		369,965	206,698	224,294	604,481	1,405,438	477,259
Liabilities							
Payable to AI Meezan Investment Management Limited - Management Company	8	60	26	21	52	159	111
Payable to Central Depository Company of Pakistan Limited - Trustee	9	38	18	27	44	127	33
Payable to Meezan Bank Limited		1	-	-	-	1	-
Payable to Securities and Exchange Commission of Pakistan	10	440	232	237	701	1,610	630
Payable on redemption and conversion of units		192	338	314	-	844	-
Accrued expenses and other liabilities	11	4,162	3,045	1,917	10,974	20,098	5,438
Total liabilities		4,893	3,659	2,516	11,771	22,839	6,212
NET ASSETS		365,072	203,039	221,778	592,710	1,382,599	471,047
UNIT HOLDERS' FUND (as per statement attached)		365,072	203,039	221,778	592,710	1,382,599	471,047
CONTINGENCIES AND COMMITMENTS							
(Number of units)							
NUMBER OF UNITS IN ISSUE		6,273,536	3,762,017	4,061,839	12,414,152		10,199,830
(Rupees)							
NET ASSET VALUE PER UNIT		58.1924	53.9707	54.6004	47.7447		46.1818

The annexed notes 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF ASSETS AND LIABILITIES
AS AT JULY 24, 2018 AND JUNE 30, 2019

	Note	As at June 30, 2018					As at	As at		
		Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	January 11, 2018	March 30, 2018		
(Rupees in '000)										
Assets										
Balances with banks	5	3,899	2,965	9,841	5,204	2,932	24,841	3,037	8,715	
Investments	6	497,702	309,708	282,881	835,526	510,146	2,435,963	-	-	
Receivable against conversion of units		1	13	56	-	-	70	-	-	
Receivable against sale of investments		-	-	-	-	5,000	5,000	707,643	2,223,711	
Profit accrued on balances with banks		4	19	14	12	49	98	136	607	
Total assets		501,606	312,705	292,792	840,742	518,127	2,465,972	710,816	2,233,033	
Liabilities										
Payable to Al Meezan Investment Management Limited - Management Company	8	62	65	49	74	45	295	23	190	
Payable to Central Depository Company of Pakistan Limited - Trustee	9	44	25	31	64	43	207	19	166	
Payable to Meezan Bank Limited		2	15	1	-	-	18	-	-	
Payable to the Securities and Exchange Commission of Pakistan	10	518	324	316	882	600	2,640	430	1,739	
Payable on redemption and conversion of units		184	289	143	-	4,232	4,848	11,097	10,698	
Accrued expenses and other liabilities	11	4,009	2,892	1,784	10,808	5,470	24,963	9,247	30,089	
Total liabilities		4,819	3,610	2,324	11,828	10,390	32,971	20,816	42,882	
NET ASSETS		496,787	309,095	290,468	828,914	507,737	2,433,001	690,000	2,190,151	
UNIT HOLDERS' FUND (as per statement attached)		496,787	309,095	290,468	828,914	507,737	2,433,001	690,000	2,190,151	
CONTINGENCIES AND COMMITMENTS	12									
(Number of units)										
NUMBER OF UNITS IN ISSUE		7,068,186	4,604,291	4,450,352	14,144,960	10,826,249		13,799,997	43,803,025	
(Rupees)										
NET ASSET VALUE PER UNIT		70.2849	67.1319	65.2685	58.6014	46.8987		50.0000	50.0000	

The annexed notes 1 to 28 form an integral part of these financial statements.

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For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



MEEZAN FINANCIAL PLANNING FUND OF FUNDS
INCOME STATEMENT
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019

	For the year ended June 30, 2019					From July 01, to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
Note	(Rupees in '000)					
Income						
Dividend income	11,062	12,878	19,388	5,903	49,231	3,569
Back end load income	-	-	-	128	128	167
Profit on saving accounts with banks	235	159	235	199	828	152
Net realised loss on sale of investments	(9,723)	(3,799)	(2,235)	(5,117)	(20,874)	(11,515)
	1,574	9,238	17,388	1,113	29,313	(7,627)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' or loss'	6.1	(83,876)	(31,489)	(18,974)	(141,046)	(275,385)
						-
Total loss		(82,302)	(22,251)	(1,586)	(139,933)	(246,072)
						(7,627)
Expenses						
Remuneration to AI Meezan Investment Management Limited - Management Company	8.1	72	43	66	61	242
Sindh Sales Tax on remuneration of the Management Company	8.2	9	5	9	8	31
Allocated expenses	8.3	464	244	250	738	1,696
Remuneration to Central Depository Company of Pakistan Limited - Trustee	9.1	415	218	224	661	1,518
Sindh Sales Tax on remuneration of the Trustee	9.2	54	28	29	86	197
Annual fee to Securities and Exchange Commission of Pakistan	10	441	232	237	702	1,612
Auditors' remuneration	14	151	81	83	245	560
Fees and subscription		80	42	43	127	292
Bank and settlement charges		11	6	7	7	31
Printing charges		63	35	34	101	233
Total expenses		1,760	934	982	2,736	6,412
						187
Net loss for the year / period before taxation		(84,062)	(23,185)	(2,568)	(142,669)	(252,484)
						(7,814)
Taxation	16	-	-	-	-	-
Net loss for the year / period after taxation		(84,062)	(23,185)	(2,568)	(142,669)	(252,484)
						(7,814)
Allocation of net income for the year / period						
Net Income for the year / period after taxation		-	-	-	-	-
Income already paid on units redeemed		-	-	-	-	-
		-	-	-	-	-
Accounting income available for distribution		-	-	-	-	-
- Relating to capital gains		-	-	-	-	-
- Excluding capital gains		-	-	-	-	-
		-	-	-	-	-

The annexed notes 1 to 28 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
INCOME STATEMENT
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019

For the year ended June 30, 2018							From July 01, 2017 to January 11, 2018	From July 01, 2017 to March 30, 2018
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
Note ----- (Rupees in '000) -----								
Income								
Back end load income	-	-	-	245	32	277	9	-
Profit on saving accounts with banks	193	106	170	450	48	967	184	711
Net realised loss on sale of investments	(8,761)	(7,491)	(3,325)	(52,989)	(50,439)	(123,005)	(134,973)	(355,667)
	(8,568)	(7,385)	(3,155)	(52,294)	(50,359)	(121,761)	(134,780)	(354,956)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' or 'loss'	6	(61,900)	(18,296)	(2,675)	(9,713)	(48,845)	(141,429)	-
Total loss		(70,468)	(25,681)	(5,830)	(62,007)	(99,204)	(263,190)	(134,780)
Expenses								
Remuneration of AI Meezan Investment Management Limited - Management Company	8.1	103	69	106	248	35	561	21
Sindh Sales Tax on remuneration of the Management Company	8.2	13	9	14	32	5	73	3
Allocated expenses	8.3	546	341	333	929	631	2,780	452
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	440	275	268	748	510	2,241	357
Sindh Sales Tax on remuneration of the Trustee	9.2	57	36	35	97	66	291	46
Annual fees to the Securities and Exchange Commission of Pakistan	10	518	324	316	882	600	2,640	430
Auditors' remuneration	14	65	41	40	110	75	331	43
Fees and subscription		35	22	22	60	39	178	23
Amortisation of preliminary expenses and floatation costs	7	-	-	157	-	-	157	-
Transaction cost	13	-	-	-	162	-	162	-
Legal and professional charges		5	3	3	9	6	26	-
Bank and settlement charges		13	10	15	12	11	61	7
Printing expenses		55	32	32	95	65	279	52
Total expenses		1,850	1,162	1,341	3,384	2,043	9,780	1,434
Net loss for the year / period before taxation		(72,318)	(26,843)	(7,171)	(65,391)	(101,247)	(272,970)	(136,214)
Taxation	16	-	-	-	-	-	-	-
Net loss for the year / period after taxation		(72,318)	(26,843)	(7,171)	(65,391)	(101,247)	(272,970)	(136,214)
Allocation of net income for the period								
Net Income for the period / year after taxation		-	-	-	-	-	-	-
Income already paid on units redeemed		-	-	-	-	-	-	-
Accounting income available for distribution		-	-	-	-	-	-	-
- Relating to capital gains		-	-	-	-	-	-	-
- Excluding capital gains		-	-	-	-	-	-	-

The annexed notes 1 to 28 form an integral part of these financial statements.

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019



	For the year ended June 30, 2019					From July 01, to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
	----- (Rupees in '000) -----					
Net loss for the year / period after taxation	(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)
Other comprehensive income / (loss) for the year / period	-	-	-	-	-	-
Total comprehensive loss for the year / period	(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)

	For the year ended June 30, 2018						From July 01, 2017 to January 11, 2018	From July 01, 2017 to March 30, 2018
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
	----- (Rupees in '000) -----							
Net loss for the year / period after taxation	(72,318)	(26,843)	(7,171)	(65,391)	(101,247)	(272,970)	(136,214)	(360,748)
Other comprehensive income / (loss) for the year / period	-	-	-	-	-	-	-	-
Total comprehensive loss for the year / period	(72,318)	(26,843)	(7,171)	(65,391)	(101,247)	(272,970)	(136,214)	(360,748)

The annexed notes 1 to 28 form an integral part of these financial statements.

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For AI Meezan Investment Management Limited
(Management Company)

 Chief Executive

 Chief Financial Officer

 Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019

	June 30, 2019			June 30, 2019			June 30, 2019			June 30, 2019			June 30, 2019			From July 01, 2018 to July 24, 2018		
	Aggressive			Moderate			Conservative			MAAP-I			Total			MAAP-IV		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the year / period	394,890	101,897	496,787	226,557	82,538	309,095	209,956	80,512	290,468	630,891	198,023	828,914	1,462,294	462,970	1,925,264	531,432	(23,695)	507,737
Issuance of units:																		
Aggressive: 1,694,849 units / Moderate: 814,414 units /																		
Conservative: 1,872,295 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	119,122	-	119,122	54,673	-	54,673	122,202	-	122,202	-	-	-	295,997	-	295,997	-	-	-
- Element of (loss) / income	(4,437)	-	(4,437)	(934)	-	(934)	735	-	735	-	-	-	(4,636)	-	(4,636)	-	-	-
Total proceeds on issuance of units	114,685	-	114,685	53,739	-	53,739	122,937	-	122,937	-	-	-	291,361	-	291,361	-	-	-
Issue of bonus units, for the year ended June 30, 2019																		
Moderate @ 14%, 432,986 units and Conservative @ 20%, 629,498 Units	-	-	-	23,303	-	23,303	34,323	-	34,323	-	-	-	57,626	-	57,626	-	-	-
Redemption of units:																		
Aggressive: 2,489,499 units / Moderate: 2,089,674 units /																		
Conservative: 2,890,306 units / MAAP I: 1,730,808 units /																		
MAAP IV: 626,419 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	174,974	-	174,974	140,284	-	140,284	188,646	-	188,646	101,428	-	101,428	605,332	-	605,332	29,378	-	29,378
- Element of income	(12,636)	-	(12,636)	(3,674)	-	(3,674)	413	-	413	(7,893)	-	(7,893)	(23,790)	-	(23,790)	(502)	-	(502)
Total payments on redemption of units	162,338	-	162,338	136,610	-	136,610	189,059	-	189,059	93,535	-	93,535	581,542	-	581,542	28,876	-	28,876
Total comprehensive loss for the year / period	-	(84,062)	(84,062)	-	(23,185)	(23,185)	-	(2,568)	(2,568)	-	(142,669)	(142,669)	-	(252,484)	(252,484)	-	(7,814)	(7,814)
Interim distribution for the year / period ended June 30, 2019	-	-	-	-	(23,303)	(23,303)	-	(34,323)	(34,323)	-	-	-	-	(57,626)	(57,626)	-	-	-
Net loss for the year / period less distribution	-	(84,062)	(84,062)	-	(46,488)	(46,488)	-	(36,891)	(36,891)	-	(142,669)	(142,669)	-	(310,110)	(310,110)	-	(7,814)	(7,814)
Net assets at end of the year / period	347,237	17,835	365,072	166,989	36,050	203,039	178,157	43,621	221,778	537,356	55,354	592,710	1,229,739	152,860	1,382,599	502,556	(31,509)	471,047
Undistributed income brought forward																		
- Realised income		163,797			100,834			83,187			207,736			555,554			25,150	
- Unrealised loss		(61,900)			(18,296)			(2,675)			(9,713)			(92,584)			(48,845)	
		101,897			82,538			80,512			198,023			462,970			(23,695)	
Accounting income available for distribution																		
- Relating to capital gains		-			-			-			-			-			-	
- Excluding capital gains		-			-			-			-			-			-	
Net loss for the year / period after taxation		(84,062)			(23,185)			(2,568)			(142,669)			(252,484)			(7,814)	
Distribution during the year / period		-			(23,303)			(34,323)			-			(57,626)			-	
Undistributed income carried forward		17,835			36,050			43,621			55,354			152,860			(31,509)	
Undistributed income / loss carried forward																		
- Realised income / loss		101,711			67,539			62,595			196,400			428,245			(31,509)	
- Unrealised loss		(83,876)			(31,489)			(18,974)			(141,046)			(275,385)			-	
		17,835			36,050			43,621			55,354			152,860			(31,509)	
		Rupees			Rupees			Rupees			Rupees			Rupees			Rupees	
Net asset value per unit as at beginning of the year / period		70.2849			67.1319			65.2685			58.6014			46.8987			46.8987	
Net asset value per unit as at end of the year / period		58.1924			53.9707			54.6004			47.7447			46.1818			46.1818	

The annexed notes 1 to 28 form an integral part of these financial statements.

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019



	June 30, 2018			June 30, 2018			June 30, 2018			June 30, 2018		
	Aggressive			Moderate			Conservative			MAAP-I		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year / period	447,919	174,215	622,134	298,428	109,381	407,809	325,714	87,683	413,397	987,898	263,414	1,251,312
Issuance of units:												
Aggressive: 5,216,457 units / Moderate: 2,835,955 units /												
Conservative: 4,442,289 units / MAAP I: 6,618,794 units												
- Capital value (at net asset value per unit at the beginning of the year / period)	416,430	-	416,430	204,302	-	204,302	294,657	-	294,657	413,079	-	413,079
- Element of loss	(26,409)	-	(26,409)	(4,581)	-	(4,581)	(2,068)	-	(2,068)	(19,668)	-	(19,668)
Total proceeds on issuance of units	390,021	-	390,021	199,721	-	199,721	292,589	-	292,589	393,411	-	393,411
Redemption of units:												
Aggressive: 5,941,035 units / Moderate: 3,892,591 units /												
Conservative: 6,224,413 units / MAAP I: 12,522,103 units /												
MAAP II: 2,752,168 units / MAAP III: 6,626,975 units /												
MAAP IV: 4,979,913 units												
- Capital value (at net asset value per unit at the beginning of the year / period)	474,273	-	474,273	280,422	-	280,422	412,865	-	412,865	782,335	-	782,335
- Adjustment on units as element of income	(31,223)	-	(31,223)	(8,830)	-	(8,830)	(4,518)	-	(4,518)	(31,917)	-	(31,917)
Total payments on redemption of units	443,050	-	443,050	271,592	-	271,592	408,347	-	408,347	750,418	-	750,418
Total comprehensive loss for the year / period	-	(72,318)	(72,318)	-	(26,843)	(26,843)	-	(7,171)	(7,171)	-	(65,391)	(65,391)
Distribution during the year / period	-	-	-	-	-	-	-	-	-	-	-	-
Net loss for the year / period less distribution	-	(72,318)	(72,318)	-	(26,843)	(26,843)	-	(7,171)	(7,171)	-	(65,391)	(65,391)
Net assets at end of the year / period	394,890	101,897	496,787	226,557	82,538	309,095	209,956	80,512	290,468	630,891	198,023	828,914
Undistributed income brought forward		186,768			116,539			100,829			169,904	
- Realised income		(12,553)			(7,158)			(13,146)			93,510	
- Unrealised (loss) / income		174,215			109,381			87,683			263,414	
Accounting income available for distribution		-			-			-			-	
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		-			-			-			-	
Net loss for the year / period after taxation		(72,318)			(26,843)			(7,171)			(65,391)	
Distribution during the year / period		-			-			-			-	
Undistributed income carried forward		101,897			82,538			80,512			198,023	
Undistributed income carried forward		163,797			100,834			83,187			207,736	
- Realised income		(61,900)			(18,296)			(2,675)			(9,713)	
- Unrealised loss		101,897			82,538			80,512			198,023	
	Rupees			Rupees			Rupees			Rupees		
Net asset value per unit as at beginning of the period		79,8300			72,0400			66,3300			62,4100	
Net asset value per unit as at end of the period		70,2849			67,1319			65,2685			58,6014	

The annexed notes 1 to 28 form an integral part of these financial statements.

MIL

For Al-Meezan Investment Management Limited
 (Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUNDS
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019

	June 30, 2018 MAAP-IV (Rupees in '000)			June 30, 2018 Total (Rupees in '000)			For the period from July 01, 2017 to January 11, 2018 MAAP-II (Rupees in '000)			For the period from July 01, 2017 to March 30, 2018 MAAP-III (Rupees in '000)		
	Capital Value	Undistributed income / (Accumulated loss)	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year / period	782,692	77,552	860,244	2,842,651	712,245	3,554,896	777,741	200,236	977,977	2,339,353	583,188	2,922,541
Issuance of units:												
Aggressive: 5,216,457 units / Moderate: 2,835,955 units / Conservative: 4,442,289 units / MAAP I: 6,618,794 units / MAAP-II: 880,702 bonus units / MAAP III: 3,196,991 Bonus units	-	-	-	1,328,468	-	1,328,468	54,951	-	54,951	197,798	-	197,798
- Capital value (at net asset value per unit at the beginning of the year / period)	-	-	-	(52,726)	-	(52,726)	(10,946)	-	(10,946)	(38,006)	-	(38,006)
- Element of loss	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	1,275,742	-	1,275,742	44,005	-	44,005	159,792	-	159,792
Redemption of units:												
Aggressive: 5,941,035 units / Moderate: 3,892,591 units / Conservative: 6,224,413 units / MAAP I: 12,522,103 units / MAAP II: 2,752,168 units / MAAP III: 6,626,975 units / MAAP IV: 4,979,912 units	271,007	-	271,007	2,220,902	-	2,220,902	171,731	-	171,731	410,011	-	410,011
- Capital value (at net asset value per unit at the beginning of the year / period)	(19,747)	-	(19,747)	(96,235)	-	(96,235)	(21,662)	-	(21,662)	(44,871)	-	(44,871)
- Adjustment on units as element of income	-	-	-	-	-	-	-	-	-	-	-	-
Total payments on redemption of units	251,260	-	251,260	2,124,667	-	2,124,667	150,069	-	150,069	365,140	-	365,140
Total comprehensive loss for the year / period	-	(101,247)	(101,247)	-	(272,970)	(272,970)	-	(136,214)	(136,214)	-	(360,748)	(360,748)
Distribution during the year / period	-	-	-	-	-	-	-	(45,699)	(45,699)	-	(166,294)	(166,294)
Net loss for the year / period less distribution	-	(101,247)	(101,247)	-	(272,970)	(272,970)	-	(181,913)	(181,913)	-	(527,042)	(527,042)
Net assets at end of the year / period	531,432	(23,695)	507,737	1,993,726	439,275	2,433,001	671,677	18,323	690,000	2,134,005	56,146	2,190,151
Undistributed income brought forward												
- Realised income		13,129			587,169			117,251			311,690	
- Unrealised (loss) / income		64,423			125,076			82,985			271,498	
		<u>77,552</u>			<u>712,245</u>			<u>200,236</u>			<u>583,188</u>	
Accounting income available for distribution												
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		-			-			-			-	
Net loss for the year / period after taxation		(101,247)			(272,970)			(136,214)			(360,748)	
Distribution during the year / period		-			-			(45,699)			(166,294)	
Undistributed income carried forward		<u>(23,695)</u>			<u>439,275</u>			<u>18,323</u>			<u>56,146</u>	
Undistributed income / loss carried forward												
- Realised income		25,150			580,704			18,323			56,146	
- Unrealised (loss) / income		(48,845)			(141,429)			-			-	
		<u>(23,695)</u>			<u>439,275</u>			<u>18,323</u>			<u>56,146</u>	
		Rupees						Rupees			Rupees	
Net asset value per unit as at beginning of the year / period		<u>54.4200</u>						<u>62.4000</u>			<u>61.8700</u>	
Net asset value per unit as at end of the year / period		<u>46.8987</u>						<u>50.0000</u>			<u>50.0000</u>	

The annexed notes 1 to 28 form an integral part of these financial statements.

AMIC

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
CASH FLOW STATEMENT
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019



Meezan
 Financial Planning
 Fund of Funds

Note	For the year ended June 30, 2019					As at July 24, 2018
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
----- (Rupees in '000) -----						
CASH FLOWS FROM OPERATING ACTIVITIES						
Net loss for the year / period before taxation	(84,062)	(23,185)	(2,568)	(142,669)	(252,484)	(7,814)
Adjustments for						
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6 83,876	31,489	18,974	141,046	275,385	-
	(186)	8,304	16,406	(1,623)	22,901	(7,814)
Decrease / (increase) in assets						
Investments	49,661	75,921	44,547	90,728	260,857	510,146
Receivable against investments	-	-	-	-	-	(468,018)
Profit receivable on saving accounts with banks	(25)	(15)	(3)	8	(35)	(147)
	49,636	75,906	44,544	90,736	260,822	41,981
(Decrease) / Increase in liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	(2)	(39)	(28)	(22)	(91)	66
Payable to Central Depository Company of Pakistan Limited - Trustee	(6)	(7)	(4)	(20)	(37)	(10)
Payable to Meezan Bank Limited	(1)	(15)	(1)	-	(17)	-
Payable to Securities and Exchange Commission of Pakistan	(78)	(92)	(79)	(181)	(430)	30
Accrued expenses and other liabilities	153	153	133	166	605	(32)
	66	-	21	(57)	30	54
Net cash generated from operating activities	49,516	84,210	60,971	89,056	283,753	34,221
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance and conversion of units	114,680	53,752	122,937	-	291,369	-
Payments against redemption and conversion of units	(162,330)	(136,561)	(188,888)	(93,535)	(581,314)	(33,108)
Net cash used in financing activities	(47,650)	(82,809)	(65,951)	(93,535)	(289,945)	(33,108)
Net increase / (decrease) in cash and cash equivalents during the year / period	1,866	1,401	(4,980)	(4,479)	(6,192)	1,113
Cash and cash equivalents at beginning of the year / period	3,899	2,965	9,841	5,204	21,909	2,932
Cash and cash equivalents at end of the year / period	5,765	4,366	4,861	725	15,717	4,045

The annexed notes 1 to 28 form an integral part of these financial statements.

AMIL

For Al Meezan Investment Management Limited
(Management Company)

 Chief Executive

 Chief Financial Officer

 Director

MEEZAN FINANCIAL PLANNING FUND OF FUNDS
CASH FLOW STATEMENT
FOR THE PERIOD / YEAR ENDED JULY 24, 2018 AND JUNE 30, 2019

	For the period / year ended June 30, 2018						From July 01, 2017 to January 11, 2018	From July 01, 2017 to March 30, 2018
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
Note (Rupees in '000)								
CASH FLOWS FROM OPERATING ACTIVITIES								
Net loss for the year / period before taxation	(72,318)	(26,843)	(7,171)	(65,391)	(101,247)	(272,970)	(136,214)	(360,748)
Adjustments for:								
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6	61,900	18,296	2,675	9,713	48,845	141,429	-
Amortisation of preliminary expenses and floatation costs	7	-	-	157	-	-	157	-
		(10,418)	(8,547)	(4,339)	(55,678)	(52,402)	(131,384)	(136,214)
								(360,748)
Decrease / (increase) in assets								
Investments	68,660	81,090	122,525	421,309	307,858	1,001,442	990,376	2,956,838
Receivable against investments	5,000	33,875	19,000	-	(5,000)	52,875	(701,943)	(2,199,011)
Profit receivable on saving accounts with banks	(2)	5	10	6	-	19	(131)	(517)
	73,658	114,970	141,535	421,315	302,858	1,054,336	288,302	757,310
Increase / (decrease) in liabilities								
Payable to Al Meezan Investment Management Limited - Management Company	(44)	23	(116)	(39)	(31)	(207)	(63)	(74)
Payable to Central Depository Company of Pakistan Limited - Trustee	(10)	(7)	(7)	(31)	(21)	(76)	(54)	(54)
Payable to Meezan Bank Limited	(1)	15	1	-	-	15	-	-
Payable to Securities and Exchange Commission of Pakistan	(83)	(153)	(105)	(448)	(292)	(1,081)	(552)	(1,264)
Accrued expenses and other liabilities	(6,863)	(1,512)	(138)	(4,617)	(2,699)	(15,829)	(2,594)	(3,054)
	(7,001)	(1,634)	(365)	(5,135)	(3,043)	(17,178)	(3,263)	(4,446)
Net cash generated from operating activities	56,239	104,789	136,831	360,502	247,413	905,774	148,825	392,116
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts against issuance and conversion of units	390,023	199,708	294,656	393,411	-	1,277,798	-	-
Payments against redemption and conversion of units	(455,004)	(306,871)	(424,217)	(750,718)	(247,151)	(2,183,961)	(151,769)	(396,382)
Dividend paid	(298)	(900)	(63)	-	-	(1,261)	-	-
Net cash used in financing activities	(65,279)	(108,063)	(129,624)	(357,307)	(247,151)	(907,424)	(151,769)	(396,382)
Net (decrease) / increase in cash and cash equivalents during the year / period	(9,040)	(3,274)	7,207	3,195	262	(1,650)	(2,944)	(4,266)
Cash and cash equivalents at beginning of the year / period	12,939	6,239	2,634	2,009	2,670	26,491	5,981	12,981
Cash and cash equivalents at end of the year / period	5	3,899	2,965	9,841	5,204	2,932	24,841	3,037
								8,715

The annexed notes 1 to 28 form an integral part of these financial statements.

AMC

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Financial Planning Fund of Funds (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was executed on July 27, 2012 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Fund is registered as a Notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) issued through S.R.O.1203(I)/2008 on November 21, 2008. The Management Company has been licensed by the SECP to act as an Asset Management Company under the NBFC Rules through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi, 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme listed on the Pakistan Stock Exchange Limited. Units are offered for public subscription on a continuous basis except for Meezan Asset Allocation Plan-I (MAAP-I) in which the offer of units is discontinued after the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property of different types of allocation plans is accounted for and maintained separately in the books of accounts, which shall collectively constitute the Fund's property of the Scheme.
- 1.5** The Management Company has been assigned a rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub Funds) namely Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan and Meezan Asset Allocation Plan - I by investing in Shariah compliant income, money market and equity mutual Funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP. A brief description of the plans are as follows:

Aggressive Allocation Plan (Aggressive)	High risk - Long term investor This plan invests at least 65 percent of its net assets in Shariah Compliant Equity Funds and at least 25 percent in Shariah Compliant Fixed Income Funds.
Moderate Allocation Plan (Moderate)	Moderate risk - Medium and long term investor This plan invests at least 45 percent of its net assets in Shariah Compliant Equity Funds and at least 45 percent in Shariah Compliant Fixed Income Funds.
Conservative Allocation Plan (Conservative)	Low risk - Medium and short term investor This plan invests at least 20 percent of its net assets in Shariah Compliant Equity Funds and at least 70 percent in Shariah Compliant Fixed Income Funds.
Meezan Asset Allocation Plan I (MAAP-I)	Low risk - High return through asset allocation The allocation plan can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. October 20, 2015). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Asset Allocation Plan IV (MAAP-IV)	Low risk - High return through asset allocation The allocation plan can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. July 24, 2016). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.

During the prior year, Meezan Asset Allocation Plan-I (MAAP-I) was reopened for investment, after completion of two years. The plan has a new maturity date of two years from the close of the re-subscription period (i.e. November 24, 2017).

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Each allocation plan announces separate Net Asset Value which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

- 1.7 Pending resolution of certain issues mentioned in notes 11.1 and 11.2, the provisions and related assets relating to plans which have matured have been retained in the books of accounts. The plan wise details of such assets and liabilities as at June 30, 2019 is given below:

	MAAP-II*	MAAP-III*	MAAP-IV**
	----- Rupees in '000 -----		
Assets			
Balances with banks	7,432	23,102	5,288
Liabilities			
Provision for Sindh Workers' Welfare Fund	5,615	16,339	2,621
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load	1,787	6,735	2,662
Provision for Federal Excise Duty and related Sindh Sales Tax on management remuneration	30	28	5
	7,432	23,102	5,288
Net assets	-	-	-

* matured during the year ended June 30, 2018

** matured on July 24, 2018

The balances relating to MAAP-IV disclosed in the statement of assets and liabilities reflected amounts which existed at the date of maturity of the plan (i.e. July 24, 2018). The amount of bank balances as reflected in the above table in respect of MAAP-IV is after disposal of all investments and settlements to unit holders.

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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, 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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

AM/12

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as 'fair value through profit or loss' (FVPL). The investment of an entity in a mutual fund is required to be classified as "at fair value through profit or loss" based on criteria mentioned in IFRS-9. The Fund has all its investments in mutual funds which were previously also classified under "fair value through profit or loss" category. Furthermore, all other financial assets of the Fund which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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, 2019 but are considered not to be relevant or will not have any significant impact 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which are measured at fair value and the financial statements of MAAP - IV which have not been prepared on a going concern basis. Therefore, the assets and liabilities of these plans are measured at lower of their carrying amount and fair value less cost to sell.

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 Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

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

4.3 Financial assets

4.3.1 Classification

4.3.1.1 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 (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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 Derecognition

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.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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.

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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 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.

4.7 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.

4.8 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less 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 assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (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 net asset value (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

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- (ii) Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the date of book closure of the investee Fund declaring the dividend.
- (iii) Profit on bank deposit is recognized on time proportion basis using the effective yield method.
- (iv) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

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4.13 Expenses

All expenses 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 Preliminary expenses and flotation costs

Preliminary expenses and flotation costs represent expenditure incurred prior to the commencement of the operations of the Fund. These costs are being amortised over a period of 5 years in accordance with the requirements set out in the Trust Deed of the Fund.

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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).

4.16 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.

4.17 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

	Note	----- As at June 30, 2019 -----					As at July
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
----- (Rupees in '000) -----							
Saving accounts	5.1	5,338	4,356	4,851	715	15,260	3,964
Current accounts		427	10	10	10	457	81
		<u>5,765</u>	<u>4,366</u>	<u>4,861</u>	<u>725</u>	<u>15,717</u>	<u>4,045</u>

all in

Note	----- As at June 30, 2018 -----						As at January 11, 2018	As at March 30, 2018	
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III	
	----- (Rupees in '000) -----								
Saving accounts	5.1	1,444	1,047	5,408	1,864	2,851	12,614	3,037	7,574
Current accounts		2,455	1,918	4,433	3,340	81	12,227	-	1,141
	5.1	<u>3,899</u>	<u>2,965</u>	<u>9,841</u>	<u>5,204</u>	<u>2,932</u>	<u>24,841</u>	<u>3,037</u>	<u>8,715</u>

5.1 The balances in saving accounts have an expected profit ranging from 3.32% to 12.30% (June 30, 2018: 2.00% to 6.55%) per annum.

6 INVESTMENTS

Note	June 30, 2019					As at July 24, 2018	
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV	
	----- (Rupees in '000) -----						
Investments - 'at fair value through profit or loss'	6.1	<u>364,165</u>	<u>202,298</u>	<u>219,360</u>	<u>603,752</u>	<u>1,389,575</u>	-

Note	June 30, 2018						As at January 11, 2018	As at March 30, 2018
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
	----- (Rupees in '000) -----							
Investments - 'at fair value through profit or loss'	6.1	<u>497,702</u>	<u>309,708</u>	<u>282,881</u>	<u>835,526</u>	<u>510,146</u>	<u>2,435,963</u>	-

6.1 At fair value through profit or loss - Units of mutual Funds

Name of investee Funds	As at July 1, 2018	Purchases during the year	Sale during the year	As at July 24, 2018 and June 30, 2019	Carrying value as at July 24, 2018 and June 30, 2019	Market value as at July 24, 2018 and June 30, 2019	Unrealised (diminution)/appreciation as at July 24, 2018 and June 30, 2019	Percentage in relation to	
								Market value on the basis of Net Assets of the Fund	Total market value of investments
	----- (Number of units) -----			----- (Rupees in '000) -----			(Percentage)		
Aggressive Allocation Plan									
Meezan Islamic Fund	5,893,702	897,307	1,084,575	5,706,434	354,481	273,509	(80,972)	74.92	75.10
Meezan Islamic Income Fund	1,161,137	179,015	458,138	882,014	46,783	45,328	(1,455)	12.42	12.45
Meezan Cash Fund	1,182,986	180,787	464,971	898,802	46,777	45,328	(1,449)	12.42	12.45
					<u>448,041</u>	<u>364,165</u>	<u>(83,876)</u>	<u>99.76</u>	<u>100.00</u>
Moderate Allocation Plan									
Meezan Islamic Fund	2,444,911	421,442	750,039	2,116,314	129,582	101,436	(28,146)	49.96	50.14
Meezan Islamic Income Fund	1,445,143	137,123	600,946	981,320	52,113	50,431	(1,682)	24.84	24.93
Meezan Cash Fund	1,472,337	138,048	610,386	999,999	52,092	50,431	(1,661)	24.84	24.93
					<u>233,787</u>	<u>202,298</u>	<u>(31,489)</u>	<u>99.64</u>	<u>100.00</u>
Conservative Allocation Plan									
Meezan Islamic Fund	1,116,559	417,630	385,162	1,149,027	69,030	55,073	(13,957)	24.83	25.10
Meezan Islamic Income Fund	1,979,904	400,306	781,822	1,598,388	84,659	82,144	(2,515)	37.04	37.45
Meezan Cash Fund	2,017,161	405,237	793,586	1,628,812	84,645	82,143	(2,502)	37.04	37.45
					<u>238,334</u>	<u>219,360</u>	<u>(18,974)</u>	<u>98.91</u>	<u>100.00</u>
Meezan Asset Allocation Plan I									
Al Meezan Mutual Fund	39,791	-	-	39,791	703	531	(172)	0.09	0.09
Meezan Islamic Fund	-	660,324	488,951	171,373	8,000	8,214	214	1.39	1.36
Meezan Sovereign Fund	385	3,920,221	145,324	3,775,282	194,372	194,373	1	32.79	32.19
Meezan Islamic Income Fund	3,467,932	1,636,587	5,104,519	-	-	-	-	-	-
Meezan Cash Fund	564,626	24,848	581,026	8,448	437	426	(11)	0.07	0.07
Meezan Dedicated Equity Fund	12,759,249	825,518	2,315,618	11,269,149	541,286	400,208	(141,078)	67.52	66.29
					<u>744,798</u>	<u>603,752</u>	<u>(141,046)</u>	<u>101.86</u>	<u>100.00</u>
Meezan Asset Allocation Plan IV									
Al Meezan Mutual Fund	1,304,322	-	1,304,322	-	-	-	-	-	-
Meezan Islamic Fund	3,990,160	-	3,990,160	-	-	-	-	-	-
Meezan Islamic Income Fund	1,494,217	63,875	1,558,092	-	-	-	-	-	-
Meezan Cash Fund	962,660	7,368,899	8,331,559	-	-	-	-	-	-
Meezan Dedicated Equity Fund	2,136,720	-	2,136,720	-	-	-	-	-	-
					<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments in units of mutual Funds									
Al Meezan Mutual Fund	1,344,113	-	1,304,322	39,791	703	531	(172)	0.04	0.04
Meezan Islamic Fund	13,445,332	2,396,703	6,698,887	9,143,148	561,093	438,232	(122,861)	31.70	31.54
Meezan Cash Fund	6,199,770	8,117,819	10,781,528	3,536,061	183,951	178,328	(5,623)	12.90	12.83
Meezan Sovereign Fund	385	3,920,221	145,324	3,775,282	194,372	194,373	1	14.06	13.99
Meezan Islamic Income Fund	9,548,333	2,416,906	8,503,517	3,461,722	183,555	177,903	(5,652)	12.87	12.80
Meezan Dedicated Equity Fund	14,895,969	825,518	4,452,338	11,269,149	541,286	400,208	(141,078)	28.95	28.80
					<u>1,664,960</u>	<u>1,389,575</u>	<u>(275,385)</u>	<u>100.52</u>	<u>100.00</u>

7 PRELIMINARY EXPENSES AND FLOTATION COST

		As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-I
Note		(Rupees in '000)					
	Opening balance	-	-	-	-	-	-
	Less: Amortization during the year / period	-	-	-	-	-	-
7.1	Closing balance	-	-	-	-	-	-

		As at June 30, 2018					As at January 11, 2018	As at March 30, 2018	
		Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
Note		(Rupees in '000)							
	Opening balance	-	-	157	-	-	157	-	-
	Less: Amortization during the year / period	-	-	(157)	-	-	(157)	-	-
7.1	Closing balance	-	-	-	-	-	-	-	-

7.1 Preliminary expenses and flotation cost represent expenditure incurred prior to the commencement of the operations of the Fund, restricted to one percent of pre-IPO capital, and are being amortized over a period of five years commencing from the end of the initial offering period in accordance with the Trust Deed of the Fund.

8 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

		As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
Note		(Rupees in '000)					
8.1	Management fee payable	5	3	2	2	12	69
8.2	Sindh Sales Tax on remuneration of Management Company	1	-	-	-	1	9
8.2	Sales Load Payable	19	5	1	-	25	-
8.2	Sindh Sales Tax on Sales Load	2	1	-	-	3	-
8.3	Allocated expenses payable	33	17	18	50	118	33
		60	26	21	52	159	111

		As at June 30, 2018					As at January 11, 2018	As at March 30, 2018	
		Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
Note		(Rupees in '000)							
8.1	Management fee payable	4	1	10	4	2	21	1	4
8.2	Sindh Sales Tax on remuneration of Management Company	1	-	1	1	-	3	-	1
8.2	Sales Load Payable	13	34	12	-	-	59	-	1
8.2	Sindh Sales Tax on Sales Load	2	4	2	-	-	8	-	-
8.3	Allocated expenses payable	42	26	24	69	43	204	22	184
		62	65	49	74	45	295	23	190

8.1 As per regulation 61 of the NBFC Regulations 2008, Management Company is entitled to a remuneration equal to an amount not exceeding 1.5% of the average annual net assets in case of an Fund of Funds Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the daily bank balance of the Fund during the year / period ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

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- 8.2 During the year, an amount of Rs 0.040 million (2018: Rs 0.088 million) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2018: 13%) and an amount of Rs. 0.034 million (2018: Rs. 0.101 million) has been paid to the Management Company which acts as a collecting agent.
- 8.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

9 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	As at June 30, 2019					As at July 24, 2018
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
		----- (Rupees in '000) -----					
Trustee fee payable	9.1	33	15	24	36	108	29
Sindh Sales Tax payable on trustee fee	9.2	5	3	3	8	19	4
		<u>38</u>	<u>18</u>	<u>27</u>	<u>44</u>	<u>127</u>	<u>33</u>

	Note	As at June 30, 2018					As at January 11, 2018	As at March 30, 2018	
		Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
		----- (Rupees in '000) -----							
Trustee fee payable	9.1	39	22	28	56	38	183	17	147
Sindh Sales Tax payable on trustee fee	9.2	5	3	3	8	5	24	2	19
		<u>44</u>	<u>25</u>	<u>31</u>	<u>64</u>	<u>43</u>	<u>207</u>	<u>19</u>	<u>166</u>

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

The remuneration of the Trustee for the year / period ended June 30, 2019 and 2018 has been calculated as per the following applicable tariff:

Net assets	Tariff
Up to Rs. 1 billion	0.10% per annum
Over Rs. 1 billion	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs. 1 billion

- 9.2 During the current year / period, an amount of Rs 0.201 million (2018: Rs. 0.526 million) was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011 at the rate of 13% (2018: 13%) and an amount of Rs. 0.109 million (2018: Rs. 0.585 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 classified as an Income Scheme is required to pay to the Securities and Exchange Commission of Pakistan an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

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11 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	----- As at June 30, 2019 -----					As at July 24, 2018	
		Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV	
		----- (Rupees in '000) -----						
Withholding tax payable		115	458	14	409	996	8	
Provision for Sindh Workers' Welfare Fund	11.1	3,380	1,916	1,214	6,886	13,396	2,621	
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.2	72	40	36	3,295	3,443	2,662	
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		368	497	528	16	1,409	5	
Shariah advisor fee payable		41	21	22	63	147	27	
Auditors' remuneration payable		96	50	51	151	348	80	
Printing charges payable		90	63	52	154	359	35	
		<u>4,162</u>	<u>3,045</u>	<u>1,917</u>	<u>10,974</u>	<u>20,098</u>	<u>5,438</u>	

	Note	----- As at June 30, 2018 -----					As at January 11, 2018		As at March 30, 2018
		Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
		----- (Rupees in '000) -----							
Withholding tax payable		127	458	14	417	52	1,068	1,734	6,636
Provision for Sindh Workers' Welfare Fund	11.1	3,380	1,916	1,214	6,886	2,621	16,017	5,615	16,339
Provision for Federal Excise Duty and related Sindh Sales Tax on management fee	11.2	364	394	454	3,294	2,662	7,168	1,787	6,735
Provision for Federal Excise Duty and related Sindh Sales Tax on sales load		19	39	31	17	5	111	30	28
Shariah advisor fee payable		22	14	13	37	24	110	22	91
Auditors' remuneration payable		62	39	38	105	71	315	39	145
Printing charges payable		35	32	20	52	35	174	20	87
Zakat payable		-	-	-	-	-	-	-	28
		<u>4,009</u>	<u>2,892</u>	<u>1,784</u>	<u>10,808</u>	<u>5,470</u>	<u>24,963</u>	<u>9,247</u>	<u>30,089</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, 2019, the net asset value (NAV) per unit / fund return of the Fund as at June 30, 2019 would have been higher by Re 0.54 / 0.93%, 0.51 / 0.94%, 0.30 / 0.55%, 0.55 / 1.16%, and 0.26 / 0.56% (July 24, 2018) for Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP-I and MAAP-IV respectively (June 30, 2018 by Re 0.48 / 0.68%, 0.42 / 0.62%, 0.27 / 0.42%, 0.49 / 0.83%, and 0.24 / 0.52% for Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP-I, and MAAP-IV, respectively).

- 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 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 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 0.44 million, Rs 0.54 million, Rs 0.56 million Rs 3.31 million and Rs 2.67 million in Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP- I and MAAP-IV (July 24, 2018) respectively has been retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision of FED not been made, the Net Assets Value (NAV) of the Fund as at June 30, 2019 would have been higher by Re 0.07, Re 0.14, Re 0.14, Re 0.27, Re 0.48 per unit (June 30, 2018: Re 0.06, Re 0.12, Re 0.12, Re 0.27 and Re 0.26 per unit) for Aggressive Allocation Plan, Moderate Allocation Plan, Conservative Allocation Plan, MAAP- I and MAAP-IV respectively.

During the year, FED amounting to Rs. 0.24 million has been paid to the fund by the Management Company in respect of management fee and sales load pertaining to prior periods.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

13 TRANSACTION COST

This represents brokerage, BATS charges, laga / levy and MTS transaction charges to the NCCPL and settlement charges to the CDC.

14 AUDITORS' REMUNERATION

	----- For the year ended June 30, 2019 -----					From July 01, 2018 to July 24, 2018
	Aggressive	Moderate	Conservative	MAAP-I	Total	MAAP-IV
	----- (Rupees in '000) -----					
Statutory audit fee	101	53	55	161	370	5
Half year review fee	42	23	23	70	158	4
Out of pocket expense	8	5	5	14	32	-
	<u>151</u>	<u>81</u>	<u>83</u>	<u>245</u>	<u>560</u>	<u>9</u>

	-----For the year ended June 30, 2018-----						From July 01, 2017 to January 11, 2018	From July 01, 2017 to March 30, 2018
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	Total	MAAP-II	MAAP-III
	----- (Rupees in '000) -----							
Statutory audit fee	51	32	31	87	58	259	20	85
Half year review fee	14	9	9	23	17	72	17	50
Certification fee	-	-	-	-	-	-	4	19
Out of pocket expense	-	-	-	-	-	-	2	6
	<u>65</u>	<u>41</u>	<u>40</u>	<u>110</u>	<u>75</u>	<u>331</u>	<u>43</u>	<u>160</u>

15 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2019 are:

	As at June 30, 2019			
	Aggressive	Moderate	Conservative	MAAP I
Total Expense Ratio (TER)	0.38%	0.38%	0.39%	0.37%
Government levies	0.11%	0.11%	0.11%	0.11%

Total Expense Ratio (TER)
Government levy and SECP fee

As at June 30, 2018				
Aggressive	Moderate	Conservative	MAAP I	MAAP IV
0.34%	0.34%	0.40%	0.37%	0.32%
0.11%	0.11%	0.11%	0.11%	0.11%

The above calculated ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund scheme.

16 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, 2008, 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. Since the management has distributed the required minimum percentage of income earned by the Fund for the year ended June 30, 2019 to the unit holders in the manner as explained above, no provision for taxation has been made in these financial statements during the year.

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 as per section 4B of the Income Tax Ordinance, 2001.

17 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 17.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2** 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.
- 17.3** Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.4** Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 17.5** Detail of transactions with connected persons and balances with them are as follows:

	As at June 30, 2019					As at July 24, 2018
	Aggressive	Moderate	Conservative	MAAP I	Total	MAAP IV
	(Rupees in '000)					
Al Meezan Investment Management Limited - Management Company						
Remuneration Payable (Rs in '000)	5	3	2	2	12	69
Sindh Sales Tax on management fee payable (Rs in '000)	1	-	-	-	1	10
Sales load payable (Rs in '000)	19	5	1	-	25	-
Sindh Sales Tax on sales load payable (Rs in '000)	2	1	-	-	3	-
Allocated expenses payable (Rs in '000)	33	17	18	50	118	32
Investment (Rs in '000)	-	-	6,847	-	6,847	-
Investment (Units)	-	-	125,406	-	125,406	-
Meezan Bank Limited						
Bank balance (Rs in '000)	5,530	4,148	4,666	612	14,956	4,045
Profit receivable (Rs in '000)	19	12	12	4	47	196
Sales load payable (Rs in '000)	1	-	-	-	1	-
Central Depository Company of Pakistan Limited - Trustee						
Trustee Fee payable (Rs in '000)	33	15	24	36	108	28
Sindh Sales Tax on trustee fee payable (Rs in '000)	5	3	3	8	19	5
Directors and Executives of the Management Company						
Investment (Rs in '000)	106	0	1,621	-	1,727	-
Investment (Units)	1,818	3	29,687	-	31,508	-

	As at June 30, 2019					As at July 24, 2018
	Aggressive	Moderate	Conservative	MAAP I	Total	MAAP IV
Meezan Islamic Fund						
Investment (Rs in '000)	273,509	101,436	55,073	8,214	438,232	-
Investment (Units)	5,706,434	2,116,314	1,149,027	171,373	9,143,148	-
Meezan Sovereign Fund						
Investment (Rs in '000)	-	-	-	194,373	194,373	-
Investment (Units)	-	-	-	3,775,282	3,775,282	-
AI Meezan Mutual Fund						
Investment (Rs in '000)	-	-	-	531	531	-
Investment (Units)	-	-	-	39,791	39,791	-
Meezan Cash Fund						
Investment (Rs in '000)	45,328	50,431	82,143	426	178,328	-
Investment (Units)	898,802	999,999	1,628,812	8,448	3,536,061	-
Meezan Islamic Income Fund						
Investment (Rs in '000)	45,328	50,431	82,144	-	177,903	-
Investment (Units)	882,014	981,320	1,598,388	-	3,461,722	-
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	-	-	-	400,208	400,208	-
Investment (Units)	-	-	-	11,269,149	11,269,149	-
Unit Holders holding 10% or more units of the Fund						
Investment (Rs in '000)	184,302	49,515	47,703	278,205	559,725	192,410
Investment (Units)	3,167,104	917,442	873,669	5,826,939	10,785,154	4,166,358

	As at June 30, 2018						As at January 11, 2018	As at March 30, 2018
	Aggressive	Moderate	Conservative	MAAP I	MAAP IV	Total	MAAP-II	MAAP-III
AI Meezan Investment Management Limited - Management Company								
Remuneration Payable (Rs in '000)	4	1	10	4	2	21	1	4
Sindh Sales Tax on management fee payable (Rs in '000)	1	-	1	1	-	3	-	1
Sales load payable (Rs in '000)	13	34	12	-	-	59	-	1
Sindh Sales Tax on sales load payable (Rs in '000)	2	4	2	-	-	8	-	-
Allocated expenses payable (Rs '000)	42	26	24	69	43	204	22	184
Investment (Rs in '000)	-	-	6,917	-	-	6,917	-	-
Investment (Units)	-	-	105,971	-	-	105,971	-	-
Meezan Bank Limited								
Bank balance (Rs in '000)	3,676	2,730	9,653	5,094	2,932	24,085	3,037	8,715
Profit receivable (Rs in '000)	1	2	13	13	49	78	136	607
Sales load payable (Rs in '000)	2	15	1	-	-	18	-	-
Central Depository Company of Pakistan Limited - Trustee								
Trustee Fee payable (Rs in '000)	39	22	28	56	38	183	17	147
Sindh Sales Tax on trustee fee payable (Rs in '000)	5	3	3	8	5	24	2	19
Directors and Executives of the Management Company								
Investment (Rs in '000)	499	0	0	-	-	499	-	-
Investment (Units)	7,100	2	2	-	-	7,104	-	-
Meezan Islamic Fund								
Investment (Rs in '000)	373,276	154,848	70,717	-	252,716	851,557	-	-
Investment (Units)	5,893,702	2,444,911	1,116,559	-	3,990,160	13,445,332	-	-
Meezan Sovereign Fund								
Investment (Rs in '000)	-	-	-	20	-	20	-	-
Investment (Units)	-	-	-	385	-	385	-	-
AI Meezan Mutual Fund								
Investment (Rs in '000)	-	-	-	703	23,034	23,737	-	-
Investment (Units)	-	-	-	39,791	1,304,322	1,344,113	-	-
Meezan Cash Fund								
Investment (Rs in '000)	62,213	77,430	106,082	29,693	50,626	326,044	-	-
Investment (Units)	1,182,986	1,472,337	2,017,161	564,626	962,660	6,199,770	-	-
Meezan Islamic Income Fund								
Investment (Rs in '000)	62,213	77,430	106,082	185,809	80,059	511,593	-	-
Investment (Units)	1,161,137	1,445,143	1,979,904	3,467,932	1,494,217	9,548,333	-	-
Meezan Dedicated Equity Fund								
Investment (Rs in '000)	-	-	-	619,301	103,711	723,012	-	-
Investment (Units)	-	-	-	12,759,249	2,136,720	14,895,969	-	-

	For the year ended June 30, 2018						From July 01, 2017 to January 11, 2018	From July 01, 2017 to March 30, 2018
	Aggressive	Moderate	Conservative	MAAP I	MAAP IV	Total	MAAP II	MAAP III
AI Meezan Investment Management Limited - Management Company								
Remuneration for the year / period (Rs in '000)	103	69	106	248	35	561	21	98
Sindh Sales Tax on management fee (Rs in '000)	13	9	14	32	5	73	3	12
Allocated expense (Rs in '000)	546	341	333	929	631	2,780	452	1,830
Invested during the year / period (Rs. in '000)	-	-	-	-	-	-	1,795	10,757
Invested during the year / period (Units)	-	-	-	-	-	-	34,108	204,462
Redeemed during the year / period (Rs. in '000)	-	-	-	-	-	-	27,072	141,509
Redeemed during the year / period (Units)	-	-	-	-	-	-	541,450	2,831,194
Meezan Bank Limited								
Profit on saving account (Rs in '000)	176	98	163	450	48	935	184	711
Central Depository Company of Pakistan Limited - Trustee								
Trustee fee for the year / period (Rs in '000)	440	275	268	748	510	2,241	357	1,451
Sindh Sales Tax on trustee fee (Rs in '000)	57	36	35	97	66	291	46	189
Directors and Executives of the Management Company								
Invested during the year / period (Rs. in '000)	233	28	189	-	-	450	-	-
Invested during the year / period (Units)	3,357	417	2,971	-	-	6,745	-	-
Redeemed during the year / period (Rs. in '000)	264	30	189	-	-	483	-	-
Redeemed during the year / period (Units)	3,792	447	2,969	-	-	7,208	-	-
Meezan Islamic Fund								
Invested during the year / period (Rs. in '000)	101,641	55,185	30,738	396,000	84,000	667,564	44,000	833,000
Invested during the year / period (Units)	1,483,388	844,035	466,107	5,743,872	1,265,749	9,803,151	660,921	12,630,712
Redeemed during the year / period (Rs. in '000)	91,653	71,957	45,916	1,358,884	429,260	1,997,670	733,000	2,667,494
Redeemed during the year / period (Units)	1,345,266	1,076,095	684,717	19,161,669	6,297,397	28,565,144	11,519,979	41,120,601
Meezan Sovereign Fund								
Redeemed during the year / period (Rs. in '000)	-	-	-	46,701	-	46,701	81,242	-
Redeemed during the year / period (Units)	-	-	-	908,230	-	908,230	1,579,961	-
Meezan Cash Fund								
Invested during the year / period (Rs. in '000)	10,997	17,616	18,985	185,030	20,000	252,628	705,389	2,995,511
Invested during the year / period (Units)	212,965	340,959	368,345	3,634,077	391,619	4,947,965	13,750,061	58,062,360
Redeemed during the year / period (Rs. in '000)	45,970	46,071	71,072	252,980	41,160	457,253	789,453	3,010,181
Redeemed during the year / period (Units)	898,696	896,654	1,385,694	4,946,368	835,094	8,962,506	15,325,024	58,062,360
AI Meezan Mutual Fund								
Invested during the year / period (Rs. in '000)	-	-	-	43,000	-	43,000	-	-
Invested during the year / period (Units)	-	-	-	2,332,317	-	2,332,317	-	-
Redeemed during the year / period (Rs. in '000)	-	-	-	110,990	49,000	159,990	-	319,508
Redeemed during the year / period (Units)	-	-	-	5,709,108	2,636,917	8,346,025	-	18,794,560
Meezan Islamic Income Fund								
Invested during the year / period (Rs. in '000)	10,936	17,541	18,881	1,819,662	255,000	2,122,020	237,200	2,414,633
Invested during the year / period (Units)	208,445	334,253	360,446	35,256,918	4,922,358	41,082,420	4,596,367	46,358,992
Redeemed during the year / period (Rs. in '000)	45,851	45,914	70,816	1,645,916	201,000	2,009,497	238,776	2,820,365
Redeemed during the year / period (Units)	881,116	879,257	1,358,365	31,788,986	3,880,835	38,788,559	4,596,367	53,804,184
KSE Meezan Index Fund								
Invested during the year / period (Rs. in '000)	-	-	-	64,736	-	64,736	-	-
Invested during the year / period (Units)	-	-	-	913,313	-	913,313	-	-
Redeemed during the year / period (Rs. in '000)	-	-	-	91,118	-	91,118	-	-
Redeemed during the year / period (Units)	-	-	-	1,261,642	-	1,261,642	-	-
Meezan Dedicated Equity Fund								
Invested during the year / period (Rs. in '000)	-	-	-	918,000	113,000	1,031,000	22,000	865,000
Invested during the year / period (Units)	-	-	-	18,456,183	2,216,178	20,672,361	444,265	17,958,612
Redeemed during the year / period (Rs. in '000)	-	-	-	288,000	4,000	292,000	21,520	891,768
Redeemed during the year / period (Units)	-	-	-	5,696,934	79,458	5,776,392	444,265	17,958,612

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

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18 FINANCIAL INSTRUMENTS BY CATEGORY

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

Rupees in '000

Financial assets

Balances with banks	15,717	-	15,717
Investments	-	1,389,575	1,389,575
Receivable against conversion of units	62	-	62
Profit receivable on saving accounts with banks	84	-	84
	<u>15,863</u>	<u>1,389,575</u>	<u>1,405,438</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	159	-	159
Payable to Central Depository Company of Pakistan Limited - Trustee	127	-	127
Payable to Meezan Bank Limited	1	-	1
Payable on redemption and conversion of units	844	-	844
Accrued expenses and other liabilities	854	-	854
	<u>1,985</u>	<u>-</u>	<u>1,985</u>

2018		
At amortised cost	At fair value through profit or loss	Total

Rupees in '000

Financial assets

Balances with banks	24,841	-	24,841
Investments	-	2,435,963	2,435,963
Receivable against conversion of units	70	-	70
Receivable against sale of investments	5,000	-	5,000
Profit accrued on balances with banks	98	-	98
	<u>30,009</u>	<u>2,435,963</u>	<u>2,465,972</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	295	-	295
Payable to Central Depository Company of Pakistan Limited - Trustee	207	-	207
Payable to Meezan Bank Limited	18	-	18
Payable on redemption and conversion of units	4,848	-	4,848
Accrued expenses and other liabilities	599	-	599
	<u>5,967</u>	<u>-</u>	<u>5,967</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

19.1 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: profit rate risk, currency risk, and price risk.

All in

(i) **Profit rate risk**

Profit rate 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 interest rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) **Sensitivity analysis for variable rate instruments**

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Rs. 0.153 million (2018: Rs. 0.126 million).

b) **Sensitivity analysis for fixed rate instruments**

As at 30 June 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

----- As at June 30, 2019 -----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

On-balance sheet financial instruments

Financial assets

Balance with banks	3.32% to 12.30%	15,260	-	-	457	15,717
Investments		-	-	-	1,389,575	1,389,575
Receivable against conversion of units		-	-	-	62	62
Profit receivable on saving accounts with banks		-	-	-	84	84
		15,260	-	-	1,390,178	1,405,438

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	159	159
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	127	127
Payable to Meezan Bank Limited		-	-	-	1	1
Payable on redemption and conversion of units		-	-	-	844	844
Accrued expenses and other liabilities		-	-	-	854	854
		-	-	-	1,985	1,985

On-balance sheet gap

	15,260	-	-	1,388,193	1,403,453
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Off-balance sheet financial instruments

	-	-	-	-	-
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Off-balance sheet gap

	-	-	-	-	-
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Total profit rate sensitivity gap

	15,260	-	-		
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Cumulative profit rate sensitivity gap

	15,260	15,260	15,260		
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----- As at June 30, 2018 -----					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

On-balance sheet financial instruments

Financial assets

Balance with banks	2.0% to 6.55%	12,614	-	-	12,227	24,841
Investments		-	-	-	2,435,963	2,435,963
Receivable against conversion of units		-	-	-	70	70
Receivable against sale of investments		-	-	-	5,000	5,000
Profit receivable on saving accounts with banks		-	-	-	98	98
		<u>12,614</u>	<u>-</u>	<u>-</u>	<u>2,453,358</u>	<u>2,465,972</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	295	295
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	207	207
Payable to Meezan Bank Limited		-	-	-	18	18
Payable on redemption and conversion of units		-	-	-	4,848	4,848
Accrued expenses and other liabilities		-	-	-	599	599
		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,967</u>	<u>5,967</u>

On-balance sheet gap

	<u>12,614</u>	<u>-</u>	<u>-</u>	<u>2,447,391</u>	<u>2,460,005</u>
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Off-balance sheet financial instruments

	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Off-balance sheet gap

	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Total profit rate sensitivity gap

	<u>12,614</u>	<u>-</u>	<u>-</u>		
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Cumulative profit rate sensitivity gap

	<u>12,614</u>	<u>12,614</u>	<u>12,614</u>		
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19.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

19.1.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

19.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

An analysis of the Fund's liabilities into relevant maturity grouping is tabulated below:

	Maturity up to				2019	
	One month	More than one month and upto three months	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	15,717	-	-	-	-	15,717
Investments	-	-	-	-	1,389,575	1,389,575
Receivable against conversion of units	62	-	-	-	-	62
Profit receivable on saving accounts with banks	84	-	-	-	-	84
	15,863	-	-	-	1,389,575	1,405,438
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	159	-	-	-	-	159
Payable to Central Depository Company of Pakistan Limited - Trustee	127	-	-	-	-	127
Payable to Meezan Bank Limited	1	-	-	-	-	1
Payable on redemption and conversion of units	844	-	-	-	-	844
Accrued expenses and other liabilities	-	506	348	-	-	854
	1,131	506	348	-	-	1,985
	<u>14,732</u>	<u>(506)</u>	<u>(348)</u>	<u>-</u>	<u>1,389,575</u>	<u>1,403,453</u>

	Maturity up to				2018	
	One month	More than one month and upto three months	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	24,841	-	-	-	-	24,841
Investments	-	-	-	-	2,435,963	2,435,963
Receivable against conversion of units	70	-	-	-	-	70
Receivable against sale of investments	5,000	-	-	-	-	5,000
Profit receivable on saving accounts with banks	98	-	-	-	-	98
	30,009	-	-	-	2,435,963	2,465,972
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	295	-	-	-	-	295
Payable to Central Depository Company of Pakistan Limited - Trustee	207	-	-	-	-	207
Payable to Meezan Bank Limited	18	-	-	-	-	18
Payable on redemption and conversion of units	4,848	-	-	-	-	4,848
Accrued expenses and other liabilities	-	284	315	-	-	599
	5,368	284	315	-	-	5,967
	<u>24,641</u>	<u>(284)</u>	<u>(315)</u>	<u>-</u>	<u>2,435,963</u>	<u>2,460,005</u>

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

19.3 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:

	2019		2018	
	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) -----				
FINANCIAL ASSETS				
Balances with banks	15,717	15,717	24,841	24,841
Investments	1,389,575	-	2,435,963	-
Receivable against conversion of units	62	62	70	70
Receivable against sale of investments	-	-	5,000	5,000
Profit receivable on saving accounts	84	84	98	98
	<u>1,405,438</u>	<u>15,863</u>	<u>2,465,972</u>	<u>30,009</u>

19.3.1 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, receivable against sale of units and receivable against sale of investments. The credit rating profile of balances with banks is as follows:

	As at July 24, 2018 / June 30, 2019		As at June 30, 2018 / January 11, 2018 / March 30, 2018	
	(Rs. in '000)	(Percentage)	(Rs. in '000)	(Percentage)
AA+	19,332	97.82	351	0.96
AA	427	2.16	35,837	97.93
AA-	-	-	405	1.11
A+	3	0.02	-	-
	<u>19,762</u>	<u>100.00</u>	<u>36,593</u>	<u>100</u>

None of the financial assets were considered to be past due or impaired as on June 30, 2019.

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

20 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 has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 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 19, 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.

21 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.

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).

AM u

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

2019			2018		
Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
(Rupees in '000)			(Rupees in '000)		
-	1,389,575	-	-	2,435,963	-
-	1,389,575	-	-	2,435,963	-

Financial assets

At fair value through profit or loss

22 PERFORMANCE TABLE

	As at June 30, 2019					As at July 24, 2018	
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	MAAP-I	MAAP-IV
	(Rupees in '000)						
Net assets (Rs. '000)	365,072	203,039	221,778	592,710	471,047		
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	58.1924	53.9707	54.2174	47.7447	46.1818		
Offer price per unit as at June 30 (Rs.)	59.5075	54.8855	55.2174	-	-		
Highest offer price per unit (Rs.)	73.4891	69.4562	67.5615	-	-		
Lowest offer price per unit (Rs.)	57.4911	54.8855	55.2173	-	-		
Highest redemption price per unit (Rs.)	71.8650	68.2985	66.8066	59.9347	46.1818		
Lowest redemption price per unit (Rs.)	56.2206	53.9707	54.6004	46.8029	46.0861		
Distribution (%)	-	14%	20%	-	-		
Dates of distribution (Interim)	June 28, 2019		June 28, 2019		-	-	-
Average return (%)	-17.20%	-9.20%	-1.00%	-18.50%	-1.50%		

	As at June 30, 2018					As at January 11, 2018	As at March 30, 2018
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-IV	MAAP-II	MAAP-III
	(Rupees in '000)						
Net assets (Rs. '000)	496,787	309,095	290,468	828,914	507,737	690,000	2,190,151
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	70.2849	67.1319	65.2685	58.6014	46.8987	50.0000	50.0000
Offer price per unit as at June 30 (Rs.)	71.8733	68.2698	66.0060	-	-	-	-
Highest offer price per unit (Rs.)	82.6000	73.7900	67.4108	-	-	-	-
Lowest offer price per unit (Rs.)	67.9700	65.2800	63.8400	-	-	-	-
Highest redemption price per unit (Rs.)	80.7650	72.5565	66.6576	63.7894	54.9107	63.026	62.4453
Lowest redemption price per unit (Rs.)	66.4745	64.1885	63.1311	56.7165	44.1816	50.0000	50.0000
Distribution (%)	-	-	-	-	-	-	-
Dates of distribution (Interim)	-	-	-	-	-	-	-
Average return (%)	-12.00%	-6.80%	-1.60%	-6.10%	-13.80%	-14.20%	-12.60%

	As at June 30, 2017							As at October 27, 2016	As at March 24, 2017
	Aggressive	Moderate	Conservative	MAAP-I	MAAP-II	MAAP-III	MAAP-IV	M CPP-I	M CPP-II
	(Rupees in '000)								
Net assets (Rs. '000)	622,134	407,809	413,397	1,251,312	977,977	2,922,541	860,244	1,656,710	3,324,132
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	79.83	72.04	66.33	62.41	62.40	61.87	54.42	50.00	50.00
Offer price per unit as at June 30 (Rs.)	81.63	73.26	67.08	-	-	-	-	-	-
Highest offer price per unit (Rs.)	95.33	79.84	69.21	-	-	-	53.18	-	-
Lowest offer price per unit (Rs.)	73.79	65.66	61.02	-	-	-	49.33	-	-
Highest redemption price per unit (Rs.)	93.22	78.51	68.44	62.41	71.52	70.83	63.10	60.07	57.20
Lowest redemption price per unit (Rs.)	71.89	64.38	60.22	54.27	53.46	52.73	47.45	50.00	50.00
Distribution (%)	12.00	4.00	0.60	3.60	4.50	3.80	4.40	-	-
Dates of distribution (Interim)	June 29, 2017	June 29, 2017	June 29, 2017	June 29, 2017	June 29, 2017	June 29, 2017	June 29, 2017	-	-
Average return (%)	16.90%	13.30%	9.70%	19%	18%	18%	16.90%	-	-

	As at June 30, 2016								
	Aggressive	Moderate	Conservative	MAAP I	MAAP II	MAAP III	MAAP IV	M CPP-I	M CPP-II
	(Rupees in '000)								
Net assets (Rs. '000)	442,869	366,601	326,656	1,277,906	925,227	2,851,007	531,933	1,575,646	3,034,634
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	73.37	65.32	60.71	54.03	54.75	54.03	48.42	55.64	50.73
Offer price per unit as at June 30 (Rs.)	75.31	66.62	61.51	-	-	-	50.34	-	-
Highest offer price per unit (Rs.)	82.39	73.72	67.71	52.40	52.66	54.06	53.18	-	-
Lowest offer price per unit (Rs.)	69.40	64.90	61.02	50.13	51.98	50.68	49.33	-	-
Highest redemption price per unit (Rs.)	80.27	72.29	66.83	56.50	58.10	57.43	51.15	60.07	53.72
Lowest redemption price per unit (Rs.)	67.61	63.64	60.22	46.30	47.86	48.75	47.45	53.14	49.56
Distribution (%)	12.00	12.50	11.80	3.60	5.30	5.40	3.9	7.8	5.4
Dates of distribution (annual)	June 24, 2016	June 24, 2016	June 24, 2016	June 24, 2016	June 24, 2016	June 24, 2016	June 24, 2016	June 24, 2016	June 24, 2016
Average return (%)	13.30%	11.30%	8.70%	11.70%	14.80%	13.50%	0.70%	10.50%	6.50%

	As at June 30, 2015								
	Aggressive	Moderate	Conservative	MAAP I	MAAP II	MAAP III	MAAP IV	MCPPI-I	MCPPI-II
	(Rupees in '000)								
Net assets (Rs. '000)	356,415	320,046	237,421	-	-	-	-	1,590,238	3,081,799
Net assets value / redemption price per unit as at June 30 (Rs.) (Ex Distribution)	70.06	64.29	61.27	-	-	-	-	53.89	50.17
Offer price per unit as at June 30 (Rs.)	71.93	65.59	62.09	-	-	-	-	-	0
Highest offer price per unit (Rs.)	72.80	66.02	62.19	-	-	-	-	52.57	52.9
Lowest offer price per unit (Rs.)	59.41	56.32	55.93	-	-	-	-	-	0
Highest redemption price per unit (Rs.)	70.91	64.72	61.37	-	-	-	-	55.89	50.86
Lowest redemption price per unit (Rs.)	57.87	55.22	55.19	-	-	-	-	48.46	47.26
Distribution (%)	-	-	-	-	-	-	-	0.04	0.1
Dates of distribution (annual)	-	-	-	-	-	-	-	July 3, 2015	July 3, 2015
Average return (%)	16.50	13.60	10.10	-	-	-	-	7.80	0.40

	As at June 30, 2014								
	Aggressive	Moderate	Conservative	MAAP I	MAAP II	MAAP III	MAAP IV	MCPPI-I	MCPPI-II
	(Rupees in '000)								
Net assets (Rupees in '000)	330,020	255,369	341,276	-	-	-	-	-	-
Net assets value / redemption price per unit as at June 30 (Rupees) (Ex Distribution)	60.16	56.62	55.68	-	-	-	-	-	-
Offer price per unit as at June 30 (Rupees)	61.78	57.76	56.43	-	-	-	-	-	-
Highest offer price per unit (Rupees)	65.66	61.21	58.10	-	-	-	-	-	-
Lowest offer price per unit (Rupees)	53.94	52.80	52.41	-	-	-	-	-	-
Highest redemption price per unit (Rupees)	63.94	60.00	57.33	-	-	-	-	-	-
Lowest redemption price per unit (Rupees)	52.51	51.76	51.71	-	-	-	-	-	-
Distribution (%)	8.50	7.80	4.10	-	-	-	-	-	-
Growth distribution (Rupees in '000)	7,956	4,908	3,301	-	-	-	-	-	-
Dates of distribution (Interim)	May 30, 2014	May 30, 2014	May 30, 2014	-	-	-	-	-	-
Growth distribution (Rupees in '000)	20,628	15,181	12,372	-	-	-	-	-	-
Total return (%)	22.10%	17.30%	12.60%	-	-	-	-	-	-

Investment portfolio composition of the Fund is as described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate as described in note 19.

23 INVESTMENT COMMITTEE MEMBERS

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP / Head of Research	CFA / MBA (in progress)	Eight years

23.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are as follows:

- KSE-Meezan Index Fund
- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Strategic Allocation Fund
- Meezan Strategic Allocation Fund-II
- Meezan Strategic Allocation Fund-III;
- Meezan Dedicated Equity Fund

24 DETAILS OF MEETINGS OF BOARD OF DIRECTORS

The dates of the meetings of the Board of Directors of the Management Company of the Fund and the attendance of its members

Name of Directors	Designation	Meeting held on					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoab	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim*	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

*Mr. Atif Azeem resigned on May 07, 2019.

25 PATTERN OF UNITHOLDING

AGGRESSIVE						
----- As at June 30, 2019 -----			----- As at June 30, 2018 -----			
Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	
Individuals	687	131,836	36.11	563	168,517	33.92
Retirement Funds	3	47,376	12.98	5	103,062	20.75
Others	3	185,860	50.91	5	225,208	45.33
Total	693	365,072	100.00	573	496,787	100.00

Individuals
Retirement Funds
Others
Total

MODERATE						
----- As at June 30, 2019 -----			----- As at June 30, 2018 -----			
Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	
Individuals	376	133,387	65.70	368	202,186	65.41
Insurance companies	-	-	-	1	30,028	9.71
Retirement Funds	3	11,474	5.65	3	12,845	4.16
Others	6	58,178	28.65	6	64,036	20.72
Total	385	203,039	100.00	378	309,095	100.00

Individuals
Insurance companies
Retirement Funds
Others
Total

CONSERVATIVE						
----- As at June 30, 2019 -----			----- As at June 30, 2018 -----			
Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	
Individuals	317	157,658	71.09	306	202,578	69.74
Associated company	1	6,847	3.09	1	6,917	2.38
Retirement Funds	4	53,326	24.04	6	75,748	26.08
Others	2	3,947	1.78	4	5,225	1.80
Total	324	221,778	100.00	317	290,468	100.00

Individuals
Associated company
Retirement Funds
Others
Total

All in

	MAAP-I					
	----- As at June 30, 2019 -----			----- As at June 30, 2018 -----		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individual	247	194,287	32.78	311	320,204	38.63
Retirement Funds	5	131,859	22.25	8	179,959	21.71
Insurance	-	-	-	-	-	-
Others	9	266,564	44.97	11	328,751	39.66
Total	261	592,710	100.00	330	828,914	100.00

	MAAP-IV					
	----- As at July 24, 2018 -----			----- As at June 30, 2018 -----		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment
Individual	145	205,799	43.69	153	238,372	46.95
Retirement Funds	7	223,856	47.52	7	227,331	44.77
Others	2	41,392	8.79	2	42,034	8.28
Total	154	471,047	100.00	162	507,737	100.00

26 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.

27 DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

28 GENERAL


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



**GUMTI WATER
FOUNTAIN
(FAISALABAD)**



Meezan
Strategic Allocation Fund

MEEZAN STRATEGIC ALLOCATION FUND (MSAF)

Meezan Strategic Allocation Fund is a Shariah compliant scheme which will use active asset allocation strategy for providing competitive returns on your investment. It is a unique asset allocation fund for investors who wish to benefit from the equity market and want an actively managed investment portfolio with diversification.

UNFOLDING OPPORTUNITIES OF PROGRESS IN THE CITY OF TEXTILE

- ◆ Kotwali Road Branch, Faisalabad
- ◆ Susan Road Branch, Faisalabad

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 Shaukat Khan (Kamila)	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
Habib Metropolitan Bank Limited - Islamic Banking
Meezan Bank Limited

LEGAL ADVISER

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

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
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER

Meezan Strategic Allocation Fund (MSAF)

Type of Fund

MSAF is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF has six Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - I	Weighted avg. return of KMI 30 Index and Fixed Income/Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - II	
Meezan Strategic Allocation Plan - III	
Meezan Strategic Allocation Plan - IV	
Meezan Strategic Allocation Plan - V	
Meezan Strategic Allocation Plan - MCPP-III	

Performance Table with Benchmark

	<u>Returns - FY19</u>
MSAP I	-17.12%
Benchmark	-16.04%
MSAPII	-16.36%
Benchmark	-16.13%
MSAP III	-16.52%
Benchmark	-16.09%
MSAP IV	-16.54%
Benchmark	-16.14%
MSAP V	-16.32%
Benchmark	-16.14%
MCPPIII	2.20%
Benchmark	-0.94%

Meezan Strategic Allocation Plan - I

The Meezan Strategic Allocation Plan – I posted a total loss of Rs. 259 million in FY19 as compared to total income of Rs. 315 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 75 million and Rs. 211 million respectively, while the net outflow of the Fund during the year was 614 million. Dividend income and profit on saving account with banks comprised of Rs. 26 million and 0.6 million respectively. After accounting for expenses of Rs. 5 million, the Fund posted a net loss of Rs. 264 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,067 million as compared to Rs. 1,945 million at the end of last year depicting a decline of 45%..

Meezan Strategic Allocation Plan - II

The Meezan Strategic Allocation Plan – II posted a total loss of Rs. 173 million in FY19 as compare to a total loss of Rs. 202 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 41 million and Rs. 151 million respectively, while the net outflow of the Fund during the year was 385 million. Dividend income and profit on saving account with banks comprised of Rs. 19 million and 0.3 million respectively. After accounting for expenses of Rs. 3 million, the Fund posted a net loss of Rs. 177 million. The net assets of the Fund as at June 30, 2019 were Rs. 728 million as compared to Rs. 1,289 million at the end of last year depicting a decline of 44%.

Meezan Strategic Allocation Plan - III

The Meezan Strategic Allocation Plan – III posted a total loss of Rs. 199 million in FY19 as compared to a total loss of Rs. 221 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 42 million and Rs. 179 million respectively, while the net outflow of the Fund during the year was 329 million. Dividend income and profit on saving account with banks comprised of Rs. 22 million and 0.2 million respectively. After accounting for expenses of Rs. 4 million, the Fund posted a net

loss of Rs. 203 million. The net assets of the Fund as at June 30, 2019 were Rs. 891 million as compared to Rs. 1,423 million at the end of last year depicting a decline of 37%.

Meezan Strategic Allocation Plan - IV

The Meezan Strategic Allocation Plan – IV posted a total loss of Rs. 222 million in FY19 as compared to a total loss of Rs. 226 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 43 million and Rs. 205 million respectively, while the net outflow of the Fund during the year was 436 million. Dividend income and profit on saving account with banks comprised of Rs. 26 million and 0.2 million respectively. After accounting for expenses of Rs. 4 million, the Fund posted a net loss of Rs. 226 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,003 million as compared to Rs. 1,666 million at the end of last year depicting a decline of 40%.

Meezan Strategic Allocation Plan - V

The Meezan Strategic Allocation Plan – V posted a total loss of Rs. 71 million in FY19. Total loss comprised of realized and unrealized losses on investments of Rs. 16 million and Rs. 63 million respectively, while the net outflow of the Fund during the year was 133 million. Dividend income and profit on saving account with banks comprised of Rs. 8 million and 0.2 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 72 million. The net assets of the Fund as at June 30, 2019 were Rs. 316 million as compared to Rs. 521 million at the end of last year depicting a decline of 39%.

Meezan Capital Preservation Plan - III

The Meezan Capital Preservation Plan – III posted a total gain of Rs. 33 million in FY19. Total gain comprised of realized gain and unrealized loss on investments of Rs. 36 million and Rs. 25 million respectively, while the net outflow of the Fund during the year was 295 million. Dividend income and profit on saving account with banks comprised of Rs. 18 million and 0.1 million respectively. After accounting for expenses of Rs. 5 million, the Fund posted a net gain of Rs. 29 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,099 million.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III
	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	237	275	143	162	102	447
10,000 - 49,999	213	141	134	138	66	212
50,000 - 99,999	58	32	41	30	16	41
100,000 - 499,999	50	15	36	41	11	28
500,000 and above	8	9	5	4	3	4
Total	562	472	359	375	198	732



Meezan Bank

The Premier Islamic Bank

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

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 1, 2018 to June 30, 2019 was the Third year of operations of Meezan Strategic Allocation Fund (MSAF) 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 MSAF in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF 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 MSAF for the year ended June 30, 2019 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

Meezan Bank Ltd.

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TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Strategic Allocation Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, 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, 2019, and of its financial performance, its cash flows and transactions 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 note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 5,082.304 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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 as at June 30, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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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 Requirement

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 18, 2019



**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**

June 30, 2019

Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPI-III	Total	
----- (Rupees in '000) -----								
Assets								
Balances with banks	5	11,970	4,377	13,180	335	13,450	1,148	44,460
Investments	6	1,063,694	725,020	879,495	1,008,046	303,088	1,102,961	5,082,304
Profit receivable on saving account with banks		54	11	13	11	11	9	109
Total assets		1,075,718	729,408	892,688	1,008,392	316,549	1,104,118	5,126,873
Liabilities								
Payable to Al Meezan Investment Management Limited - Management Company	7	104	66	80	91	33	94	468
Payable to Central Depository Company of Pakistan Limited - Trustee	8	84	55	68	76	24	84	391
Payable to Securities and Exchange Commission of Pakistan	9	1,491	1,032	1,164	1,292	414	1,224	6,617
Payable against redemption and conversion of units		1,819	265	50	3,765	-	2,965	8,864
Accrued expenses and other liabilities	10	4,737	192	195	394	82	857	6,456
Total liabilities		8,235	1,610	1,557	5,618	553	5,224	22,796
NET ASSETS		1,067,483	727,798	891,131	1,002,774	315,996	1,098,894	5,104,077
UNIT HOLDERS' FUND (as per statement attached)		1,067,483	727,798	891,131	1,002,774	315,996	1,098,894	5,104,077
CONTINGENCIES AND COMMITMENTS								
	11	----- (Number of units) -----						
NUMBER OF UNITS IN ISSUE		29,262,088	20,213,719	25,406,240	28,125,336	7,747,051	21,462,301	
		----- (Rupees) -----						
NET ASSET VALUE PER UNIT		36.4801	36.0051	35.0753	35.6538	40.7893	51.2011	

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**

		June 30, 2018						
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCCP-III	Total	
----- (Rupees in '000) -----								
Assets								
Balances with banks	5	9,147	1,707	2,158	6,740	5,090	2,939	27,781
Investments	6	1,944,433	1,289,394	1,422,944	1,660,700	516,547	1,363,357	8,197,375
Receivable against sale of investments		-	-	-	200	-	270	470
Profit receivable on saving account with banks		16	3	3	15	13	14	64
Total assets		<u>1,953,596</u>	<u>1,291,104</u>	<u>1,425,105</u>	<u>1,667,655</u>	<u>521,650</u>	<u>1,366,580</u>	<u>8,225,690</u>
Liabilities								
Payable to AI Meezan Investment Management Limited - Management Company	7	177	110	120	146	49	115	717
Payable to Central Depository Company of Pakistan Limited - Trustee	8	144	95	105	122	38	99	603
Payable to Securities and Exchange Commission of Pakistan	9	2,104	1,373	1,492	1,682	390	567	7,608
Payable against redemption and conversion of units		983	-	-	-	-	478	1,461
Accrued expenses and other liabilities	10	4,726	181	177	200	61	150	5,495
Total liabilities		<u>8,134</u>	<u>1,759</u>	<u>1,894</u>	<u>2,150</u>	<u>538</u>	<u>1,409</u>	<u>15,884</u>
NET ASSETS		<u>1,945,462</u>	<u>1,289,345</u>	<u>1,423,211</u>	<u>1,665,505</u>	<u>521,112</u>	<u>1,365,171</u>	<u>8,209,806</u>
UNIT HOLDERS' FUND (as per statement attached)		<u>1,945,462</u>	<u>1,289,345</u>	<u>1,423,211</u>	<u>1,665,505</u>	<u>521,112</u>	<u>1,365,171</u>	<u>8,209,806</u>
CONTINGENCIES AND COMMITMENTS	11	----- (Number of units) -----						
NUMBER OF UNITS IN ISSUE		<u>44,201,217</u>	<u>29,952,689</u>	<u>33,875,099</u>	<u>38,986,286</u>	<u>10,691,441</u>	<u>27,251,554</u>	
		----- (Rupees) -----						
NET ASSET VALUE PER UNIT		<u>44.0138</u>	<u>43.0461</u>	<u>42.0135</u>	<u>42.7203</u>	<u>48.7410</u>	<u>50.0951</u>	

The annexed notes 1 to 26 form an integral part of these financial statements.

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For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

For the year ended June 30, 2019							
Note	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
(Rupees in '000)							
Income							
Net realised (loss) / gain on sale of investments	(75,233)	(41,314)	(42,094)	(43,093)	(15,866)	35,932	(181,688)
Profit on saving accounts with banks	628	375	247	263	242	138	1,893
Dividend income	26,303	18,590	22,099	25,849	7,743	17,961	118,545
Other income	-	-	-	-	336	3,643	3,979
	(48,302)	(22,349)	(19,748)	(16,981)	(7,565)	57,674	(57,271)
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.1	(210,697)	(151,001)	(179,216)	(205,129)	(63,112)	(833,704)
Total (loss) / income		(258,999)	(173,350)	(198,964)	(222,110)	33,125	(890,975)
Expenses							
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	197	73	67	76	76	537
Sindh Sales Tax on remuneration of the Management Company	7.2	26	10	9	10	10	71
Allocated expenses	7.3	1,569	1,087	1,225	1,360	436	6,965
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	1,233	854	963	1,069	342	5,474
Sindh Sales Tax on remuneration of the Trustee	8.2	160	111	125	139	45	712
Annual fee to Securities and Exchange Commission of Pakistan	12	1,491	1,032	1,164	1,292	414	6,617
Auditors' remuneration		131	89	99	110	32	553
Fees and subscription		66	46	51	58	19	295
Printing charges		77	55	61	67	22	346
Provision for Sindh Workers' Welfare Fund		-	-	-	-	-	583
Bank and settlement charges		25	3	25	15	8	112
Total expenses		4,975	3,360	3,789	4,196	1,404	22,265
Net (loss) / income for the year before taxation		(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	(913,240)
Taxation	14	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(263,974)	(176,710)	(202,753)	(226,306)	28,584	(913,240)
Allocation of net income for the year							
Net income for the year after taxation		-	-	-	-	28,584	28,584
Income already paid on units redeemed		-	-	-	-	(5,049)	(5,049)
		-	-	-	-	23,535	23,535
Accounting income available for distribution							
- Relating to capital gains		-	-	-	-	23,535	23,535
- Excluding capital gains		-	-	-	-	-	-
		-	-	-	-	23,535	23,535

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

Note	For the year ended June 30, 2018					For the period from August 15, 2017 to June 30, 2018	For the period from December 19, 2017 to June 30, 2018	Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPI-III		
(Rupees in '000)								
Income								
Net realised (loss) / gain on sale of investments	(128,287)	(50,513)	(52,073)	(57,166)	5,594	(13,224)	(295,669)	
Profit on balances with banks	198	85	21	339	515	488	1,646	
Other income	5,400	1,469	1,050	2,264	556	199	10,938	
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial asset at fair value through profit or loss'	(122,689)	(48,959)	(51,002)	(54,563)	6,665	(12,537)	(283,085)	
6.1	(192,390)	(153,048)	(169,886)	(171,071)	(12,358)	12,211	(686,542)	
Total Loss	(315,079)	(202,007)	(220,888)	(225,634)	(5,693)	(326)	(969,627)	
Expenses								
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	111	76	19	169	223	281	879
Sindh Sales Tax on remuneration of the Management Company	7.2	14	10	2	22	29	37	114
Allocated expenses	7.3	2,215	1,445	1,571	1,770	411	597	8,009
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	1,731	1,129	1,228	1,383	321	465	6,257
Sindh Sales Tax on remuneration of the Trustee	8.2	225	147	160	180	42	60	814
Annual fees to the Securities and Exchange Commission of Pakistan	12	2,104	1,373	1,492	1,682	390	567	7,608
Auditors' remuneration	12	112	93	112	115	27	65	524
Fee and Subscription		170	57	119	74	13	19	452
Printing expense		183	117	132	145	31	55	663
Legal and professional charges		16	10	11	13	2	6	58
Bank charges		12	-	6	7	5	13	43
Total operating expenses		6,893	4,457	4,852	5,560	1,494	2,165	25,421
Net (loss) for the period before taxation		(321,972)	(206,464)	(225,740)	(231,194)	(7,187)	(2,491)	(995,048)
Taxation	14	-	-	-	-	-	-	-
Net loss for the period after taxation		(321,972)	(206,464)	(225,740)	(231,194)	(7,187)	(2,491)	(995,048)
Allocation of net income for the year								
Net income for the year after taxation		-	-	-	-	-	-	-
Income already paid on units redeemed		-	-	-	-	-	-	-
Accounting income available for distribution		-	-	-	-	-	-	-
- Relating to capital gains		-	-	-	-	-	-	-
- Excluding capital gains		-	-	-	-	-	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.

MIL

For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019**

	For the year ended June 30, 2019						Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	
	------(Rupees in '000)-----						
Net (loss) / income for the period after taxation	(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the year	<u>(263,974)</u>	<u>(176,710)</u>	<u>(202,753)</u>	<u>(226,306)</u>	<u>(72,081)</u>	<u>28,584</u>	<u>(913,240)</u>

	For the year ended June 30, 2018				For the period from August 15, 2017 to June 30, 2018	For the period from December 19, 2017 to June 30, 2018	Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	
	------(Rupees in '000)-----						
Net loss for the period after taxation	(321,972)	(206,464)	(225,740)	(231,194)	(7,187)	(2,491)	(995,048)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	<u>(321,972)</u>	<u>(206,464)</u>	<u>(225,740)</u>	<u>(231,194)</u>	<u>(7,187)</u>	<u>(2,491)</u>	<u>(995,048)</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

AMTC

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2019 MSAP-I (Rupees in '000)			June 30, 2019 MSAP-II (Rupees in '000)			June 30, 2019 MSAP-III (Rupees in '000)			June 30, 2019 MSAP-IV (Rupees in '000)		
	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total	Capital Value	Accumulated loss	Total
Net assets at beginning of the year	2,243,221	(297,759)	1,945,462	1,516,558	(227,213)	1,289,345	1,709,505	(286,294)	1,423,211	1,957,929	(292,424)	1,665,505
Redemption of units:												
MSAP - I: 14,939,129 units / MSAP - II: 9,738,970 units / MSAP - III: 8,468,859 units / MSAP - IV: 10,860,950 units / MSAP - V: 2,944,390 units, MCPP - III: 5,789,253 units												
- Capital value (at net asset value per unit at the beginning of the year)	657,528	-	657,528	419,225	-	419,225	355,806	-	355,806	463,983	-	463,983
- Element of (loss) / income	(43,523)	-	(43,523)	(34,387)	-	(34,387)	(26,479)	-	(26,479)	(27,558)	-	(27,558)
Total payments on redemption of units	614,005	-	614,005	384,838	-	384,838	329,327	-	329,327	436,425	-	436,425
Total comprehensive (loss) / income for the year	-	(263,974)	(263,974)	-	(176,710)	(176,710)	-	(202,753)	(202,753)	-	(226,306)	(226,306)
Distribution during the year	-	-	-	-	-	-	-	-	-	-	-	-
Net (loss) / income for the year less distribution	-	(263,974)	(263,974)	-	(176,710)	(176,710)	-	(202,753)	(202,753)	-	(226,306)	(226,306)
Net assets at end of the year	1,629,216	(561,733)	1,067,483	1,131,720	(403,923)	727,798	1,380,178	(489,047)	891,131	1,521,505	(518,730)	1,002,774
Undistributed (loss) / income brought forward												
- Realised (loss)		(105,369)			(74,165)			(116,408)			(121,353)	
- Unrealised loss / income		(192,390)			(153,048)			(169,886)			(171,071)	
		<u>(297,759)</u>			<u>(227,213)</u>			<u>(286,294)</u>			<u>(292,424)</u>	
Accounting income available for distribution												
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		-			-			-			-	
Net (loss) / income for the period after taxation		(263,974)			(176,710)			(202,753)			(226,306)	
Distribution during the year		-			-			-			-	
Undistributed (loss) / income carried forward		<u>(561,733)</u>			<u>(403,923)</u>			<u>(489,047)</u>			<u>(518,730)</u>	
Undistributed (loss) / income carried forward												
- Realised (loss)		(351,036)			(328,595)			(404,214)			(427,554)	
- Unrealised loss / income		(210,697)			(75,328)			(84,833)			(91,176)	
		<u>(561,733)</u>			<u>(403,923)</u>			<u>(489,047)</u>			<u>(518,730)</u>	
		Rupees			Rupees			Rupees			Rupees	
Net asset value per unit as at beginning of the year		<u>44.0138</u>			<u>43.0461</u>			<u>42.0135</u>			<u>42.7203</u>	
Net asset value per unit as at end of the year		<u>36.4801</u>			<u>36.0051</u>			<u>35.0753</u>			<u>35.6538</u>	

The annexed notes 1 to 26 form an integral part of these financial statements.

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	June 30, 2018			June 30, 2018			June 30, 2018			June 30, 2018		
	MSAP-I			MSAP-II			MSAP-III			MSAP-IV		
	(Rupees in '000)			(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
	Capital Value	Undistributed income / (loss)	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
Net assets at beginning of the year / period	2,604,463	24,213	2,628,676	1,682,599	(20,749)	1,661,850	1,827,011	(60,554)	1,766,457	2,034,480	(61,230)	1,973,250
Issuance of units:												
MSAP - V: 10,979,760 units / MSAP - MCPP - III: 27,516,187 units												
- Capital value (at net asset value per unit at the beginning of the year / period)	-	-	-	-	-	-	-	-	-	-	-	-
- Element of (loss) / income	-	-	-	-	-	-	-	-	-	-	-	-
Total proceeds on issuance of units	-	-	-	-	-	-	-	-	-	-	-	-
Redemption of units:												
MSAP - I: 7,888,059 units / MSAP - II: 3,699,306 units / MSAP - III: 2,665,122 units / MSAP - IV: 1,703,320 units / MSAP - V: 288,319 units, MCPP - III: 264,633 units												
- Capital value (at net asset value per unit at the beginning of the year / period)	398,031	-	398,031	182,672	-	182,672	128,832	-	128,832	82,611	-	82,611
- Element of (loss) / income	(36,789)	-	(36,789)	(16,631)	-	(16,631)	(11,326)	-	(11,326)	(6,060)	-	(6,060)
Total payments on redemption of units	361,242	-	361,242	166,041	-	166,041	117,506	-	117,506	76,551	-	76,551
Total comprehensive loss for the year / period	-	(321,972)	(321,972)	-	(206,464)	(206,464)	-	(225,740)	(225,740)	-	(231,194)	(231,194)
Distribution during the period	-	-	-	-	-	-	-	-	-	-	-	-
Net loss for the period less distribution	-	(321,972)	(321,972)	-	(206,464)	(206,464)	-	(225,740)	(225,740)	-	(231,194)	(231,194)
Net assets at end of the year / period	2,243,221	(297,759)	1,945,462	1,516,558	(227,213)	1,289,345	1,709,505	(286,294)	1,423,211	1,957,929	(292,424)	1,665,505
Undistributed income / (loss) brought forward		14,757			123,883			99,795			82,154	
- Realised income		9,456			(144,632)			(160,349)			(143,384)	
- Unrealised income / (loss)		24,213			(20,749)			(60,554)			(61,230)	
Accounting income available for distribution												
- Relating to capital gains		-			-			-			-	
- Excluding capital gains		-			-			-			-	
Net (loss) / income for the period after taxation		(321,972)			(206,464)			(225,740)			(231,194)	
Distribution during the period		-			-			-			-	
Undistributed (loss) / income carried forward		(297,759)			(227,213)			(286,294)			(292,424)	
Undistributed (loss) / income carried forward												
- Realised income / (loss)		(105,369)			(74,165)			(116,408)			(121,353)	
- Unrealised (loss) / income		(192,390)			(153,048)			(169,886)			(171,071)	
		(297,759)			(227,213)			(286,294)			(292,424)	
	Rupees			Rupees			Rupees		Rupees			
Net asset value per unit as at beginning of the year / period	50.4600			49.3800			48.3400		48.5000			
Net asset value per unit as at end of the year / period	44.0138			43.0461			42.0135		42.7203			

The annexed notes 1 to 26 form an integral part of these financial statements.

For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Strategic Allocation Fund

Net assets at beginning of the year / period

Issuance of units:

- MSAP - V: 10,979,760 units / MSAP - MCPP - III: 27,516,187 units
- Capital value (at net asset value per unit at the beginning of the year / period)
- Element of (loss) / income

Total proceeds on issuance of units

Redemption of units:

- MSAP - I: 7,888,059 units / MSAP - II: 3,699,306 units / MSAP - III: 2,665,122 units /
MSAP - IV: 1,703,320 units / MSAP - V: 288,319 units, MCPP - III: 264,633 units
- Capital value (at net asset value per unit at the beginning of the year / period)
- Element of income

Total payments on redemption of units

Total comprehensive loss for the year / period

Distribution during the period

Net loss for the period less distribution

Net assets at end of the year / period

Undistributed income / (loss) brought forward

- Realised income
- Unrealised income / (loss)

Accounting income available for distribution

- Relating to capital gains
- Excluding capital gains

Net (loss) / income for the period after taxation

Distribution during the period

Undistributed (loss) / income carried forward

Undistributed (loss) / income carried forward

- Realised income / (loss)
- Unrealised (loss) / income

Net asset value per unit as at beginning of the year / period

Net asset value per unit as at end of the year / period

For the period from August 15, 2017 to			For the period from December 19, 2017 to			For the year / period ended June 30, 2018		
MSAP-V			MCPP-III			Total		
(Rupees in '000)			(Rupees in '000)			(Rupees in '000)		
Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
-	-	-	-	-	-	8,148,553	(118,320)	8,030,233
548,988	-	548,988	1,375,809	-	1,375,809	1,924,797	-	1,924,797
(5,327)	-	(5,327)	5,183	-	5,183	(144)	-	(144)
543,661	-	543,661	1,380,992	-	1,380,992	1,924,653	-	1,924,653
14,416	-	14,416	13,232	-	13,232	819,794	-	819,794
946	-	946	98	-	98	(69,762)	-	(69,762)
15,362	-	15,362	13,330	-	13,330	750,032	-	750,032
-	(7,187)	(7,187)	-	(2,491)	(2,491)	-	(995,048)	(995,048)
-	-	-	-	-	-	-	-	-
-	(7,187)	(7,187)	-	(2,491)	(2,491)	-	(995,048)	(995,048)
528,299	(7,187)	521,112	1,367,662	(2,491)	1,365,171	9,323,174	(1,113,368)	8,209,806
-	-	-	-	-	-	-	320,589	-
-	-	-	-	-	-	-	(438,909)	-
-	-	-	-	-	-	-	(118,320)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(7,187)	(7,187)	-	(2,491)	(2,491)	-	(995,048)	(995,048)
-	-	-	-	-	-	-	-	-
-	(7,187)	(7,187)	-	(2,491)	(2,491)	-	(1,113,368)	(1,113,368)
-	-	-	-	-	-	-	-	-
5,171	-	5,171	(14,702)	-	(14,702)	(426,826)	-	(426,826)
(12,358)	-	(12,358)	12,211	-	12,211	(686,542)	-	(686,542)
(7,187)	-	(7,187)	(2,491)	-	(2,491)	(1,113,368)	-	(1,113,368)
Rupees			Rupees					
-	-	-	-	-	-	-	-	-
48.7410	-	48.7410	50.0951	-	50.0951	-	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.

For AI-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

For the year ended June 30, 2019							
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
	----- (Rupees in '000) -----						
CASH FLOWS FROM OPERATING ACTIVITIES							
Net (loss) / income for the year before taxation	(263,974)	(176,710)	(202,753)	(226,306)	(72,081)	28,584	(913,240)
Adjustments for:							
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6.1 210,697	151,001	179,216	205,129	63,112	24,549	833,704
	(53,277)	(25,709)	(23,537)	(21,177)	(8,969)	53,133	(79,536)
Decrease / (increase) in assets							
Investments	670,042	413,373	364,233	447,525	150,347	235,847	2,281,367
Receivable against sale of investments	-	-	-	200	-	270	470
Other receivables	(38)	(8)	(10)	4	2	5	(45)
	670,004	413,365	364,223	447,729	150,349	236,122	2,281,792
(Decrease) / increase in liabilities							
Payable to Al Meezan Investment Management Limited - Management Company	(73)	(44)	(40)	(55)	(16)	(21)	(249)
Payable to Central Depository Company of Pakistan Limited - Trustee	(60)	(40)	(37)	(46)	(14)	(15)	(212)
Payable to Securities and Exchange Commission of Pakistan	(613)	(341)	(328)	(390)	24	657	(991)
Accrued expenses and other liabilities	11	12	17	194	21	708	962
	(735)	(413)	(388)	(297)	15	1,329	(490)
Net cash generated from operating activities	615,992	387,243	340,298	426,255	141,395	290,584	2,201,766
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts against issuance and conversion of units	-	-	-	-	-	-	-
Payments against redemption and conversion of units	(613,169)	(384,573)	(329,276)	(432,660)	(133,034)	(292,375)	(2,185,086)
Net cash used in financing activities	(613,169)	(384,573)	(329,276)	(432,660)	(133,034)	(292,375)	(2,185,086)
Net increase / (decrease) in cash and cash equivalents during the period							
	2,823	2,670	11,022	(6,405)	8,360	(1,791)	16,680
Cash and cash equivalents at beginning of the year	9,147	1,707	2,158	6,740	5,090	2,939	27,781
Cash and cash equivalents at end of the year	5 11,970	4,377	13,180	335	13,450	1,148	44,460

The annexed notes 1 to 26 form an integral part of these financial statements.

AM 1 ✓

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

Chief Executive

Chief Financial Officer

Director



**MEEZAN STRATEGIC ALLOCATION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

Note	For the year ended June 30, 2018				For the period from August 15, 2017 to June 30, 2018	For the period from December 19, 2017 to June 30, 2018	Total	
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII		
(Rupees in '000)								
CASH FLOWS FROM OPERATING ACTIVITIES								
Net (loss) / income for the year before taxation	(321,972)	(206,464)	(225,740)	(231,194)	(7,187)	(2,491)	(995,048)	
Adjustments for:								
Net unrealised diminution / (appreciation) on re-measurement of investments 'at fair value through profit or loss'	6.1	192,390	153,048	169,886	171,071	12,358	(12,211)	686,542
		(129,582)	(53,416)	(55,854)	(60,123)	5,171	(14,702)	(308,506)
Decrease / (increase) in assets								
Investments	519,587	218,493	173,764	(25,631)	(528,905)	(1,351,146)	(993,838)	
Receivable against sale of investments	-	-	-	(200)	-	(270)	(470)	
Advances, deposits and prepayments	69	10	404	613	(13)	(14)	1,069	
	519,656	218,503	174,168	(25,218)	(528,918)	(1,351,430)	(993,239)	
(Decrease) / increase in liabilities								
Payable to Al Meezan Investment Management Limited - Management Company	(90)	(32)	(45)	(10,088)	49	115	(10,091)	
Payable to Central Depository Company of Pakistan Limited - Trustee	(55)	(29)	(27)	35	38	99	61	
Payable to Meezan Bank Limited	-	-	-	(5,446)	-	-	(5,446)	
Payable to Securities and Exchange Commission of Pakistan	451	618	1,018	1,576	390	567	4,620	
Payable against purchase of investments	-	-	-	(54,993)	-	-	(54,993)	
Accrued expenses and other liabilities	(30,396)	103	126	(25,477)	61	150	(55,433)	
	(30,090)	660	1,072	(94,393)	538	931	(121,282)	
Net cash generated from / (used in) operating activities	359,984	165,747	119,386	(179,734)	(523,209)	(1,365,201)	(1,423,027)	
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts against issuance and conversion of units	-	10	-	10,450	543,661	1,380,992	1,935,113	
Payments against redemption and conversion of units	(360,259)	(166,222)	(117,506)	(76,551)	(15,362)	(12,852)	(748,752)	
Dividend paid	(75)	-	-	-	-	-	(75)	
Net cash (used in) / generated from financing activities	(360,334)	(166,212)	(117,506)	(66,101)	528,299	1,368,140	1,186,286	
Net (decrease) / increase in cash and cash equivalents during the year / period	(350)	(465)	1,880	(245,835)	5,090	2,939	(236,741)	
Cash and cash equivalents at beginning of the year / period	9,497	2,172	278	252,575	-	-	264,522	
Cash and cash equivalents at end of the year / period	9,147	1,707	2,158	6,740	5,090	2,939	27,781	

The annexed notes 1 to 26 form an integral part of these financial statements.

AMIC

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

Chief Executive

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Strategic Allocation Fund - II (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 15, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.4** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.
- 1.5** The Management Company has been assigned a quality rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Strategic Allocation Plan-I (MSAP-I), Meezan Strategic Allocation Plan-II (MSAP-II), Meezan Strategic Allocation Plan-III (MSAP-III), Meezan Strategic Allocation Plan-IV (MSAP-IV), Meezan Strategic Allocation Plan-V (MSAP-V) and Meezan Capital Preservation Plan-III (MCPPIII) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.

Meezan Strategic Allocation Plan-I (MSAP-I)	Low risk - High return through asset allocation The allocation plan commenced its operations from October 19, 2016 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. December 2, 2016). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.
Meezan Strategic Allocation Plan-II (MSAP-II)	Low risk - High return through asset allocation This allocation plan commenced its operations from December 22, 2016 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. January 31, 2017). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.

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Meezan Strategic Allocation Plan-III (MSAP-III)	<p>Low risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from February 20, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. April 3, 2017). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.</p>
Meezan Strategic Allocation Plan-IV (MSAP-IV)	<p>Low risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from April 24, 2017 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. June 30, 2017). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.</p>
Meezan Strategic Allocation Plan-V (MSAP-V)	<p>Low risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from August 15, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period. The initial maturity of this plan is two years from the close of the subscription period (i.e. October 19, 2017). Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.</p>
Meezan Capital Preservation Plan-III (MCP-III)	<p>Low risk - High return through asset allocation</p> <p>This allocation plan commenced its operations from December 19, 2017 and can invest its portfolio between the Equity asset classes / schemes and Fixed Income or Money Market asset classes / schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two years from the close of the subscription period (i.e. December 31, 2017). The units are still being offered for public subscription till December 31, 2017. Units shall be subject to front end load. An early exit fee shall also be charged in case of redemption before the completion of the initial maturity of the plan.</p>

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

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 published accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan for comprise of:

- International Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017, along with part VIIIA of the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part 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 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.

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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as FVPL. The investment of an entity in a mutual Fund is required to be classified as "at fair value through profit or loss" based on criteria mentioned in IFRS-9. The Fund has all its investments in mutual funds which were previously also classified under "fair value through profit or loss" category. Furthermore, all other financial assets of the Fund which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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 standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards 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, 2019 but are considered not to be relevant or will not have any significant impact 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 approved 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

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 Fund's functional and presentation currency.

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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 except for the change in accounting policy as explained in note 3.2 above.

4.2 Cash and cash equivalents

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

4.3 Financial instruments

4.3.1 Classification

4.3.1.1 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 (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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 Derecognition

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.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the Income Statement.

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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 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.

4.7 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.

4.8 Unitholders' fund

Unitholders' fund of each sub funds representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption applications during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less 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

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (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 net asset value (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 investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on bank deposit is recognized on a time proportion basis using the effective yield method.

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4.13 Expenses

All expenses 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 or tax rates expected to apply to the profits for the period at the enacted rates. The charge for current tax also include adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. The deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. 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. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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.

Loss / earnings 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

5 BALANCES WITH BANKS

	Note	June 30, 2019						Total
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	
----- (Rupees in '000) -----								
Saving accounts	5.1	11,904	4,180	13,170	97	7,807	503	37,661
Current accounts		66	197	10	238	5,643	645	6,799
		<u>11,970</u>	<u>4,377</u>	<u>13,180</u>	<u>335</u>	<u>13,450</u>	<u>1,148</u>	<u>44,460</u>
June 30, 2018 (Audited)								
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
----- (Rupees in '000) -----								
Saving accounts	5.1	5,625	632	2,148	6,569	5,027	2,939	22,940
Current accounts		3,522	1,075	10	171	63	-	4,841
		<u>9,147</u>	<u>1,707</u>	<u>2,158</u>	<u>6,740</u>	<u>5,090</u>	<u>2,939</u>	<u>27,781</u>

- 5.1 The balance in saving accounts have an expected profit ranging from 6.30% to 11.85% per annum (2018: 2.00% to 2.40% per annum).

6 INVESTMENTS

Note	June 30, 2019							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPP-III	(Rupees in '000)	
Investments - 'at fair value through profit or loss'	6.1	1,063,694	725,020	879,495	1,008,046	303,088	1,102,961	5,082,304

	June 30, 2018							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPP-III	(Rupees in '000)	
Investments - 'at fair value through profit or loss'	6.1	1,944,433	1,289,394	1,422,944	1,660,700	516,547	1,363,357	8,197,375

6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	As at July 1, 2018	Purchases during the year	Redemptions during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage in relation to market value as a percentage of total investments
	(Number of units)				(Rupees in '000)			(Percentage)
Meezan Strategic Allocation Plan-I								
Al Meezan Mutual Fund	12,933,368	5,972,333	57,232	18,848,470	327,403	251,742	(75,661)	23.67
Kse Meezan Index Fund	-	202,085	-	202,085	10,700	10,700	-	1.01
Meezan Dedicated Equity Fund	3,762,960	14,365,939	9,404,418	8,724,482	407,773	309,838	(97,936)	29.13
Meezan Islamic Fund	16,154,959	5,815,081	18,611,870	3,358,169	196,538	160,957	(35,581)	15.13
Meezan Rozana Amdani Fund	-	1,700,486	214,001	1,486,485	74,324	74,324	-	6.99
Meezan Cash Fund	1,820,040	78,130	1,898,170	-	-	-	-	-
Meezan Islamic Income Fund	7,736,308	3,478,441	6,230,785	4,983,964	257,653	256,133	(1,520)	24.08
					1,274,391	1,063,694	(210,697)	100.00
Meezan Strategic Allocation Plan-II								
Al Meezan Mutual Fund	22,818,599	-	-	22,818,599	402,965	304,767	(98,198)	42.04
Kse Meezan Index Fund	-	137,871	-	137,871	7,300	7,300	-	1.01
Meezan Dedicated Equity Fund	1,953,575	195,176	909,924	1,238,827	57,656	43,995	(13,661)	6.07
Meezan Islamic Fund	7,263,762	1,453,481	5,733,462	2,983,781	180,976	143,013	(37,963)	19.73
Meezan Rozana Amdani Fund	-	1,160,332	146,000	1,014,332	50,717	50,717	-	7.00
Meezan Cash Fund	1,639,649	70,574	1,708,608	1,615	85	81	(3)	0.01
Meezan Islamic Income Fund	4,578,838	2,436,108	3,606,855	3,408,091	176,322	175,147	(1,176)	24.16
					876,021	725,020	(151,001)	100.00
Meezan Strategic Allocation Plan-III								
Kse Meezan Index Fund	-	168,089	-	168,089	8,900	8,900	-	1.01
Meezan Dedicated Equity Fund	2,190,402	250,940	461,212	1,980,130	92,930	70,322	(22,609)	8.00
Meezan Islamic Fund	15,057,857	1,881,112	5,989,870	10,949,099	680,128	524,790	(155,337)	59.67
Meezan Rozana Amdani Fund	-	1,400,400	178,000	1,222,400	61,120	61,120	-	6.95
Meezan Cash Fund	2,965,823	146,768	2,996,143	116,448	6,093	5,873	(220)	0.67
Meezan Islamic Income Fund	3,862,883	2,819,017	2,624,988	4,056,912	209,540	208,490	(1,050)	23.71
					1,058,711	879,495	(179,216)	100.00
Meezan Strategic Allocation Plan-IV								
Al Meezan Mutual Fund	1,877,734	-	-	1,877,734	33,160	25,079	(8,081)	2.49
Kse Meezan Index Fund	-	190,753	-	190,753	10,100	10,100	-	1.00
Meezan Dedicated Equity Fund	1,979,375	278,823	517,621	1,740,577	80,950	61,814	(19,136)	6.13
Meezan Islamic Fund	17,367,254	2,195,916	7,074,073	12,489,097	774,908	598,602	(176,306)	59.38
Meezan Rozana Amdani Fund	-	1,580,452	202,000	1,378,452	68,923	68,923	-	6.84
Meezan Cash Fund	3,524,198	178,981	3,544,978	158,201	8,071	7,978	(93)	0.79
Meezan Islamic Income Fund	4,594,666	2,928,468	2,939,687	4,583,447	237,063	235,550	(1,514)	23.37
					1,213,175	1,008,046	(205,129)	100.00

Name of investee funds	As at July 1, 2018	Purchases during the year	Redemptions during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage in relation to market value as a percentage of total investments
	----- (Number of units) -----				----- (Rupees in '000) -----			(Percentage)

Meezan Strategic Allocation Plan-V

Kse Meezan Index Fund	-	56,659	-	56,659	3,000	3,000	-	0.99
Meezan Dedicated Equity Fund	1,433,085	83,647	538,246	978,486	46,433	34,750	(11,684)	11.47
Meezan Islamic Fund	4,968,509	646,341	1,979,842	3,635,008	225,107	174,226	(50,881)	57.48
Meezan Rozana Amdani Fund	-	280,080	60,000	220,080	11,004	11,004	-	3.63
Meezan Cash Fund	2,145,473	148,857	1,507,910	786,420	40,736	39,660	(1,075)	13.09
Meezan Islamic Income Fund	363,562	970,683	547,181	787,065	39,920	40,448	528	13.35
					366,200	303,088	(63,112)	100.00

Meezan Strategic Allocation Plan - MCPP-III

Meezan Dedicated Equity Fund	2,917,422	16,203,722	13,476,569	5,644,575	226,457	200,459	(25,998)	18.17
Meezan Rozana Amdani Fund	-	4,521,293	-	4,521,293	226,065	226,065	-	20.50
Meezan Sovereign Fund	-	17,406,947	4,268,576	13,138,372	674,988	676,437	1,449	61.33
					1,127,510	1,102,961	(24,549)	100.00

Total investments in units of mutual funds

Al Meezan Mutual Fund	37,629,701	5,972,333	57,232	43,544,803	763,528	581,589	(181,939)	11.44
Kse Meezan Index Fund	-	755,458	-	755,458	40,000	40,000	-	0.79
Meezan Dedicated Equity Fund	14,236,819	31,378,247	25,307,990	20,307,076	912,200	721,177	(191,023)	14.19
Meezan Islamic Fund	60,812,341	11,991,931	39,389,117	33,415,155	2,057,657	1,601,588	(456,069)	31.51
Meezan Rozana Amdani Fund	-	10,643,043	800,001	9,843,042	492,152	492,152	-	9.68
Meezan Cash Fund	12,095,184	623,310	11,655,809	1,062,684	54,984	53,593	(1,392)	1.05
Meezan Islamic Income Fund	21,136,257	12,632,718	15,949,497	17,819,478	920,499	915,768	(4,731)	18.02
Meezan Sovereign Fund	-	17,406,947	4,268,576	13,138,372	674,988	676,437	1,449	13.31
					5,916,008	5,082,304	(833,704)	100.00

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - Management Company

Note	June 30, 2019							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	(Rupees in '000)	
Management fee payable	7.1	10	4	4	4	5	2	29
Sindh Sales Tax payable on remuneration of the Management company	7.2	1	1	1	1	1	-	5
Allocated expense	7.3	93	61	75	86	27	92	434
		104	66	80	91	33	94	468
Note	June 30, 2018							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	(Rupees in '000)	
Management fee payable	7.1	12	1	1	5	4	2	25
Sindh Sales Tax payable on remuneration of the Management company	7.2	2	1	-	2	1	-	6
Allocated expense	7.3	163	108	119	139	44	113	686
		177	110	120	146	49	115	717

- 7.1 As per regulation 61 of the NBFC Regulations 2008, Management Company is entitled to a remuneration equal to an amount not exceeding 1.5% of the average annual net assets in case of an Fund of Funds Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the daily bank balance of the Fund during the year / period ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.

7.2 During the year / period, an amount of Rs 0.071 million (2018: Rs 0.114 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 0.072 million (2018: Rs 0.148 million) has been paid to the Management Company which acts as a collecting agent.

7.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY

Note	June 30, 2019							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	(Rupees in '000)	
Trustee fee payable	8.1	74	49	60	68	21	74	346
Sindh Sales Tax payable on trustee fee	8.2	10	6	8	8	3	10	45
		<u>84</u>	<u>55</u>	<u>68</u>	<u>76</u>	<u>24</u>	<u>84</u>	<u>391</u>
	June 30, 2018							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	(Rupees in '000)	
Trustee fee payable	8.1	127	84	93	109	34	88	535
Sindh Sales Tax payable on trustee fee	8.2	17	11	12	13	4	11	68
		<u>144</u>	<u>95</u>	<u>105</u>	<u>122</u>	<u>38</u>	<u>99</u>	<u>603</u>

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily Net Assets Value (NAV) of the Fund.

The remuneration of the Trustee for the year ended June 30, 2019 has been calculated as per the following applicable tariff:

Net assets	Tariff
Up to 1 billion	0.10% per annum of net assets
Over 1 billion	Rs. 1 million plus 0.075% per annum of net assets exceeding Rs. 1 billion

8.2 During the year, an amount of Rs 0.712 million (2018: Rs. 0.814 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. 0.735 million (2018: Rs. 0.808 million) was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

Note	June 30, 2019							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	(Rupees in '000)	
Annual fee payable	9.1	1,491	1,032	1,164	1,292	414	1,224	6,617
	June 30, 2018							Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	(Rupees in '000)	
Annual fee payable	9.1	2,104	1,373	1,492	1,682	390	567	7,608

9.1 This represents annual fee at the rate of 0.095% of the average annual net assets of the fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation.

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10 ACCRUED EXPENSES AND OTHER LIABILITIES

		June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
Note		(Rupees in '000)						
	Auditors' remuneration payable	68	47	54	60	20	75	324
	Shariah advisory fee payable	29	26	24	27	7	26	139
	Zakat Payable	4	11	-	176	10	26	227
	Printing fee payable	155	106	117	131	45	109	663
	Capital gain tax	-	2	-	-	-	37	39
	Provision for Sindh Workers' Welfare Fund	4,481	-	-	-	-	583	5,064
10.1		<u>4,737</u>	<u>192</u>	<u>195</u>	<u>394</u>	<u>82</u>	<u>857</u>	<u>6,456</u>
		June 30, 2018						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
		(Rupees in '000)						
	Auditors' remuneration payable	129	84	92	103	27	65	500
	Shariah advisor fee payable	34	27	25	28	7	18	139
	Zakat payable	82	56	60	69	27	51	345
	Printing charges payable	-	14	-	-	-	16	30
	Provision for Sindh Workers' Welfare Fund	4,481	-	-	-	-	-	4,481
10.1		<u>4,726</u>	<u>181</u>	<u>177</u>	<u>200</u>	<u>61</u>	<u>150</u>	<u>5,495</u>

- 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 financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of MSAP-I and MCPPIII as at June 30, 2019 would have been higher by Re. 0.153 and Re. 0.027 per unit respectively (2018: Re 0.101 and nil per unit respectively).

11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

12 AUDITORS' REMUNERATION

		June 30, 2019						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
		(Rupees in '000)						
	Annual audit fee	81	56	63	70	22	67	359
	Half yearly review	50	33	36	40	10	25	194
		<u>131</u>	<u>89</u>	<u>99</u>	<u>110</u>	<u>32</u>	<u>92</u>	<u>553</u>
		June 30, 2018						
		MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total
		(Rupees in '000)						
	Annual audit fee	76	69	86	87	19	47	384
	Half yearly review	36	24	26	28	8	18	140
		<u>112</u>	<u>93</u>	<u>112</u>	<u>115</u>	<u>27</u>	<u>65</u>	<u>524</u>

13 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2019 are;

	MSAP - I	MSAP - II	MSAP - III	MSAP - IV	MSAP - V	MCPPI - III
	-----Percentage (%)-----					
Total Expense Ratio (TER)	0.32	0.31	0.31	0.31	0.32	0.35
Government levy and SECP fee	0.11	0.11	0.11	0.11	0.11	0.15

The Total Expense Ratio (TER) of the Fund for the year / period ended June 30, 2018 are;

	MSAP - I	MSAP - II	MSAP - III	MSAP - IV	MSAP - V	MCPPI - III
	-----Percentage (%)-----					
Total Expense Ratio (TER)	0.31	0.31	0.31	0.31	0.32	0.19
Government levy and SECP fee	0.11	0.11	0.11	0.11	0.10	0.06

The above ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund Scheme.

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 unitholders. Since all the sub-funds have incurred a loss for the year / period ended June 30, 2019, no provision for taxation has been made in these financial statements during the year.

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 as per Section 4B of the Income Tax Ordinance, 2001.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 15.1** 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 unitholders holding 10 percent or more of the Fund's net assets.
- 15.2** 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.
- 15.3** Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.
- 15.4** Detail of transactions with connected persons and balances with them are as follows:

Balances	June 30, 2019						Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPI-III	
Al Meezan Investment Management Limited							
- Management Company							
Remuneration payable (Rs in '000)	10	4	4	4	5	2	29
Sindh Sales Tax on management fee (Rs in '000)	1	1	1	1	1	-	5
Allocated expenses (Rs in '000)	93	61	75	86	27	92	434
Investment (Rs in '000)	-	71,996	-	-	-	-	71,996
Investment (Units)	-	1,999,600	-	-	-	-	1,999,600
Meezan Bank Limited							
Bank balance (Rs in '000)	11,958	4,377	13,180	335	13,450	1,138	44,438
Profit receivable (Rs in '000)	54	11	13	11	11	9	109

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	June 30, 2019							
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
Central Depository Company of Pakistan Limited - Trustee								
Trustee fee payable (Rs. in '000)	74	49	60	68	21	74	346	
Sindh Sales Tax on trustee fee payable (Rs. in '000)	10	6	8	8	3	10	45	
Directors and Executives of the Management Company								
Investment (Rs in '000)	-	-	12,369	-	-	-	12,369	
Investment (Units)	-	-	352,640	-	-	-	352,640	
AI Meezan Mutual Fund								
Investment (Rs in '000)	251,742	304,767	-	25,079	-	-	581,589	
Investment (Units)	18,848,470	22,818,599	-	1,877,734	-	-	43,544,803	
Kse Meezan Index Fund								
Investment (Rs in '000)	10,700	7,300	8,900	10,100	3,000	-	40,000	
Investment (Units)	202,085	137,871	168,089	190,753	56,659	-	755,458	
Meezan Dedicated Equity Fund								
Investment (Rs in '000)	309,838	43,995	70,322	61,814	34,750	200,459	721,177	
Investment (Units)	8,724,482	1,238,827	1,980,130	1,740,577	978,486	5,644,575	20,307,076	
Meezan Islamic Fund								
Investment (Rs in '000)	160,957	143,013	524,790	598,602	174,226	-	1,601,588	
Investment (Units)	3,358,169	2,983,781	10,949,099	12,489,097	3,635,008	-	33,415,155	
Meezan Rozana Amdani Fund								
Investment (Rs in '000)	74,324	50,717	61,120	68,923	11,004	226,065	492,152	
Investment (Units)	1,486,485	1,014,332	1,222,400	1,378,452	220,080	4,521,293	9,843,042	
Meezan Cash Fund								
Investment (Rs in '000)	-	81	5,873	7,978	39,660	-	53,593	
Investment (Units)	-	1,615	116,448	158,201	786,420	-	1,062,684	
Meezan Islamic Income Fund								
Investment (Rs in '000)	256,133	175,147	208,490	235,550	40,448	-	915,768	
Investment (Units)	4,983,964	3,408,091	4,056,912	4,583,447	787,065	-	17,819,478	
Meezan Sovereign Fund								
Investment (Rs in '000)	-	-	-	-	-	676,437	676,437	
Investment (Units)	-	-	-	-	-	13,138,372	13,138,372	
Unitholders holding 10% or more units of the Fund								
Investment (Rs in '000)	-	95,237	233,104	356,182	76,205	169,673	930,401	
Investment (Units)	-	2,645,091	6,645,828	9,990,010	1,868,272	3,313,849	24,463,050	
	June 30, 2018						For the period from August 15, 2017 to June 30, 2018	For the period from December 19, 2017 to June 30, 2018
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII	Total	
AI Meezan Investment Management Limited - Management Company								
Remuneration payable (Rs in '000)	12	1	1	5	4	2	25	
Sindh Sales Tax on management fee (Rs in '000)	2	1	-	2	1	-	6	
Allocated expenses (Rs in '000)	163	108	119	139	44	113	686	
Investment (Rs in '000)	-	86,075	-	-	-	-	86,075	
Investment (Units)	-	1,999,600	-	-	-	-	1,999,600	
Meezan Bank Limited								
Bank balance (Rs in '000)	9,037	1,707	2,158	6,740	5,090	2,939	27,671	
Profit receivable (Rs in '000)	16	3	3	15	13	14	64	
Central Depository Company of Pakistan Limited - Trustee								
Trustee fee payable (Rs in '000)	127	84	93	109	34	88	535	
Sindh Sales Tax on trustee fee payable (Rs in '000)	17	11	12	13	4	11	68	
Directors and Executives of the management company								
Investment (Rs in '000)	-	-	14,816	-	-	-	14,816	
Investment (Units)	-	-	352,640	-	-	-	352,640	
AI Meezan Mutual Fund								
Investment (Rs in '000)	228,398	402,965	-	33,160	-	-	664,523	
Investment (Units)	12,933,368	22,818,600	-	1,877,735	-	-	37,629,703	

	June 30, 2018				For the period from August 15, 2017 to June 30, 2018	For the period from December 19, 2017 to June 30, 2018	Total	
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III		
Meezan Dedicated Equity Fund								
Investment (Rs in '000)	182,644	94,821	106,316	96,074	69,558	141,604	691,017	
Investment (Units)	3,762,960	1,953,575	2,190,402	1,979,375	1,433,085	2,917,422	14,236,819	
Meezan Islamic Fund								
Investment (Rs in '000)	1,023,171	460,049	953,686	1,099,952	314,680	-	3,851,538	
Investment (Units)	16,154,959	7,263,762	15,057,857	17,367,254	4,968,509	-	60,812,341	
Meezan Cash Fund								
Investment (Rs in '000)	95,715	86,229	155,971	185,336	112,830	1,221,753	1,857,834	
Investment (Units)	1,820,040	1,639,649	2,965,823	3,524,198	2,145,473	23,231,837	35,327,020	
Meezan Islamic Income Fund								
Investment (Rs in '000)	414,505	245,330	206,971	246,178	19,479	-	1,132,463	
Investment (Units)	7,736,308	4,578,838	3,862,883	4,594,666	363,562	-	21,136,257	
Unitholders holding 10% or more units of the Fund								
Investment (Rs in '000)	-	-	279,214	426,776	-	166,008	871,998	
Investment (Units)	-	-	6,645,828	9,990,010	-	3,313,849	19,949,687	
	For the year ended June 30, 2019							
Transactions during the year	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPP-III	Total	
	(Unaudited)							
AI Meezan Investment Management Limited - Management Company								
Remuneration for the year (Rs in '000)	197	73	67	76	76	48	537	
Sindh Sales Tax on management fee (Rs in '000)	26	10	9	10	10	6	71	
Allocated expenses (Rs in '000)	1,569	1,087	1,225	1,360	436	1,288	6,965	
Meezan Bank Limited								
Profit on saving account (Rs in '000)	628	375	247	263	242	138	1,893	
Central Depository Company of Pakistan Limited - Trustee								
Trustee fee (Rs in '000)	1,233	854	963	1,069	342	1,013	5,474	
Sindh Sales Tax on trustee fee (Rs in '000)	160	111	125	139	45	132	712	
AI Meezan Mutual Fund								
Invested during the year (Rs in '000)	100,000	-	-	-	-	-	100,000	
Invested during the year (Units)	5,972,333	-	-	-	-	-	5,972,333	
Redeemed during the year (Rs in '000)	1	-	-	-	-	-	1	
Redeemed during the year (Units)	57,232	-	-	-	-	-	57,232	
KSE Meezan Index Fund								
Invested during the year (Rs in '000)	10,700	7,300	8,900	10,100	3,000	-	40,000	
Invested during the year (Units)	202,085	137,871	168,089	190,753	56,659	-	755,458	
Meezan Dedicated Equity Fund								
Invested during the year (Rs in '000)	669,000	7	9	10	3	715,130	1,384,159	
Invested during the year (Units)	14,365,939	195,176	250,940	278,823	83,647	16,203,722	31,378,247	
Redeemed during the year (Rs in '000)	420,970	34,830	19,170	22,580	24,450	601,052	1,123,052	
Redeemed during the year (Units)	9,404,418	909,924	461,212	517,621	538,246	13,476,569	25,307,990	
Meezan Islamic Fund								
Invested during the year (Rs in '000)	337,500	79,000	102,870	120,000	34,750	-	674,120	
Invested during the year (Units)	5,815,081	1,453,481	1,881,112	2,195,916	646,341	-	11,991,931	
Redeemed during the year (Rs in '000)	1,103,435	320,470	332,110	247,050	108,280	-	2,111,345	
Redeemed during the year (Units)	18,611,870	5,733,462	5,989,870	7,074,073	1,979,842	-	39,389,117	
Meezan Rozana Amdani Fund								
Invested during the year (Rs in '000)	85,024	58,017	70,020	79,023	14,004	226,065	532,152	
Invested during the year (Units)	1,700,486	1,160,332	1,400,400	1,580,452	280,080	4,521,293	10,643,043	
Redeemed during the year (Rs in '000)	10,700	7,300	8,900	10,100	3,000	-	40,000	
Redeemed during the year (Units)	214,001	146,000	178,000	202,000	60,000	-	800,001	
Dividend received during the year (Rs. In '000)	24	17	20	23	4	65	153	
Dividend received during the year (Units)	486	332	400	452	80	1,293	3,043	

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For the year ended June 30, 2019

	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPI-III	Total
(Unaudited)							
Meezan Cash Fund							
Invested during the year (Rs in '000)	3,941	3,556	7,424	9,060	7,507	621,617	653,104
Invested during the year (Units)	78,130	70,574	146,768	178,981	148,857	-	623,310
Redeemed during the year (Rs in '000)	97,777	88,430	156,400	162,190	55,810	1,873,725	2,434,332
Redeemed during the year (Units)	1,898,170	1,708,608	2,996,143	3,544,978	1,507,910	-	11,655,809
Dividend received during the year (Rs. In '000)	3,863	3,556	6,750	7,897	6,174	16,480	44,720
Dividend received during the year (Units)	76,590	70,505	133,832	156,579	122,438	326,778	886,722
Refund of Capital during the year (Rs. In '000)	78	-	95	309	1,332	33,815	35,629
Refund of Capital during the year (Units)	1,539	1	1,886	6,121	26,419	670,507	706,473
Meezan Islamic Income Fund							
Invested during the year (Rs in '000)	184,183	128,839	149,303	155,283	51,658	-	669,265
Invested during the year (Units)	3,478,441	2,436,108	2,819,017	2,928,468	970,683	-	12,632,718
Redeemed during the year (Rs in '000)	338,170	196,920	144,610	161,920	30	-	841,650
Redeemed during the year (Units)	6,230,785	3,606,855	2,624,988	2,939,687	547,181	-	15,949,497
Dividend received during the year (Rs. In '000)	22,426	15,018	15,330	17,930	1,564	-	72,268
Dividend received during the year (Units)	436,184	292,221	298,298	348,881	30,437	-	1,406,021
Refund of Capital during the year (Rs. In '000)	13,267	7,821	8,371	9,354	2,187	-	41,000
Refund of Capital during the year (Units)	258,151	152,185	162,889	182,006	42,552	-	797,783
Meezan Sovereign Fund							
Invested during the year (Rs in '000)	-	-	-	-	-	951,779	951,779
Invested during the year (Units)	-	-	-	-	-	17,406,947	17,406,947
Redeemed during the year (Rs in '000)	-	-	-	-	-	235,090	235,090
Redeemed during the year (Units)	-	-	-	-	-	4,268,576	4,268,576
Dividend received during the year (Rs. In '000)	-	-	-	-	-	1,416	1,416
Dividend received during the year (Units)	-	-	-	-	-	27,504	27,504
Refund of Capital during the year (Rs. In '000)	-	-	-	-	-	42,688	42,688
Refund of Capital during the year (Units)	-	-	-	-	-	829,132	829,132
For the period / year ended June 30, 2018							
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPI-III	Total
AI Meezan Investment Management Limited - Management Company							
Remuneration for the period (Rs in '000)	111	76	19	169	223	281	879
Sindh Sales Tax on management fee (Rs in '000)	14	10	2	22	29	37	114
Allocated expenses (Rs in '000)	2,215	1,445	1,571	1,770	411	597	8,009
Meezan Bank Limited							
Profit on saving account (Rs in '000)	198	85	21	339	515	488	1,646
Central Depository Company of Pakistan Limited - Trustee							
Trustee fee (Rs in '000)	1,731	1,129	1,228	1,383	321	465	6,257
Sindh Sales Tax on trustee fee (Rs in '000)	225	147	160	180	42	60	814
Meezan Islamic Fund							
Invested during the period (Rs in '000)	360,000	144,000	167,000	577,007	434,838	-	1,682,845
Invested during the period (Units)	5,512,380	2,169,030	2,518,261	8,440,067	6,593,519	-	25,233,257
Redeemed during the period (Rs in '000)	907,570	347,650	382,690	480,880	110,000	-	2,228,790
Redeemed during the period (Units)	13,719,672	5,213,170	5,795,234	7,276,516	1,625,010	-	33,629,602
Meezan Islamic Income Fund							
Invested during the period (Rs in '000)	531,000	263,000	250,000	378,500	87,000	-	1,509,500
Invested during the period (Units)	10,175,158	5,035,700	4,780,885	7,269,504	1,667,261	-	28,928,508
Redeemed during the period (Rs in '000)	639,860	221,740	415,160	603,770	68,020	-	1,948,550
Redeemed during the period (Units)	12,357,647	4,263,421	8,023,229	11,663,825	1,303,699	-	37,611,821
Meezan Cash Fund							
Invested during the period (Rs in '000)	201,500	-	182,000	130,000	441,000	2,015,155	2,969,655
Invested during the period (Units)	3,993,262	-	3,606,817	2,576,298	8,654,895	38,939,974	57,771,246
Redeemed during the period (Rs in '000)	112,370	45,590	33,940	13,140	332,508	815,330	1,352,878
Redeemed during the period (Units)	2,173,222	880,336	650,742	253,653	6,509,422	15,708,137	26,175,512
Meezan Dedicated Equity Fund							
Invested during the period (Rs in '000)	381,000	104,000	119,000	251,000	146,000	807,000	1,808,000
Invested during the period (Units)	7,726,042	2,052,897	2,348,643	4,944,378	2,899,237	15,724,510	35,695,707
Redeemed during the period (Rs in '000)	194,000	5,000	7,900	151,000	75,000	642,455	1,075,355
Redeemed during the period (Units)	3,963,082	99,322	158,241	2,965,003	1,466,152	12,807,088	21,458,888

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	For the period / year ended June 30, 2018					For the period from August 15, 2017 to June 30, 2018	For the period from December 19, 2017 to June 30, 2018	Total
	MSAP-I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII		
	Al Meezan Mutual Fund							
Invested during the period (Rs in '000)	20,000	-	-	-	-	-	20,000	
Invested during the period (Units)	1,139,692	-	-	-	-	-	1,139,692	
Redeemed during the period (Rs in '000)	31,000	59,000	-	5,000	-	-	95,000	
Redeemed during the period (Units)	1,695,601	3,227,112	-	273,484	-	-	5,196,197	

16 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Balances with banks	
Investments	
Profit receivable on saving account with banks	

2019		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
44,460	-	44,460
-	5,082,304	5,082,304
109	-	109
<u>44,569</u>	<u>5,082,304</u>	<u>5,126,873</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Payable against redemption and conversion of units	
Accrued expenses and other liabilities	

2019		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
-	468	468
-	391	391
-	8,864	8,864
-	1,126	1,126
-	<u>10,849</u>	<u>10,849</u>

Financial assets

Balances with banks	
Investments	
Receivable against sale of investments - net	
Profit receivable on saving account with banks	

2018		
At amortised cost	At fair value through profit or loss	Total
(Rupees in '000)		
27,781	-	27,781
-	8,197,375	8,197,375
470	-	470
64	-	64
<u>28,315</u>	<u>8,197,375</u>	<u>8,225,690</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Payable against redemption and conversion of units	
Accrued expenses and other liabilities	

2018		
At fair value through profit or loss	At amortised cost	Total
(Rupees in '000)		
-	717	717
-	603	603
-	1,461	1,461
-	984	984
-	<u>3,765</u>	<u>3,765</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds

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17.1 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: profit rate risk, currency risk, and price risk.

(i) Profit rate risk

Profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher / lower by Re. 0.377 million (2018: Re. 0.229 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

	As at June 30, 2019					Total
	Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
		Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	3.07% to 11.85%	37,661	-	-	6,799	44,460
Investments		-	-	-	5,082,304	5,082,304
Profit receivable on saving account with banks		-	-	-	109	109
		<u>37,661</u>	<u>-</u>	<u>-</u>	<u>5,089,212</u>	<u>5,126,873</u>
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	468	468
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	391	391
Payable against redemption and conversion of units		-	-	-	8,864	8,864
Accrued expenses and other liabilities		-	-	-	1,126	1,126
		<u>-</u>	<u>-</u>	<u>-</u>	<u>10,849</u>	<u>10,849</u>
On-balance sheet gap		<u>37,661</u>	<u>-</u>	<u>-</u>	<u>5,078,363</u>	<u>5,116,024</u>
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap		<u>37,661</u>	<u>-</u>	<u>-</u>		
Cumulative profit rate sensitivity gap		<u>37,661</u>	<u>37,661</u>	<u>37,661</u>		

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	As at June 30, 2018					Total
	Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	
		Upto three months	More than three months and upto one year	More than one year		
(Rupees in '000)						
On-balance sheet financial instruments						
Financial assets						
Balances with banks	2.00% to 2.40%	22,940	-	-	4,841	27,781
Investments		-	-	-	8,197,375	8,197,375
Receivable against sale of investments		-	-	-	470	470
Profit receivable on saving account with banks		-	-	-	64	64
		22,940	-	-	8,202,750	8,225,690
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	717	717
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	603	603
Payable against redemption and conversion of units		-	-	-	1,461	1,461
Accrued expenses and other liabilities		-	-	-	984	984
		-	-	-	3,765	3,765
On-balance sheet gap		22,940	-	-	8,198,985	8,221,925
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-
Total profit rate sensitivity gap		22,940	-	-	-	-
Cumulative profit rate sensitivity gap		22,940	22,940	22,940	-	-

ii Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations, the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

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2019					
Within 1 month	More than one month and upto three months	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	44,460	-	-	-	44,460
Investments	-	-	-	5,082,304	5,082,304
Profit receivable on saving account with banks	109	-	-	-	109
	44,569	-	-	5,082,304	5,126,873
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	468	-	-	-	468
Payable to Central Depository Company of Pakistan Limited - Trustee	391	-	-	-	391
Payable against redemption and conversion of units	8,864	-	-	-	8,864
Accrued expenses and other liabilities	-	463	663	-	1,126
	9,723	463	663	-	10,849
Net assets / (liabilities)	34,846	(463)	(663)	5,082,304	5,116,024
2018					
Within 1 month	More than one month and upto three months	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	27,781	-	-	-	27,781
Investments	-	-	-	8,197,375	8,197,375
Receivable against sale of investments - net	470	-	-	-	470
Profit receivable on saving account with banks	64	-	-	-	64
	28,315	-	-	8,197,375	8,225,690
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	717	-	-	-	717
Payable to Central Depository Company of Pakistan Limited - Trustee	603	-	-	-	603
Payable against redemption and conversion of units	1,461	-	-	-	1,461
Accrued expenses and other liabilities	-	639	345	-	984
	10,389	639	345	-	11,373
Net assets / (liabilities)	17,926	(639)	(345)	8,197,375	8,214,317

17.3 Credit risk

17.3.1 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:

	2019		2018	
	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	44,460	44,460	27,781	27,781
Investments	5,082,304	-	8,197,375	-
Receivable against sale of investments - net	-	-	470	470
Profit receivable on saving account with banks	109	109	64	64
	5,126,873	44,569	8,225,690	27,845

17.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units and against investments. The credit rating profile of balances with banks is as follows:

Rating	---- (Rupees in '000) ----			
	Amount of financial assets exposed to		% of financial assets exposed to credit risk	
	2019	2018	2019	2018
AA+	44,460	110	100.00%	0.40%
AA	-	27,671	0.00%	99.60%
	<u>44,460</u>	<u>27,781</u>	<u>100.00%</u>	<u>100.00%</u>

18 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

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

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

Fair value hierarchy

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

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

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

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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	----- 2019 -----			----- 2018 -----		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----					
Financial assets						
At fair value through profit or loss	-	5,082,304	-	-	8,197,375	-
	<u>-</u>	<u>5,082,304</u>	<u>-</u>	<u>-</u>	<u>8,197,375</u>	<u>-</u>

19 UNITHOLDERS' 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 has no restriction 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.

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In accordance with the risk management policies as stated in note 17, 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.

20 UNIT HOLDING PATTERN OF THE FUND

	MSAP I			MSAP I		
	2019			2018		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)
Individual	533	593,169	55.57	790	1,125,189	57.84
Retirement funds	18	159,865	14.98	21	248,926	12.80
Insurance companies	-	-	-	1	28,291	1.45
Private limited companies	7	163,392	15.31	6	186,224	9.57
Others	8	151,057	14.15	15	356,832	18.34
Total	566	1,067,483	100.00	833	1,945,462	100.00

	MSAP II			MSAP II		
	2019			2018		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)
Individual	445	285,237	39.19	660	564,948	43.82
Associated companies	1	71,996	9.89	1	86,075	6.68
Retirement funds	13	165,515	22.74	17	240,660	18.67
Private limited companies	4	113,633	15.61	5	152,652	11.84
Others	9	91,416	12.56	15	245,010	19.00
Total	472	727,798	100.00	698	1,289,345	100.00

	MSAP III			MSAP III		
	2019			2018		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)
Individual	347	538,458	60.42	533	965,531	67.84
Director	1	12,369	1.39	1	14,816	1.04
Retirement funds	6	46,939	5.27	9	72,609	5.10
Private limited companies	2	44,674	5.01	2	53,511	3.76
Others	3	248,691	27.91	4	316,744	22.26
Total	359	891,131	100.00	549	1,423,211	100.00

	MSAP IV			MSAP IV		
	2019			2018		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)
Individual	360	553,385	55.19	518	1,073,280	64.44
Retirement funds	5	27,591	2.75	8	49,606	2.98
Insurance companies	2	29,296	2.92	2	35,103	2.11
Private limited companies	2	5,304	0.53	3	7,198	0.43
Others	6	387,199	38.61	9	500,318	30.04
Total	375	1,002,774	100.00	540	1,665,505	100.00

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	MSAP V			MSAP V		
	2019			2018		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)
Individual	187	209,167	66.19	256	360,485	69.18
Retirement funds	6	58,529	18.52	9	81,274	15.60
Private limited companies	1	2,059	0.65	3	8,509	1.63
Public limited companies	1	41,160	13.03	1	49,184	9.43
Others	3	5,082	1.61	4	21,660	4.16
Total	198	315,996	100.00	273	521,112	100.00

	MCPPIII			MCPPIII		
	2019			2018		
	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)	Number of investors	Investment amount (Rupees in '000)	Percentage of total investment (Percentage)
Individual	700	711,414	64.74	889	962,646	70.51
Retirement funds	21	155,209	14.12	23	172,284	12.63
Private limited companies	1	5,083	0.46	1	4,973	0.36
Others	10	227,189	20.67	11	225,268	16.50
Total	732	1,098,894	100.00	924	1,365,171	100.00

21 PERFORMANCE TABLE

	As at June 30, 2019					
	MSAP -I	MSAP-II	MSAP-III	MSAP-IV	MSAP-V	MCPPIII
Net assets (Rs. '000) (ex-distribution)	1,067,483	727,798	891,131	1,002,774	315,996	1,098,894
Highest redemption price per unit (Rs.)	44.9563	43.9493	42.8967	43.5997	49.7836	53.1498
Lowest redemption price per unit (Rs.)	35.5058	34.8774	34.0139	34.5410	39.5698	49.8362
Total return (%)	-17.12%	-15.94%	-16.10%	-16.13%	-15.85%	6.09%
Average annual return as at June 30, 2019 (%)	-17.12%	-15.94%	-16.10%	-16.13%	-15.85%	6.09%

Investment portfolio composition of the Fund is described in note 6.

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

22 INVESTMENT COMMITTEE MEMBERS

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

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Eight years

The Fund Manager of this Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are:

- KSE Meezan Index Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund - II
- Meezan Strategic Allocation Fund - III
- Meezan Financial Planning Fund of Funds
- Meezan Balanced Fund
- Meezan Asset Allocation Fund

23 DETAILS OF MEETINGS OF BOARD OF DIRECTORS

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					
		July 6 2018	August 09 2018	October 18 2018	February 14 2019	April 18 2019	May 23 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim*	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

* Mr. Atif Azeem resigned on May 07, 2019

24 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.

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on _____ August 19, 2019

26 GENERAL

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

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For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



Meezan
Strategic Allocation Fund-II

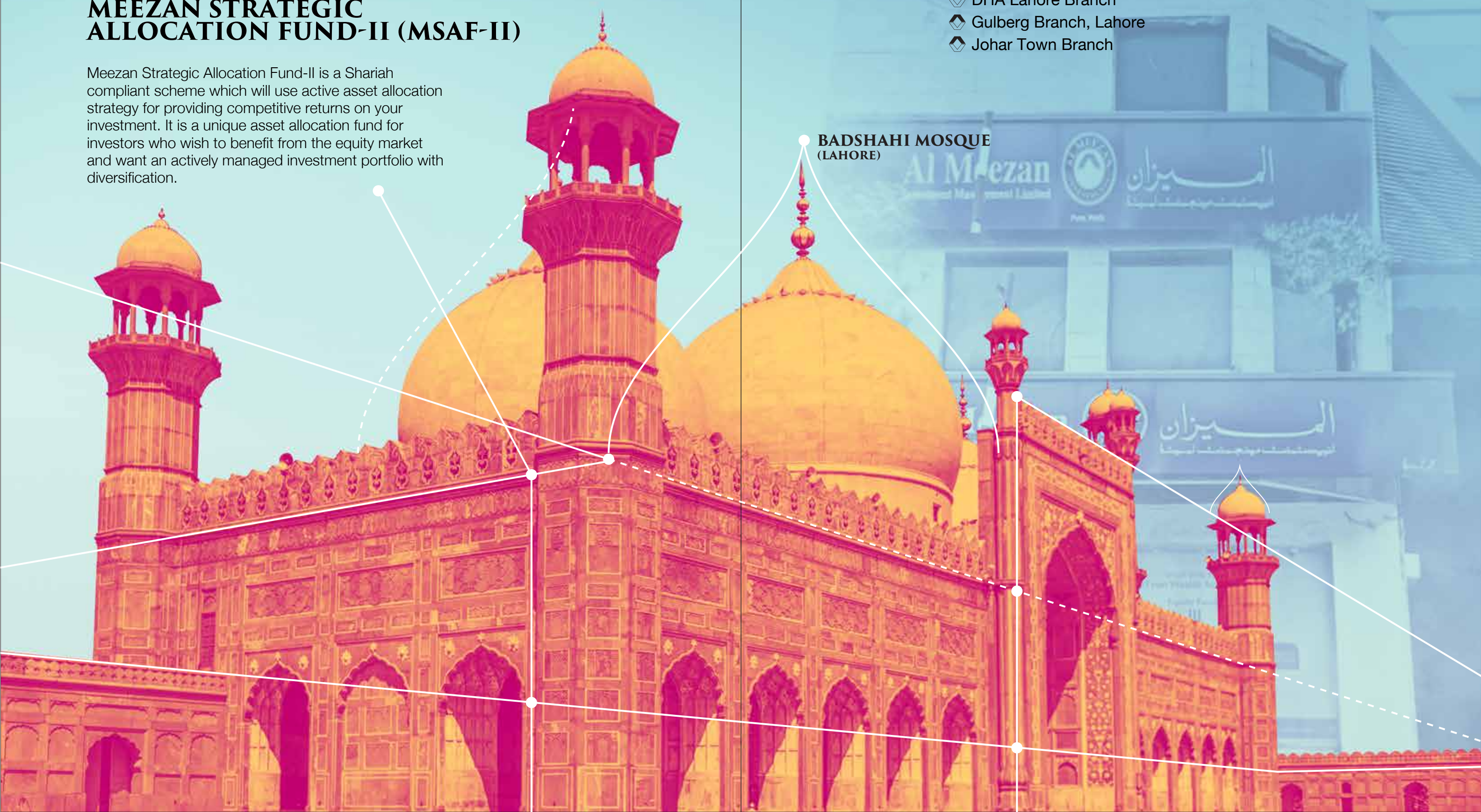
MEEZAN STRATEGIC ALLOCATION FUND-II (MSAF-II)

Meezan Strategic Allocation Fund-II is a Shariah compliant scheme which will use active asset allocation strategy for providing competitive returns on your investment. It is a unique asset allocation fund for investors who wish to benefit from the equity market and want an actively managed investment portfolio with diversification.

PLANTING PROGRESS IN THE CITY OF GARDENS

- 📍 DHA Lahore Branch
- 📍 Gulberg Branch, Lahore
- 📍 Johar Town Branch

**BADSHAHI MOSQUE
(LAHORE)**



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 Shaukat Khan (Kamila)	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

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 Strategic Allocation Fund – II (MSAF – II)

Type of Fund

MSAF – II is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF – II has two Allocation Plans which allow investors to invest according to their risk tolerance levels. These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan - MCPP-IV	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual allocation.
Meezan Strategic Allocation Plan - MCPP-V	
Meezan Strategic Allocation Plan - MCPP-VI	
Meezan Strategic Allocation Plan - MCPP-VII	
Meezan Strategic Allocation Plan - MCPP-VIII	

Performance Table with Benchmark

Returns - FY19	
MCPPIV	0.65%
Benchmark	-2.60%
MCPPIV	0.16%
Benchmark	-2.83%
MCPPIV#	-0.08%
Benchmark	-3.83%
MCPPIV##	0.08%
Benchmark	-3.61%
MCPPIV###	-2.00%
Benchmark	-2.27%

The Fund was launched on Jul 10, 2018

##The Fund was launched on Sep 25, 2018

###The Fund was launched on Dec 14, 2018

Returns - FY19

MCPPIVIX#	-3.53%
Benchmark	-1.97%

The Fund was launched on

Meezan Capital Preservation Plan – IV

The Meezan Capital Preservation Plan – IV posted a total gain of Rs. 21 million in FY19. Total gain comprised of realized gain and unrealized loss on investments of Rs. 42 million and Rs. 37 million respectively, while the net outflow of the Fund during the year was 577 million. Dividend income and profit on saving account with banks comprised of Rs. 16 million and 0.4 million respectively. After accounting for expenses of Rs. 6 million, the Fund posted a net income of Rs. 15 million. The net assets of the Fund as at June 30, 2019 were Rs. 1,553 million.

Meezan Capital Preservation Plan – V

The Meezan Capital Preservation Plan – V posted total gain of Rs. 5 million in FY19. Total gain comprised of realized gain and unrealized loss on investments of Rs. 16 million and Rs. 13 million respectively, while the net outflow of the Fund during the year was 262 million. Dividend income and profit on saving account with banks comprised of Rs. 2 million and 0.2 million respectively. After accounting for expenses of Rs. 2 million, the Fund posted a net income of Rs. 3 million. The net assets of the Fund as at June 30, 2019 were Rs. 474 million.

Meezan Capital Preservation Plan – VI

The Meezan Capital Preservation Plan – VI posted total gain of Rs. 0.2 million in FY19. Total gain comprised of realized gain and unrealized loss on investments of Rs. 11 million and Rs. 12 million respectively, while the net inflow in the Fund during the year was 386 million. Dividend income and profit on saving account with banks comprised of Rs. 0.5 million and 0.3 million respectively. After accounting for expenses of Rs. 2 million, the Fund posted a net loss of Rs. 2 million. The net assets of the Fund as at June 30, 2019 were Rs. 384 million.

Meezan Capital Preservation Plan – VII

The Meezan Capital Preservation Plan – VII posted total gain of Rs. 1 million in FY19. Total gain comprised of realized gain and unrealized loss on investments of Rs. 4 million and Rs. 6 million respectively, while the net inflow in the Fund during the year was 209 million. Dividend income and profit on saving account with banks comprised of Rs. 0.2 million and 0.6 million respectively. After accounting for expenses of Rs. 1 million, the Fund posted a net loss of Rs. 2 million. The net assets of the Fund as at June 30, 2019 were Rs. 207 million.

Meezan Capital Preservation Plan – VIII

The Meezan Capital Preservation Plan – VIII posted total loss of Rs. 3 million in FY19. Total loss comprised of realized loss on investments of Rs. 4 million, while the net inflow in the Fund during the year was 134 million. Dividend income and profit on saving account with banks comprised of Rs. 0.2 million and 0.2 million respectively. After accounting for expenses of Rs. 0.3 million, the Fund posted a net loss of Rs. 4 million. The net assets of the Fund as at June 30, 2019 were Rs. 131 million.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
	No. of investors	No. of investors	No. of investors	No. of investors	No. of investors
1 - 9,999	585	326	468	419	388
10,000 - 49,999	333	156	112	58	64
50,000 - 99,999	61	24	20	12	5
100,000 - 499,999	42	9	9	1	2
500,000 and above	6	1	0	0	0
Total	1027	516	609	490	459



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor–Meezan Strategic Allocation Fund-II

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 1, 2018 to June 30, 2019 was the First year of operation of Meezan Strategic Allocation Fund-II (MSAF-II) under management of Al Meezan Investment Management Limited (Al Meezan). The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity.

In the capacity of *Shari'ah* Advisor, I 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, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-II in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-II 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 MSAF-II for the year ended June 30, 2019 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
Shari'ah Advisor

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 STRATEGIC ALLOCATION FUND – II

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 Strategic Allocation Fund – II (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, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund II

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund II (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the year/period 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, 2019, and of its financial performance, its cash flows and transactions for the year/period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 note 6 to the financial statements)	
	<p>The investments constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 2,758.835 million.</p> <p>The existence and proper valuation of investments for the determination of NAV of the Fund as at June 30, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled it with the books and records of the Fund. Where such confirmations were not available, alternate audit procedures were performed; and ▪ Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 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.

AM: 4



- 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 Requirement

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 18, 2019



MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

		June 30, 2019					
		MCCP-IV	MCCP-V	MCCP-VI	MCCP-VII	MCCP-VIII	Total
Note		(Rupees in '000)					
Assets							
	5	1,876	908	1,845	2,960	2,286	9,875
	6	1,568,641	474,109	382,823	204,711	128,551	2,758,835
		52	5	21	12	7	97
		<u>1,570,569</u>	<u>475,022</u>	<u>384,689</u>	<u>207,683</u>	<u>130,844</u>	<u>2,768,807</u>
Liabilities							
	7	137	44	45	20	25	271
	8	123	40	36	17	10	226
	9	1,803	626	467	176	56	3,128
		-	252	-	35	-	287
		14,713	-	50	-	9	14,772
	10	745	153	65	23	20	1,006
		<u>17,521</u>	<u>1,115</u>	<u>663</u>	<u>271</u>	<u>120</u>	<u>19,690</u>
		<u>1,553,048</u>	<u>473,907</u>	<u>384,026</u>	<u>207,412</u>	<u>130,724</u>	<u>2,749,117</u>
		<u>1,553,048</u>	<u>473,907</u>	<u>384,026</u>	<u>207,412</u>	<u>130,724</u>	<u>2,749,117</u>
CONTINGENCIES AND COMMITMENTS							
	11	----- (Number of units) -----					
		<u>30,985,762</u>	<u>9,456,605</u>	<u>7,686,873</u>	<u>4,144,993</u>	<u>2,667,944</u>	
		----- (Rupees) -----					
		<u>50.1213</u>	<u>50.1139</u>	<u>49.9586</u>	<u>50.0391</u>	<u>48.9980</u>	

The annexed notes 1 to 26 form an integral part of these financial statements.

M/16

For Al Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**

	Note	June 30, 2018		
		MCPP-IV	MCPP-V	Total
				----- (Rupees in '000) -----
Assets				
Balances with banks	5	1,743	139,238	140,981
Investments	6	2,122,153	607,593	2,729,746
Receivable against conversion of units		-	2,789	2,789
Profit receivable on saving account with banks		8	142	150
Total assets		2,123,904	749,762	2,873,666
Liabilities				
Payable to AI Meezan Investment Management Limited - Management Company	7	184	9,255	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	8	166	39	205
Payable to Meezan Bank Limited		-	5,913	5,913
Payable to Securities and Exchange Commission of Pakistan	9	463	51	514
Payable against redemption and conversion of units		153	5	158
Accrued expenses and other liabilities	10	7,568	1,131	8,699
Total liabilities		8,534	16,394	24,928
NET ASSETS		2,115,370	733,368	2,848,738
UNIT HOLDERS' FUND (as per statement attached)		2,115,370	733,368	2,848,738
CONTINGENCIES AND COMMITMENTS	11			
				----- (Number of units) -----
NUMBER OF UNITS IN ISSUE		42,477,616	14,658,622	
				----- (Rupees) -----
NET ASSET VALUE PER UNIT		49.7996	50.0298	

The annexed notes 1 to 26 form an integral part of these financial statements.

Ali W

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II
INCOME STATEMENT
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019**



	For the year ended June 30, 2019	For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total	
Note	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
----- (Rupees in '000) -----						
Income						
Net realised gain / (loss) on sale of investments	41,900	15,852	11,154	4,354	(3,747)	69,513
Profit on saving accounts with banks	400	260	391	614	241	1,906
Dividend income	15,819	1,942	469	250	151	18,631
	<u>58,119</u>	<u>18,054</u>	<u>12,014</u>	<u>5,218</u>	<u>(3,355)</u>	<u>90,050</u>
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.1 (36,668)	(12,925)	(11,860)	(6,448)	(4)	(67,905)
Total income / (loss)	<u>21,451</u>	<u>5,129</u>	<u>154</u>	<u>(1,230)</u>	<u>(3,359)</u>	<u>22,145</u>
Expenses						
Remuneration to Al Meezan Investment Management Limited - Management Company	7.1 96	79	138	71	56	440
Sindh Sales Tax on remuneration of the Management Company	7.2 13	10	18	9	7	57
Allocated expenses	7.3 1,898	659	492	185	59	3,293
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1 1,568	545	405	152	49	2,719
Sindh Sales Tax on remuneration of trustee	8.2 204	71	53	20	6	354
Annual fee to Securities and Exchange Commission of Pakistan	1,803	626	467	176	56	3,128
Auditors' remuneration	12 184	64	45	19	4	316
Fees and subscription	155	54	39	16	5	269
Printing charges	38	13	8	4	1	64
Provision for Sindh Workers' Welfare Fund	310	60	-	-	-	370
Bank and settlement charges	6	9	18	15	18	66
Total expenses	<u>6,275</u>	<u>2,190</u>	<u>1,683</u>	<u>667</u>	<u>261</u>	<u>11,076</u>
Net income / (loss) for the year / period before taxation	<u>15,176</u>	<u>2,939</u>	<u>(1,529)</u>	<u>(1,897)</u>	<u>(3,620)</u>	<u>11,069</u>
Taxation	13 -	-	-	-	-	-
Net income / (loss) for the year / period after taxation	<u>15,176</u>	<u>2,939</u>	<u>(1,529)</u>	<u>(1,897)</u>	<u>(3,620)</u>	<u>11,069</u>
Allocation of net income for the year / period						
Net income for the period after taxation	15,176	2,939	-	-	-	18,115
Income already paid on units redeemed	(5,218)	(1,982)	-	-	-	(7,200)
	<u>9,958</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,915</u>
Accounting income available for distribution						
- Relating to capital gains	9,958	957	-	-	-	10,915
- Excluding capital gains	-	-	-	-	-	-
	<u>9,958</u>	<u>957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,915</u>

The annexed notes 1 to 26 form an integral part of these financial statements.

MIC

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II
INCOME STATEMENT
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019**

		For the period from March 06, 2018 to June 30, 2018 MCPPIV	For the period from May 04, 2018 to June 30, 2018 MCPPIV	Total
	Note	(Rupees in '000)		
Income				
Profit on balances with banks		469	261	730
Loss on sale of investments		(22,442)	(762)	(23,204)
		(21,973)	(501)	(22,474)
Net unrealised appreciation on re-measurement of investments - 'at fair value through profit or loss'	6.1	4,226	705	4,931
Total (loss) / income		(17,747)	204	(17,543)
Expenses				
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	305	131	436
Sindh Sales Tax on remuneration to Management Company	7.2	40	17	57
Allocated expenses	7.3	487	53	540
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	425	46	471
Sindh Sales Tax on remuneration of the Trustee	8.2	55	6	61
Annual fee to Securities and Exchange Commission of Pakistan		463	51	514
Auditors' remuneration	12	123	27	150
Fees and subscription		122	9	131
Printing charges		182	12	194
Bank and settlement charges		16	4	20
Total expenses		2,218	356	2,574
Net loss for the period before taxation		(19,965)	(152)	(20,117)
Taxation	13	-	-	-
Net loss for the period after taxation		(19,965)	(152)	(20,117)
Allocation of net income for the year				
Net income for the year after taxation		-	-	-
Income already paid on units redeemed		-	-	-
Accounting income available for distribution		-	-	-
- Relating to capital gains		-	-	-
- Excluding capital gains		-	-	-

The annexed notes 1 to 26 form an integral part of these financial statements.

AMC

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019**



	For the year ended June 30, 2019		For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019	Total
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	
----- (Rupees in '000) -----						
Net income / (loss) for the year / period after taxation	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income / (loss) for the year / period	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069

	For the period from March 06, 2018 to June 30, 2018		For the period from May 04, 2018 to June 30, 2018		Total
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	
Net loss for the year / period after taxation			(19,965)	(152)	(20,117)
Other comprehensive income for the period			-	-	-
Total comprehensive loss for the year / period			(19,965)	(152)	(20,117)

The annexed notes 1 to 26 form an integral part of these financial statements.

MIC

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

Chief Executive

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - II
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019

	June 30,2019			June 30,2019			For the period from July 10, 2018 to June 30, 2019			For the period from September 26, 2018 to June 30, 2019			For the period from December 17, 2018 to June 30, 2019			For the year / period ended June 30, 2019		
	MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			MCPPIV (Rupees in '000)			Total (Rupees in '000)		
	Capital Value	Undistribut ed income / (accumulat ed loss)	Total	Capital Value	Undistribut ed income / (accumulat ed loss)	Total	Capital Value	Undistribut ed income / (accumulat ed loss)	Total	Capital Value	Undistribut ed income / (accumulat ed loss)	Total	Capital Value	Undistribut ed income / (accumulat ed loss)	Total	Capital Value	Undistribut ed income / (accumulat ed loss)	Total
Net assets at the beginning of the year / period	2,135,335	(19,965)	2,115,370	733,520	(152)	733,368	-	-	-	-	-	-	-	-	-	2,868,855	(20,117)	2,848,738
Issuance of units:																		
MCPPIV: nil (2018: 43,678,460) MCPPIV: 1,643,879 (2018: 14,766,103)																		
MCPPIV: 13,205,775 / MCPPIV: 7,646,585 / MCPPIV: 3,463,481																		
- Capital value (at net asset value per unit at the beginning of the year / period)	-	-	-	82,243	-	82,243	660,289	-	660,289	382,378	-	382,378	173,174	-	173,174	1,298,084	-	1,298,084
- Element of (loss) / income	-	-	-	(417)	-	(417)	3,028	-	3,028	4,471	-	4,471	713	-	713	7,795	-	7,795
Total proceeds on issuance of units	-	-	-	81,826	-	81,826	663,317	-	663,317	386,849	-	386,849	173,887	-	173,887	1,305,879	-	1,305,879
Redemption of units:																		
MCPPIV: 11,491,854 (2018: 1,200,844) / MCPPIV: 6,845,896 (2018: 107,481)																		
MCPPIV: 5,518,902 / MCPPIV: 3,501,592 / MCPPIV: 795,537 units																		
- Capital value (at net asset value per unit at the beginning of the year / period)	572,290	-	572,290	342,499	-	342,499	275,945	-	275,945	175,129	-	175,129	39,777	-	39,777	1,405,640	-	1,405,640
- Element of (loss) / income	(10)	5,218	5,208	(255)	1,982	1,727	1,817	-	1,817	2,411	-	2,411	(234)	-	(234)	3,963	7,200	10,929
Total payments on redemption of units	572,280	5,218	577,498	342,244	1,982	344,226	277,762	-	277,762	177,540	-	177,540	39,543	-	39,543	1,409,603	7,200	1,416,569
Total comprehensive income / (loss) for the year / period		15,176	15,176		2,939	2,939		(1,529)	(1,529)		(1,897)	(1,897)		(3,620)	(3,620)		11,069	11,069
Distribution during the year / period		-	-		-	-		-	-		-	-		-	-		-	-
Net income / (loss) for the year / period less distribution		15,176	15,176		2,939	2,939		(1,529)	(1,529)		(1,897)	(1,897)		(3,620)	(3,620)		11,069	11,069
Net assets at the end of the year / period	1,563,055	(10,007)	1,553,048	473,102	805	473,907	385,555	(1,529)	384,026	209,309	(1,897)	207,412	134,344	(3,620)	130,724	2,765,131	(16,248)	2,749,117
Accumulated loss brought forward																		
- Realised loss		(24,191)			(857)			-			-			-				(25,048)
- Unrealised income		4,226			705			-			-			-				4,931
		(19,965)			(152)			-			-			-				(20,117)
Accounting income available for distribution																		
- Relating to capital gains		9,958			957			-			-			-				10,915
- Excluding capital gains		-			-			-			-			-				-
		9,958			957			-			-			-				10,915
Net loss for the year / period after taxation		-			-			(1,529)			(1,897)			(3,620)				(7,046)
Distribution during the year / period		-			-			-			-			-				-
(Accumulated losses) / undistributed income carried forward		(10,007)			805			(1,529)			(1,897)			(3,620)				(16,248)
(Accumulated losses) / undistributed income carried forward																		
- Realised (loss) / income		26,661			13,730			10,331			4,551			(3,616)				51,657
- Unrealised income / (loss)		(36,668)			(12,925)			(11,860)			(6,448)			(4)				(67,905)
		(10,007)			805			(1,529)			(1,897)			(3,620)				(16,248)
	Rupees			Rupees			Rupees		Rupees		Rupees		Rupees		Rupees			
Net asset value per unit as at the beginning of the year / period		49.7996			50.0298			-			-			-				-
Net asset value per unit as at the end of the year / period		50.1213			50.1139			49.9586			50.0391			48.9980				

The annexed notes 1 to 26 form an integral part of these financial statements.

MIC

For Al-Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - II
CASH FLOW STATEMENT
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019**

	For the year ended June 30, 2019	For the period from July 10, 2018 to March 31, 2019	For the period from September 26, 2018 to March 31, 2019	For the period from December 17, 2018 to March 31, 2019	Total	
	M CPP-IV	M CPP-V	M CPP-VI	M CPP-VII	M CPP-VIII	
------(Rupees in '000)-----						
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income / (loss) for the year / period before taxation	15,176	2,939	(1,529)	(1,897)	(3,620)	11,069
Adjustments for:						
Net unrealised diminution on re-measurement of investments 'at fair value through profit or loss'	6.1 36,668	12,925	11,860	6,448	4	67,905
	51,844	15,864	10,331	4,551	(3,616)	78,974
Decrease / (increase) in assets						
Investments - net	516,844	120,559	(394,683)	(211,159)	(128,555)	(96,994)
Other receivables	(44)	137	(21)	(12)	(7)	53
	516,800	120,696	(394,704)	(211,171)	(128,562)	(96,941)
Increase / (decrease) in liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	(47)	(9,211)	45	20	25	(9,168)
Payable to Central Depository Company of Pakistan Limited - Trustee	(43)	1	36	17	10	21
Payable to Meezan Bank Limited	-	(5,913)	-	-	-	(5,913)
Payable to Securities and Exchange Commission of Pakistan	1,340	575	467	176	56	2,614
Payable against purchase of investments - net	-	252	-	35	-	287
Accrued expenses and other liabilities	(6,823)	(978)	65	23	20	(7,693)
	(5,573)	(15,274)	613	271	111	(19,852)
Net cash generated from / (used in) operating activities	563,071	121,286	(383,760)	(206,349)	(132,067)	(37,819)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts against issuance and conversion of units	-	84,615	663,317	386,849	173,887	1,308,668
Payments against redemption and conversion of units	(562,938)	(344,231)	(277,712)	(177,540)	(39,534)	(1,401,955)
Net cash (used in) / generated from financing activities	(562,938)	(259,616)	385,605	209,309	134,353	(93,287)
Net increase / (decrease) in cash and cash equivalents during the period	133	(138,330)	1,845	2,960	2,286	(131,106)
Cash and cash equivalents at the beginning of the year / period	1,743	139,238	-	-	-	140,981
Cash and cash equivalents at the end of the year / pe	5 1,876	908	1,845	2,960	2,286	9,875

The annexed notes 1 to 26 form an integral part of these financial statements.

M / C

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

Chief Executive

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - II
CASH FLOW STATEMENT
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019



	For the period from March 06, 2018 to June 30, 2018	For the period from May 04, 2018 to June 30, 2018	Total
	MCPPIV	MCPPIV	
Note	(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period before taxation	(19,965)	(152)	(20,117)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	6.1 (4,226)	(705)	(4,931)
	(24,191)	(857)	(25,048)
Increase in assets			
Investments - net	(2,117,927)	(606,888)	(2,724,815)
Profit accrued on balances with banks	(8)	(142)	(150)
	(2,117,935)	(607,030)	(2,724,965)
Increase In liabilities			
Payable to Al Meezan Investment Management Limited - Management Company	184	9,255	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	166	39	205
Payable to Meezan Bank Limited	-	5,913	5,913
Payable to Securities and Exchange Commission of Pakistan	463	51	514
Accrued expenses and other liabilities	7,568	1,131	8,699
	8,381	16,389	24,770
Net cash used in operating activities	(2,133,745)	(591,498)	(2,725,243)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts against conversion of units	2,195,294	736,099	2,931,393
Payment against redemption and conversion of units	(59,806)	(5,363)	(65,169)
Net cash generated from financing activities	2,135,488	730,736	2,866,224
Net increase in cash and cash equivalents	1,743	139,238	140,981
Cash and cash equivalents at the beginning of the period	-	-	-
Cash and cash equivalents at end of the period	5 1,743	139,238	140,981

The annexed notes 1 to 26 form an integral part of these financial statements.

M. I. S.

For Al Meezan Investment Management Limited
(Management Company)

 Chief Executive

 Chief Financial Officer

 Director

MEEZAN STRATEGIC ALLOCATION FUND - II
NOTES TO AND FORMING PART OF THE FINANCIAL INFORMATION
FOR THE YEAR / PERIOD ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Strategic Allocation Fund - II (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 15, 2018 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the SECP to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unit holders to participate in a diversified portfolio of Equity Schemes and Fixed Income / Money Market Schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unit holders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.
- 1.5** The Management Company has been assigned a rating of AM1 by JCR-VIS dated December 28, 2018 (2018: AM1 dated December 29, 2017) and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** The Fund is an open-end Shariah compliant Fund of Funds Scheme that aims to generate returns on investment as per allocation plans (sub funds) namely Meezan Capital Preservation Plan-IV (M CPP-IV), Meezan Capital Preservation Plan-V (M CPP-V), Meezan Capital Preservation Plan-VI (M CPP-VI), Meezan Capital Preservation Plan-VII (M CPP-VII) and Meezan Capital Preservation Plan-VIII (M CPP-VIII) by investing in Shariah compliant Fixed Income / Money Market and Equity Mutual funds in line with the risk tolerance of the investor. Investors of the Fund may hold different types of allocation plans and may invest in any one or more of the available allocation plans. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.7** In the current year, three plans Meezan Capital Preservation Plan - VI (M CPP-VI), Meezan Capital Preservation Plan-VII (M CPP-VII) and Meezan Capital Preservation Plan - VIII (M CPP-VIII) were introduced. A brief description of the plans is as follows:

Meezan Capital Preservation Plan-IV (M CPP-IV)	Low risk - High return through asset allocation This allocation plan commenced its operations from March 06, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-V (M CPP-V)	Low risk - High return through asset allocation This allocation plan commenced its operations from May 04, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-VI (M CPP-VI)	Low risk - High return through asset allocation This allocation plan commenced its operations from July 10, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

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Meezan Capital Preservation Plan-VII (MCPV-VII)	Low risk - High return through asset allocation This allocation plan commenced its operations from September 26, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.
Meezan Capital Preservation Plan-VIII (MCPV-VIII)	Low risk - High return through asset allocation This allocation plan commenced its operations from December 17, 2018 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load.

Each allocation plan announces separate Net Asset Values which ranks Pari Passu according to the number of units of the respective allocation plans. The books and records of each plan have been maintained separately.

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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS, 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

Effective from July 01, 2018, the Fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach rather than 'incurred credit losses' approach, as previously given under IAS 39. The ECL has impact on all the assets of the Fund which are exposed to credit risk. However, majority of the assets of the Fund that are exposed to credit risk pertain to counter parties which have high credit rating. Therefore, the management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

IFRS 9 requires securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis to be recognized as 'fair value through profit or loss' (FVPL). The investment of an entity in a mutual fund is required to be classified as "at fair value through profit or loss" based on criteria mentioned in IFRS-9. The Fund has all its investments in mutual funds which were previously also classified under "fair value through profit or loss" category. Furthermore, all other financial assets of the Fund which are held for collection continue to be measured at amortised cost.

The adoption of IFRS-9 did not have any impact on classification and measurement of financial assets and financial liabilities on the date of its adoption.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on July 1, 2018 that have a material effect on the financial statements of the Fund.

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)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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 standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards 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, 2019 but are considered not to be relevant or will not have any significant impact 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).

3.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

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 Funds operates. These financial statements are presented in Pakistani Rupees, which is the Fund's 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 except for the change in accounting policy as explained in note 3.2 above.

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

4.3.1.1 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 (FVPL) based on the business model of the entity

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The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the units of mutual funds

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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 Derecognition

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.

4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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.

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4.6 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.

4.7 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.

4.8 Unit holders' Fund

Unit holders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issuance and redemption of units

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

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value (NAV) per unit as of close of business day less 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 assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (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 net asset value (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

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- (ii) Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee Fund declaring the dividend.
- (iii) Profit on bank deposit is recognized on a time proportion basis using the effective yield method.
- (iv) Unrealised gains / (losses) arising on revaluation of securities classified as financial assets 'at fair value through profit or loss' are included in the Income Statement in the period in which they arise.

4.13 Expenses

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

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

5 BALANCES WITH BANKS

	Note	June 30, 2019					Total
		MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
----- (Rupees in '000) -----							
Saving accounts	5.1	1,866	908	1,845	2,960	2,286	9,865
Current accounts		10	-	-	-	-	10
		<u>1,876</u>	<u>908</u>	<u>1,845</u>	<u>2,960</u>	<u>2,286</u>	<u>9,875</u>
----- (Rupees in '000) -----							
		June 30, 2018					
		MCPP-IV	MCPP-V				Total
----- (Rupees in '000) -----							
Saving accounts	5.1			1,742	139,238		140,980
Current accounts				1	-		1
				<u>1,743</u>	<u>139,238</u>		<u>140,981</u>

5.1 The balances in savings accounts have an expected profit which ranges from 6.30% to 11.85% (2018 2.00% to 2.40%) per annum.

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6 INVESTMENTS

Note	June 30, 2019					Total	
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV		
	----- (Rupees in '000) -----						
Investments - 'at fair value through profit or loss'	6.1	1,568,641	474,109	382,823	204,711	128,551	2,758,835
		----- (Rupees in '000) -----					
		June 30, 2018					
		MCPPIV	MCPPIV	Total			
Investments - 'at fair value through profit or loss'	6.1	2,122,153	607,593	2,729,746			

6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	As at July 1, 2018	Purchases during the year / period	Redemptions during the year / period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (diminution) / appreciation as at June 30, 2019	Percentage in relation to	
								Market value on the basis of Net Assets of the Fund	Total market value of investments
	----- (Number of units) -----				----- (Rupees in '000) -----			(Percentage)	
Meezan Capital Preservation Plan - IV									
Meezan Dedicated Equity Fund	7,003,244	33,787,207	30,746,259	10,044,192	395,282	356,705	(38,577)	22.97	22.74
Meezan Cash Fund	33,889,478	26,242,105	60,131,583	-	-	-	-	-	-
Meezan Sovereign Fund	-	23,423,819	5,790,760	17,633,059	905,940	907,849	1,909	58.46	57.87
Meezan Rozana Amdani Fund	-	6,081,739	-	6,081,739	304,087	304,087	-	19.58	19.39
					1,605,309	1,568,641	(36,668)	101.01	100.00
Meezan Capital Preservation Plan - V									
Meezan Dedicated Equity Fund	2,121,785	10,794,498	9,835,022	3,081,261	122,905	109,427	(13,478)	23.09	23.08
Meezan Cash Fund	9,595,190	11,674,476	21,269,666	-	-	-	-	-	-
Meezan Sovereign Fund	-	7,638,157	2,497,814	5,140,343	264,100	264,653	553	55.84	55.82
Meezan Rozana Amdani Fund	-	2,000,572	-	2,000,572	100,029	100,029	-	21.11	21.10
Meezan Islamic Income Fund	-	112,077	112,077	-	-	-	-	-	-
					487,034	474,109	(12,925)	100.04	100.00
Meezan Capital Preservation Plan - VI									
Meezan Dedicated Equity Fund	-	9,942,055	7,196,745	2,745,310	109,821	97,496	(12,325)	25.39	25.47
Meezan Cash Fund	-	17,489,369	17,489,369	-	-	-	-	-	-
Meezan Sovereign Fund	-	6,852,698	2,690,229	4,162,470	213,842	214,307	465	55.81	55.98
Meezan Rozana Amdani Fund	-	1,420,406	-	1,420,406	71,020	71,020	-	18.49	18.55
					394,683	382,823	(11,860)	99.69	100.00
Meezan Capital Preservation Plan - VII									
Meezan Dedicated Equity Fund	-	5,339,238	3,861,841	1,477,397	59,220	52,468	(6,752)	25.30	25.63
Meezan Cash Fund	-	10,117,433	10,117,433	-	-	-	-	-	-
Meezan Sovereign Fund	-	2,919,954	701,222	2,218,732	113,929	114,233	304	55.08	55.80
Meezan Rozana Amdani Fund	-	760,217	-	760,217	38,010	38,010	-	18.33	18.57
					211,159	204,711	(6,448)	98.71	100.00
Meezan Capital Preservation Plan - VIII									
Meezan Dedicated Equity Fund	-	2,825,733	2,307,167	518,566	18,567	18,416	(151)	14.09	14.33
Meezan Cash Fund	-	4,224,783	4,224,783	-	-	-	-	-	-
Meezan Sovereign Fund	-	2,291,535	599,254	1,692,281	86,981	87,128	147	66.65	67.78
Meezan Rozana Amdani Fund	-	460,132	-	460,132	23,007	23,007	-	17.6	17.90
					128,555	128,551	(4)	98.34	100.00
Total investments in units of mutual funds (2019)									
Meezan Dedicated Equity Fund	9,125,029	62,688,731	53,947,034	17,866,726	705,795	634,512	(71,283)	23.08	23.00
Meezan Cash Fund	43,484,668	69,748,165	113,232,833	-	-	-	-	-	-
Meezan Sovereign Fund	-	43,126,163	12,279,279	30,846,884	1,584,792	1,588,170	3,378	57.77	57.57
Meezan Rozana Amdani Fund	-	10,723,066	-	10,723,066	536,153	536,153	-	19.5	19.43
					2,826,740	2,758,835	(67,905)	100.35	100.00

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - Management Company

Note	June 30, 2019					
	M CPP-IV	M CPP-V	M CPP-VI	M CPP-VII	M CPP-VIII	Total
	(Rupees in '000)					
Management fee payable	5	1	5	3	12	26
Sindh Sales Tax payable on remuneration of the -Management Company	1	-	1	-	2	4
Allocated Expenses	131	43	39	17	11	241
	<u>137</u>	<u>44</u>	<u>45</u>	<u>20</u>	<u>25</u>	<u>271</u>

	Note	June 30, 2018		
		M CPP-IV	M CPP-V	Total
		(Rupees in '000)		
Management fee payable	7.1	9	81	90
Sindh Sales Tax payable on remuneration of the -Management Company	7.2	1	11	12
Allocated Expenses	7.3	174	41	215
Sales load payable		-	8,073	8,073
Sindh Sales Tax on sales load		-	1,049	1,049
		<u>184</u>	<u>9,255</u>	<u>9,439</u>

- 7.1** As per regulation 61 of the NBFC Regulations 2008, Management Company is entitled to a remuneration equal to an amount not exceeding 1.5% of the average annual net assets in case of an Fund of Funds Scheme. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 1% (2018: 1%) per annum of the daily bank balance of the Fund during the year / period ended June 30, 2019. The remuneration is payable to the Management Company monthly in arrears.
- 7.2** During the year / period, an amount of Rs 0.057 million (2018: Rs 0.057 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 0.065 million (2018: Rs 0.045 million) has been paid to the Management Company which acts as a collecting agent.
- 7.3** Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from July 1, 2018 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

8 PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

Note	June 30, 2019					
	M CPP-IV	M CPP-V	M CPP-VI	M CPP-VII	M CPP-VIII	Total
	(Rupees in '000)					
Trustee fee payable	109	36	32	15	9	201
Sindh Sales Tax payable on trustee fee	14	4	4	2	1	25
	<u>123</u>	<u>40</u>	<u>36</u>	<u>17</u>	<u>10</u>	<u>226</u>

	Note	June 30, 2018		
		M CPP-IV	M CPP-V	Total
		(Rupees in '000)		
Trustee fee payable	8.1	147	35	182
Sindh Sales Tax payable on trustee fee	8.2	19	4	23
		<u>166</u>	<u>39</u>	<u>205</u>

ALL

- 8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily Net Assets Value (NAV) of the Fund.

The remuneration of the Trustee for the year / period ended June 30, 2019 has been calculated as per the following applicable tariff:

Net assets	Tariff
Up to 1,000 million	0.10% per annum
Over 1,000 million	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs. 1,000 million

- 8.2 During the current year / period, an amount of Rs 0.354 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. 2.719 million was paid to the Trustee which acts as a collecting agent.

9 PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of 0.095% of the average annual net assets of the fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

Note	June 30, 2019					Total
	MCCP-IV	MCCP-V	MCCP-VI	MCCP-VII	MCCP-VIII	
	(Rupees in '000)					
Auditors' remuneration payable	115	40	29	12	4	200
Withholding tax payable	15	-	-	-	-	15
Shariah advisory fee payable	88	24	22	11	5	150
Printing charges payable	213	9	7	-	1	230
Provision for Sindh Workers' Welfare Fund	310	60	-	-	-	370
Capital gain tax payable	2	5	1	-	-	8
Other payable	-	-	-	-	10	10
Zakat Payable	2	15	6	-	-	23
	<u>745</u>	<u>153</u>	<u>65</u>	<u>23</u>	<u>20</u>	<u>1,006</u>

	June 30, 2018		
	MCCP-IV	MCCP-V	Total
	(Rupees in '000)		
Auditors' remuneration payable	123	27	150
Shariah advisor fee payable	122	9	131
Sales load payable	6,315	949	7,264
Sindh Sales tax payable on sales load	821	123	944
Printing charges payable	182	13	195
Zakat payable	2	-	2
Provision for Sindh Workers' Welfare Fund	3	-	3
Other payable	-	10	10
	<u>7,568</u>	<u>1,131</u>	<u>8,699</u>

- 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 financial statements of the Fund for the period from May 21, 2015 to June 30, 2019, the net asset value of MCCP-IV and MCCP-V as at June 30, 2019 would have been higher by Re. 0.010 and Re. 0.006 per unit respectively (2018: Re 0.000 and nil per unit respectively).

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11 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at June 30, 2019 and June 30, 2018.

12 AUDITORS' REMUNERATION

	June 30, 2019					Total
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
	(Rupees in '000)					
Annual audit fee	116	40	29	12	4	201
Half yearly review fee	68	24	16	7	-	115
	<u>184</u>	<u>64</u>	<u>45</u>	<u>19</u>	<u>4</u>	<u>316</u>

	June 30, 2018		Total
	MCPP-IV	MCPP-V	
	(Rupees in '000)		
Annual audit fee	123	27	150

13 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, 2008, 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. The Fund has not recorded any tax liability as the income of the Fund relates to capital gains.

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 per Income Tax Ordinance, 2001.

14 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund for the year ended June 30, 2019 are;

	As at June 30, 2019				
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
Total Expense ratio (including government levies)	0.33%	0.33%	0.33%	0.27%	0.24%
Government levies	0.12%	0.12%	0.11%	0.08%	0.06%

	As at June 30, 2018				
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII
Total Expense ratio (including government levies)	0.23%	0.34%	-	-	-
Government levies	0.06%	0.07%	-	-	-

This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Fund Scheme.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

- 15.1** Connected persons include Al Meezan Investment Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any entity in which the Management Company, its CISs or their connected persons have material interest, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 15.2** 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.

- 15.3 Remuneration to the Management Company of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 15.4 Remuneration to the Trustee of the Fund is determined in accordance with the provisions of the Trust Deed.
- 15.5 Detail of transactions with connected persons and balances with them are as follows:

Balances	June 30, 2019					Total
	MCPP-IV	MCPP-V	MCPP-VI	MCPP-VII	MCPP-VIII	
AI Meezan Investment Management Limited - Management Company						
Remuneration payable (Rs in '000)	5	1	5	3	12	26
Sindh Sales Tax on management fee (Rs in '000)	1	-	1	-	2	4
Allocated expenses (Rs in '000)	131	43	39	17	11	241
Meezan Bank Limited						
Bank balance (Rs in '000)	1,876	908	1,845	2,960	2,286	9,875
Profit receivable (Rs in '000)	52	5	21	12	7	97
Central Depository Company of Pakistan Limited - Trustee						
Trustee fee payable (Rs. in '000)	109	36	32	15	9	201
Sindh Sales Tax on trustee fee payable (Rs. in '000)	14	4	4	2	1	25
Directors and Executives of the Management Company						
Investment (Rs in '000)	5,001	-	-	-	-	5,001
Investment (Units)	99,772	-	-	-	-	99,772
Meezan Dedicated Equity Fund						
Investment (Rs in '000)	356,705	109,427	97,496	52,468	18,416	634,512
Investment (Units)	10,044,192	3,081,261	2,745,310	1,477,397	518,566	17,866,726
Meezan Sovereign Fund						
Investment (Rs in '000)	907,849	264,653	214,307	114,233	87,128	1,588,170
Investment (Units)	17,633,059	5,140,343	4,162,470	2,218,732	1,692,281	30,846,884
Meezan Rozana Amdani Fund						
Investment (Rs in '000)	304,087	100,029	71,020	38,010	23,007	536,153
Investment (Units)	6,081,739	2,000,572	1,420,406	760,217	460,132	10,723,066
Unitholders holding 10% or more units of the Fund						
Investment (Rs in '000)	163,938	-	-	29,598	-	193,536
Investment (Units)	3,270,818	-	-	591,506	-	3,862,324
June 30, 2018						
Balances	MCPP-IV	MCPP-V	Total			
AI Meezan Investment Management Limited - Management Company						
Remuneration payable (Rs in '000)	9	81	90			
Sindh Sales Tax on management fee payable (Rs in '000)	1	11	12			
Sales load payable (Rs in '000)	-	8,073	8,073			
Sindh Sales Tax on sales load payable (Rs in '000)	-	1,049	1,049			
Allocated expenses (Rs in '000)	174	41	215			
Meezan Bank Limited						
Bank balance (Rs in '000)	1,743	139,238	140,981			
Profit receivable (Rs in '000)	8	142	150			
Sales load payable (Rs in '000)	-	5,233	5,233			
Sindh Sales Tax on sales load payable (Rs in '000)	-	680	680			
Central Depository Company of Pakistan Limited - Trustee						
Trustee fee payable (Rs in '000)	147	35	182			
Sindh Sales Tax on trustee fee payable (Rs in '000)	19	4	23			
Investment (Rs in '000)	4,969	-	4,969			
Investment (Units)	99,772	-	99,772			
Meezan Cash Fund						
Investment (Rs in '000)	1,782,234	504,607	2,286,841			
Investment (Units)	33,889,478	9,595,190	43,484,668			

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	June 30, 2018		
	MCPPIV	MCPPIV	Total
Meezan Dedicated Equity Fund			
Investment (Rs in '000)	339,919	102,986	442,905
Investment (Units)	7,003,244	2,121,785	9,125,029
Unitholders holding 10% or more units of the Fund			
Investment (Rs in '000)	-	73,824	73,824
Investment (Units)	-	1,475,603	1,475,603

	For the year / period ended June 30, 2019					Total
	MCPPIV	MCPPIV	MCPPIV	MCPPIV	MCPPIV	
	For the year ended June 30, 2019	For the period from July 10, 2018 to June 30, 2019	For the period from September 26, 2018 to June 30, 2019	For the period from December 17, 2018 to June 30, 2019		

Transactions during the year
Al Meezan Investment Management Limited - Management Company

	(Rupees in '000)					
Remuneration for the year / period (Rs in '000)	96	79	138	71	56	440
Sindh Sales Tax on management fee (Rs in '000)	13	10	18	9	7	57
Allocated expenses (Rs in '000)	1,898	659	492	185	59	3,293

Meezan Bank Limited

Profit on saving account (Rs in '000)	400	260	391	614	241	1,906
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Central Depository Company of Pakistan Limited - Trustee

Sindh Sales Tax on trustee fee (Rs in '000)	204	71	53	20	6	354
Trustee Fee for the year / period	1,568	545	405	152	49	2,719

Meezan Dedicated Equity Fund

Invested during the year / period (Rs. in '000)	1,824,019	575,586	434,500	230,900	113,000	3,178,005
Invested during the year / period (Units)	33,787,207	10,794,498	9,942,055	5,339,238	2,825,733	62,688,731
Redeemed during the year / period (Rs. in '000)	1,708,242	534,259	305,924	164,842	87,232	2,800,499
Redeemed during the year / period (Units)	30,746,259	9,835,022	7,196,745	3,861,841	2,307,167	53,947,034

Meezan Cash Fund

Invested during the year / period (Rs. in '000)	3,136,590	1,104,214	896,940	524,917	223,062	5,885,723
Invested during the year / period (Units)	26,242,105	11,674,476	17,489,369	10,117,433	4,224,783	69,748,165
Redeemed during the year / period (Rs. in '000)	4,960,273	1,626,087	926,277	535,927	226,382	8,274,946
Redeemed during the year / period (Units)	60,131,583	21,269,666	17,489,369	10,117,433	4,224,783	113,232,833
Dividend received during the year / period (Rs. in '000)	13,834	1,360	-	-	-	15,194
Dividend received during the year / period (Units)	274,308	26,959	-	-	-	301,267
Refund of capital during the year / period (Rs. in '000)	59,534	19,413	-	-	-	78,947
Refund of capital during the year / period (Units)	1,180,484	384,939	-	-	-	1,565,423

Meezan Sovereign Fund

Invested during the year / period (Rs. in '000)	1,280,833	417,798	374,904	159,575	125,383	2,358,492
Invested during the year / period (Units)	23,423,819	7,638,157	6,852,698	2,919,954	2,291,535	43,126,163
Redeemed during the year / period (Rs. in '000)	318,930	137,570	148,110	38,620	33,000	676,230
Redeemed during the year / period (Units)	5,790,760	2,497,814	2,690,229	701,222	599,254	12,279,279
Dividend received during the year / period (Rs. in '000)	1,899	554	449	239	145	3,285
Dividend received during the year / period (Units)	36,878	10,761	8,714	4,645	2,811	63,808
Refund of capital during the year / period (Rs. in '000)	57,295	16,702	13,525	7,209	5,536	100,266
Refund of capital during the year / period (Units)	1,112,830	324,398	262,686	140,021	107,529	1,947,463

Meezan Rozana Amdani Fund

Invested during the year / period (Rs. in '000)	304,087	100,057	71,041	38,022	23,007	536,213
Invested during the year / period (Units)	6,081,739	2,000,572	1,420,406	760,217	460,132	10,723,066
Dividend received during the year / period (Rs. in '000)	87	29	20	11	7	153
Dividend received during the year / period (Units)	1,739	572	406	217	132	3,066

Meezan Islamic Income Fund

Invested during the year / period (Rs. in '000)	-	6,100	-	-	-	6,100
Invested during the year / period (Units)	-	112,077	-	-	-	112,077
Redeemed during the year / period (Rs. in '000)	-	6,106	-	-	-	6,106
Redeemed during the year / period (Units)	-	112,077	-	-	-	112,077

Transactions during the period**Al Meezan Investment Management Limited - Management Company**

Remuneration for the period (Rs in '000)
Sindh Sales Tax on management fee (Rs in '000)
Allocated expenses (Rs in '000)

Meezan Dedicated Equity Fund

Invested during the period (Rs in '000)
Invested during the period (Units)
Redeemed during the period (Rs in '000)
Redeemed during the period (Units)

Meezan Cash Fund

Invested during the period (Rs in '000)
Invested during the period (Units)
Redeemed during the period (Rs in '000)
Redeemed during the period (Units)

	MCPP IV	MCPP V
	For the period from March 6, 2018 to June 30, 2018	For the period from May 4, 2018 to June 30, 2018
	----- (Rupees in '000) -----	
	305	131
	40	17
	487	53
	796,500	153,000
	15,477,331	3,100,087
	420,850	48,100
	8,474,087	978,303
	2,595,000	656,100
	49,784,653	12,517,489
	830,280	153,350
	15,895,175	2,922,299

16 FINANCIAL INSTRUMENTS BY CATEGORY**Financial assets**

Balances with banks
Investments
Profit accrued on balances with banks

----- 2019 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
9,875	-	9,875
-	2,758,835	2,758,835
97	-	97
9,972	2,758,835	2,768,807

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company
Payable to Central Depository Company of Pakistan Limited - Trustee
Payable against redemption and conversion of units
Accrued expenses and other liabilities

----- 2019 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
271	-	271
226	-	226
14,772	-	14,772
590	-	590
15,859	-	15,859

Financial assets

Balances with banks
Investments
Receivable against conversion of units
Profit accrued on balances with banks

----- 2018 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		
140,981	-	140,981
-	2,729,746	2,729,746
2,789	-	2,789
150	-	150
143,920	2,729,746	2,873,666

2018		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company	9,439	-	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	205	-	205
Payable to Meezan Bank Limited	5,913	-	5,913
Payable against redemption and conversion of units	158	-	158
Accrued expenses and other liabilities	7,750	-	7,750
	<u>23,465</u>	<u>-</u>	<u>23,465</u>

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 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: profit rate risk, currency risk, and price risk.

(i) Yield / profit rate risk

Yield / profit rate 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 profit rates. As of June 30, 2019, the Fund is exposed to such risk on its balances held with banks. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow profit rate risk. In case of 100 basis points increase/decrease in applicable rates on the last repricing date with all other variables held constant, the net income / loss for the year and net assets of the Fund would have been higher/lower by Rs. 0.099 million (2018: 0.141 million).

b) Sensitivity analysis for fixed rate instruments

As at June 30, 2019, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio, KIBOR rates and the rates announced by the Financial Markets Association of Pakistan are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2019 is not necessarily indicative of the impact on the Fund's net assets of future movements in profit rates.

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.

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at June 30, 2019 can be determined as follows:

follows:

As at June 30, 2019					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees in '000

On-balance sheet financial instruments**Financial assets**

Balances with banks	5.00% to 11.85%	9,875	-	-	-	9,875
Investments		-	-	-	2,758,835	2,758,835
Profit accrued on balances with banks		-	-	-	97	97
		<u>9,875</u>	<u>-</u>	<u>-</u>	<u>2,758,932</u>	<u>2,768,807</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	271	271
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	226	226
Payable on redemption and conversion of units		-	-	-	14772	14772
Accrued expenses and other liabilities		-	-	-	590	590
		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,859</u>	<u>15,859</u>
On-balance sheet gap		<u>9,875</u>	<u>-</u>	<u>-</u>	<u>2,743,073</u>	<u>2,752,948</u>

Off-balance sheet financial instruments**Off-balance sheet gap****Total profit rate sensitivity gap****Cumulative profit rate sensitivity gap**

		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap		<u>9,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative profit rate sensitivity gap		<u>9,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at June 30, 2018					
Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield / profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees in '000

On-balance sheet financial instruments**Financial assets**

Balances with banks	2.00% to 2.40%	140,981	-	-	-	140,981
Investments		-	-	-	2,729,746	2,729,746
Receivable against conversion of units		-	-	-	2,789	2,789
Profit accrued on balances with banks		-	-	-	150	150
		<u>140,981</u>	<u>-</u>	<u>-</u>	<u>2,732,685</u>	<u>2,873,666</u>

Financial liabilities

Payable to Al Meezan Investment Management Limited - Management Company		-	-	-	9439	9439
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	205	205
Payable to Meezan Bank Limited		-	-	-	5913	5913
Payable on redemption and conversion of units		-	-	-	158	158
Accrued expenses and other liabilities		-	-	-	7750	7750
		<u>-</u>	<u>-</u>	<u>-</u>	<u>23,465</u>	<u>23,465</u>
On-balance sheet gap		<u>140,981</u>	<u>-</u>	<u>-</u>	<u>2,709,220</u>	<u>2,850,201</u>

Off-balance sheet financial instruments**Off-balance sheet gap****Total profit rate sensitivity gap****Cumulative profit rate sensitivity gap**

		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total profit rate sensitivity gap		<u>140,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cumulative profit rate sensitivity gap		<u>140,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ii Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year for any of the sub-funds.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

----- 2019 -----					
Within 1 month	More than one month and upto three months	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	9,875	-	-	-	9,875
Investments	-	-	-	2,758,835	2,758,835
Receivable against conversion of units	-	-	-	-	-
Profit accrued on balances with banks	97	-	-	-	97
	9,972	-	-	2,758,835	2,768,807
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	271	-	-	-	271
Payable to Central Depository Company of Pakistan Limited - Trustee	226	-	-	-	226
Payable against redemption and conversion of units	14,772	-	-	-	14,772
Accrued expenses and other liabilities	-	590	-	-	590
	15,269	590	-	-	15,859
Net assets / (liabilities)	(5,297)	(590)	-	2,758,835	2,752,948

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----- 2018 -----					
Within 1 month	More than one month and upto three months	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	140,981	-	-	-	140,981
Investments	-	-	-	2,729,746	2,729,746
Receivable against conversion of units	2,789	-	-	-	2,789
Profit accrued on balances with banks	150	-	-	-	150
	143,920	-	-	2,729,746	2,873,666
Financial liabilities					
Payable to Al Meezan Investment Management Limited - Management Company	9,439	-	-	-	9,439
Payable to Central Depository Company of Pakistan Limited - Trustee	205	-	-	-	205
Payable to Meezan Bank Limited	5,913	-	-	-	5,913
Payable against redemption and conversion of units	158	-	-	-	158
Accrued expenses and other liabilities	-	486	-	-	486
	15,715	486	-	-	16,201
Net assets / (liabilities)	128,205	(486)	-	2,729,746	2,857,465

17.3 Credit risk

17.3.1 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:

	2019		2018	
	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	9,875	9,875	140,981	140,981
Investments	2,758,835	-	2,729,746	-
Receivable against conversion of units	-	-	2,789	-
Profit accrued on balances with banks	97	97	150	150
	2,768,807	9,972	2,873,666	141,131

17.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon, dividend receivable and receivable against sale of units and against

Bank	Rating	Amount of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
		2019	2018	2019	2019
Meezan Bank Limited	AA+	9,875	-	100.00%	-
Meezan Bank Limited	AA	-	140,982	-	100.00%
		9,875	140,982	100.00%	100.00%

18 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.

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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

As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019			2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Financial assets						
At fair value through profit or loss	-	2,758,835	-	-	2,729,746	-
	-	2,758,835	-	-	2,729,746	-

19 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 has no restriction on the subscription and redemption of units. As required under the NBFC Regulations, 2008 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 16, 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.

20 UNIT HOLDING PATTERN OF THE FUND

	MCPP IV			MCPP IV		
	2019			2018		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
		(Rupees in '000)	(Percentage)		(Rupees in '000)	(Percentage)
Individual	986	1,006,281	64.79	1,388	1,439,660	68.06
Director	1	5,001	0.32	1	4,969	0.23
Retirement funds	34	482,642	31.08	41	561,460	26.54
Others	6	59,125	3.81	15	109,281	5.17
Total	1,027	1,553,048	100.00	1,445	2,115,370	100.00

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	MCPP V			MCPP V		
	2019			2018		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)		
Individual	507	411,953	86.93	639	597,437	81.47
Director	-	-	-	-	-	-
Retirement funds	7	41,068	8.67	8	60,725	8.28
Others	2	20,887	4.41	9	75,206	10.25
Total	516	473,907	100.00	656	733,368	100.00

	MCPP VI			MCPP VI		
	2019			2018		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)		
Individual	602	314,487	81.89	-	-	-
Director	-	-	-	-	-	-
Retirement funds	6	67,556	17.59	-	-	-
Others	1	1,982	0.52	-	-	-
Total	609	384,026	100.00	-	-	-

	MCPP VII			MCPP VII		
	2019			2018		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)		
Individual	488	202,384	97.58	-	-	-
Director	-	-	-	-	-	-
Retirement funds	2	5,028	2.42	-	-	-
Others	-	-	-	-	-	-
Total	490	207,412	100.00	-	-	-

	MCPP VIII			MCPP VIII		
	2019			2018		
	Number of investors	Investment amount	Percentage of total investment	Number of investors	Investment amount	Percentage of total investment
	(Rupees in '000)	(Percentage)	(Rupees in '000)	(Percentage)		
Individual	455	120,381	92.09	-	-	-
Director	-	-	-	-	-	-
Retirement funds	2	8,503	6.50	-	-	-
Others	2	1,840	1.41	-	-	-
Total	459	130,724	100.00	-	-	-

21 PERFORMANCE TABLE

	June 30, 2019				
	MCPP IV	MCPP V	MCPP VI	MCPP VII	MCPP VIII
Net assets (Rs. '000) (ex-distribution)	1,553,048	473,907	384,026	207,412	130,724
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	50.1213	50.1139	49.9586	50.0391	48.9980
Highest offer price per unit (Rs.)	-	51.6771	52.1768	52.6321	51.4117
Lowest offer price per unit (Rs.)	-	51.2922	51.6003	51.6409	52.5342
Highest redemption price per unit (Rs.)	51.2966	51.4761	51.7557	51.9879	50.8117
Lowest redemption price per unit (Rs.)	49.3420	49.6104	49.5973	49.6356	48.6681
Total return (%)	0.65%	0.16%	-0.08%	0.08%	-2.00%

Investment portfolio composition of the Fund is described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

22 DETAILS OF MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. Mohammad Shoab	Chief Executive Officer	CFA / MBA	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM /MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Eight years

22.1 The Fund manager of the Fund is Mr. Asif Imtiaz. Other funds being managed by the Fund manager are as follows :

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- KSE Meezan Index Fund
- Meezan Strategic Allocation Fund-III; and
- Meezan Dedicated Equity Fund

23 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					
		July 6, 2018	August 09, 2018	October 18, 2018	February 14, 2019	April 18, 2019	May 23, 2019
Mr. Ariful Islam	Chairman	Yes	No	Yes	Yes	Yes	Yes
	Chief						
Mr. Mohammad Shoab	Executive Officer	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Moin M. Fudda	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Atif Azim*	Director	Yes	Yes	Yes	Yes	Yes	Resigned
Mr. Ijaz Farooq	Director	No	Yes	No	Yes	Yes	No
Syed Amir Ali Zaidi	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdullah Ahmed	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Arshad Majeed	Director	Yes	Yes	No	Yes	Yes	Yes
Ms. Saima Kamila Khan	Director	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Naeem Sattar	Director	Yes	Yes	Yes	Yes	Yes	Yes

Mr. Atif Azeem resigned on May 07, 2019

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24 CORRESPONDING FIGURES

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

25 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

26 GENERAL

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

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

Chief Executive

Chief Financial Officer

Director

THE CITY OF ANCIENT HISTORY AND RICH CULTURE



Meezan
Strategic Allocation Fund-III

MEEZAN STRATEGIC ALLOCATION FUND-III (MSAF-III)

Meezan Strategic Allocation Fund-III is a Shariah compliant scheme which aims to earn potentially high returns through investment as per respective Allocation Plans by investing in Shariah Compliant Fixed Income/Money Market Collective Investment Schemes and Equity based Collective Investment Schemes.

**IQBAL MANZIL
(SIALKOT)**

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 Shaukat Khan (Kamila)	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

Meezan Bank Limited
Bank Al Habib Limited - Islamic Banking

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER

Meezan Strategic Allocation Fund – III (MSAF – III)

Type of Fund

MSAF – III is a perpetual Shariah Compliant (Islamic) Fund of Funds Scheme.

Objective

The fund aims to generate returns on Investments as per respective Allocation Plans by investing in Shariah Compliant Fixed Income and Equity Mutual Funds in line with risk/return preference of the investor.

Strategy and Investment Policy

MSAF – III has one Allocation Plans which allow investors to invest according to their risk tolerance levels.

These are closed end Plans which are suitable for Investors having a relatively moderate risk tolerance and/or wish to earn a relatively higher return over the medium term. These can switch exposure between Shariah compliant equity and fixed income mutual funds without any minimum or maximum limits, subject to expectations regarding the market performance.

In line with these different allocation plans, the benchmarks are also a weighted average combination of KSE Meezan Index 30 and Fixed Income/Money Market Schemes performance, according to the invested percentages in both the asset classes.

Meezan Strategic Allocation Plan – III (MCIX)	Weighted avg. return of KMI 30 Index and Fixed Income/ Money Market Scheme as per actual Allocation.
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Performance Table with Benchmark

<u>>Returns - FY19</u>	
MCPPIX#	-3.53%
Benchmark	-1.97%

The Fund was launched on

Meezan Capital Preservation Plan – IX

The Meezan Capital Preservation Plan – IX posted total loss of Rs. 0.2 million from the period May 14, 2019 to June 30, 2019 as the Plan was launched on May 14, 2019. Total loss comprised of realized loss on investments of Rs. 0.05 million while the unrealized gain and profit on saving account with banks amounted to Rs. 0.2 million and Rs. 0.1 million respectively, while the net inflow in the Fund during the year was 18 million. After accounting for expenses of Rs. 0.1 million, the Fund posted a net loss of Rs. 0.3 million. The net assets of the Plan as at June 30, 2019 were Rs. 34 million. The net asset value per unit as at June 30, 2019 was Rs. 48.24.

Distributions

There is NIL distribution by the Fund during the fiscal year ended June 30, 2019.

Breakdown of unit holdings by size

(As on June 30, 2019)

Range (Units)	MSAF- III- MCPP-IX
	No. of investors
1 - 9,999	215
10,000 - 49,999	19
50,000 - 99,999	2
Total	236

For and on behalf of the Board
Date: August 19, 2019

Mohammad Shoaib, CFA
Chief Executive Officer



Meezan Bank
The Premier Islamic Bank

Report of the *Shari'ah* Advisor–Meezan Strategic Allocation Fund-III

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from May 2019 to June 30, 2019 was the first year of operations of Meezan Strategic Allocation Fund-III (MSAF-III) under management of Al Meezan Investment Management Limited (Al Meezan). 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, I 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, I hereby certify that:

- i. I have reviewed and approved the modes of investments of MSAF-III in light of the *Shari'ah* guidelines.
- ii. All the provisions of the scheme and investments made on account of MSAF-III 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 MSAF-III for the year ended June 30, 2019 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

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
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Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

MEEZAN STRATEGIC ALLOCATION FUND – III

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 Strategic Allocation Fund - III (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 period from May 20, 2019 to June 30, 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, September 20, 2019



INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Meezan Strategic Allocation Fund III

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Meezan Strategic Allocation Fund III (the Fund), which comprise the statement of assets and liabilities as at June 30, 2019, and the income statement, statement of comprehensive income, statement of movement in unit holders' funds and cash flow statement for the period from May 20, 2019 to June 30, 2019 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, 2019, and of its financial performance, its cash flows and transactions for the period from May 20, 2019 to June 30, 2019 and notes to the financial statements, including a summary of significant accounting policies.

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)	
	<p>The investments and balances with banks constitute the most significant component of the net asset value. The investments of the Fund as at June 30, 2019 amounted to Rs 18.944 million and balances with banks aggregated to Rs 15.908 million.</p> <p>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, 2019 was considered a high risk area and therefore we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <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, 2019 and reconciled 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; and

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

S. No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Obtained bank reconciliation statements and tested reconciling items on a sample basis.

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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Requirement

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 18, 2019

**MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019**



Meezan
Strategic Allocation Fund-III

	Note	June 30, 2019 MCPPI-IX (Rupees in '000)
Assets		
Balances with banks	5	15,908
Investments	6	18,944
Profit accrued on balances with banks		26
Total assets		<u>34,878</u>
Liabilities		
Payable to AI Meezan Investment Management Limited - Management Company	7	866
Payable to Central Depository Company of Pakistan Limited - Trustee	8	1
Payable to Securities and Exchange Commission of Pakistan		1
Accrued expenses and other liabilities	10	80
Total liabilities		<u>948</u>
Net assets		<u>33,930</u>
Unitholders' fund (as per statement attached)		<u>33,930</u>
Contingencies and commitments	11	
		(Number of units)
Number of units in issue		<u>703,396</u>
		(Rupees)
Net assets value per unit		<u>48.2374</u>

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

MIC

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

Chief Executive

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF INCOME STATEMENT
FOR THE PERIOD FROM MAY 20, 2019 TO JUNE 30,2019

	Note	For the period from May 20, 2019 to June 30, 2019 MCPPI-IX (Rupees in '000)
Income		
Loss on sale of investments		(45)
Profit on balance with banks		32
		<u>(13)</u>
Net unrealised diminution on re-measurement of investments - 'at fair value through profit or loss'	6.1	(211)
Total loss		<u>(224)</u>
Expenses		
Remuneration to AI Meezan Investment Management Limited - Management Company	7.1	4
Sindh Sales Tax on remuneration to Management Company	7.2	1
Allocated expenses	7.3	1
Remuneration to Central Depository Company of Pakistan Limited - Trustee	8.1	1
Sindh Sales Tax on remuneration of the Trustee	8.2	-
Annual fee to Securities and Exchange Commission of Pakistan		1
Auditors' remuneration	12	50
Fees and subscription		30
Bank and settlement charges		4
Total expenses		<u>92</u>
Net loss for the period before taxation		<u>(316)</u>
Taxation		-
Net loss for the period after taxation		<u><u>(316)</u></u>
Allocation of net income for the year		
Net income for the period after taxation		-
Income already paid on units redeemed		-
		<u><u>-</u></u>
Accounting income available for distribution		
- Relating to capital gains		-
- Excluding capital gains		-
		<u><u>-</u></u>

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

MIC

For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MAY 20, 2019 TO JUNE 30, 2019**



Meezan
Strategic Allocation Fund-III

**For the period
from May 20,
2019 to June
30, 2019
MCPPI-IX
(Rupees in '000)**

Net loss for the period after taxation	(316)
Other comprehensive income for the period	-
Total comprehensive loss for the period	<u><u>(316)</u></u>

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

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

Chief Executive

Chief Financial Officer

Director

**MEEZAN STRATEGIC ALLOCATION FUND - III
STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND
FOR THE PERIOD FROM MAY 20, 2019 TO JUNE 30, 2019**

For the period from May 20, 2019 to June 30, 2019		
MCPP-IX		
Capital Value	Accumulated loss	Total
(Rupees in '000)		
Issuance of units:		
MCPP-IX: 703,739 units		
- Capital value (at par value)	35,187	35,187
- Element of income	(925)	(925)
Total proceeds on issuance of units	34,262	34,262
Redemption of units:		
MCPP-IX: 343 units		
- Capital value (at par value)	17	17
- Element of loss	(1)	(1)
Total payments on redemption of units	16	16
Total comprehensive loss for the period	-	(316)
Net assets at the end of the period	<u>34,246</u>	<u>33,930</u>
Accounting income available for distribution		
- Relating to capital gains	-	
- Excluding capital gains	-	
Net loss for the period after taxation	(316)	
Accumulated losses carried forward	<u>(316)</u>	
Accumulated losses carried forward		
- Realised loss	(105)	
- Unrealised loss	(211)	
	<u>(316)</u>	
Net asset value per unit as at the end of the period		<u>Rupees 48.2374</u>

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

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

Chief Executive

Chief Financial Officer

Director

MEEZAN STRATEGIC ALLOCATION FUND - III
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM MAY 20, 2019 TO JUNE 30, 2019

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Meezan Strategic Allocation Fund - III (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited (Al Meezan) as Management Company and Central Depository Company of Pakistan Limited (CDC) as Trustee. The Trust Deed was executed on January 24, 2019 and was approved by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, (NBFC Rules). The Fund is registered as a Notified entity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (NBFC Regulations) issued through S.R.O.1203(I)/2008 on October 10, 2016. The Management Company has been licensed by the Securities and Exchange Commission of Pakistan (SECP) to act as an Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) through a certificate of registration issued by the SECP. The registered office of the Management Company of the Fund is situated at Ground Floor, Block 'B', Finance and Trade Centre, Shahrah-e-Faisal, Karachi 74400, Pakistan.
- 1.2** The Fund has been formed to enable the unitholders to participate in a diversified portfolio of equity schemes and fixed income / money market schemes, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah guidelines. The Management Company has appointed Meezan Bank Limited as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.3** The Fund is an open-end Shariah compliant Fund of Funds Scheme. Units are offered for public subscription on a continuous basis till the end of the subscription period. However, the subscription in units may be reopened for fresh issuance by the Management Company with prior approval of the Commission after intimation to the Trustee and by providing notice to investors in order to protect the interest of the unitholders. The units of the plan are transferable and can be redeemed by surrendering them to the Fund.
- 1.4** Title to the assets of the Fund are held in the name of CDC as the Trustee of the Fund. The Fund's property comprises of different types of allocation plans which are accounted for and maintained separately in the books of accounts and collectively constitute the Fund's property.
- 1.5** The Management Company has been assigned a rating of AM1 by JCR-VIS dated December 28, 2018 and by PACRA dated June 28, 2019. The rating reflects the Company's experienced management team, structured investment process and sound quality of systems and processes.
- 1.6** As per the offering document approved by the SECP, the accounting period, in case of the first period, shall commence from the date on which the trust property is first paid or transferred to the Trustee. Accordingly, these financial statements have been prepared from May 20, 2019 to June 30, 2019 (former being the date from which the proceeds for the issue of units were received). The initial offering of Meezan Capital Preservation Plan-IX (MCPPI-IX) is from May 13, 2019 to July 31, 2019.
- 1.7** The fund generates returns on investment as per allocation plan (sub fund) namely Meezan Capital Preservation Plan-IX (MCPPI-IX) by investing in Shariah compliant fixed income / money market and equity mutual funds in line with the risk tolerance of the investor. The management may also invest in other Collective Investments Schemes available to it with prior approval of SECP.
- 1.8** In the current period, one plan Meezan Capital Preservation Plan - IX (MCPPI-IX) is introduced. A brief description of the plan is as follows:

Meezan Capital Preservation Plan-IX (MCPPI-IX)	Low risk - High return through asset allocation This allocation plan commenced its operations from May 20, 2019 and can invest its portfolio between the Equity asset classes / Schemes and Fixed Income or Money Market asset classes / Schemes based on the macroeconomic view and outlook of such asset classes up to 100 percent. The initial maturity of this plan is two and a half years from the close of the subscription period. Units shall be subject to front end load. The subscription period is from May 13, 2019 to July 31, 2019.
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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 the repealed Companies Ordinance, 1984; and
- the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and the requirements of the Trust Deed differ from the IFRS Standards, 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 not yet effective

The following standards have been adopted in Pakistan and would be effective from the dates mentioned below against the respective standards:

Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - 'Financial instruments' (amendment)	January 1, 2019
- 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 standards may impact the financial statements of the Fund on adoption. The Management is currently in the process of assessing the full impact of these standards 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, 2019 but are considered not to be relevant or will not have any significant impact on the Fund's operations and are, therefore, not disclosed in these financial statements.

3.3 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).

3.4 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments classified as 'at fair value through profit or loss' which is measured at fair value.

3.5 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 Fund's functional and presentation currency.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The principal accounting policies applied in the preparation of these financial statements are set out below.

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 instruments

4.3.1 Classification

4.3.1.1 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 (FVPL) based on the business model of the entity

The investments of the Fund includes investments in units of mutual funds which are categorised as Puttable Instruments and are mandatorily required to be classified as financial assets at fair value through profit or loss.

4.3.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss'

Basis of valuation in the collective investment scheme

The investments of the Fund in the collective investment scheme are valued on the basis of daily net assets value (NAV) announced by the management company.

The fair value of financial instruments i.e. investment in mutual funds is based on their net asset value at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Income Statement.

4.3.3 Impairment

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

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 Derecognition

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.

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4.3.7 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in 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 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.

4.7 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 period end.

4.8 Unitholders' Fund

Unitholders' Fund of each allocation plan representing the units issued by each respective sub fund separately, is carried at the redemption amount representing the investors' right to a residual interest in the respective sub fund's net assets.

4.9 Issue and redemption of units

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

Units redeemed are recorded at the redemption price of each allocation plan prevalent on the date on which the distributors receive redemption application during business hours on that date. The redemption price represents the net assets value per unit as of close of business day less 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 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 period in which such distributions are declared and approved by the Board of Directors of the Management Company.

4.11 Element of income

Element of income represents the difference between net assets value (NAV) per unit on the issuance or redemption date, as the case may be, of units and the net assets value (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 net asset value (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.

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4.12 Revenue recognition

- Gains / (losses) arising on sale of investments are recorded at the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' are recorded in the period in which these arise.
- Dividend income is recognized when the Fund's right to receive the same is established. i.e. on the commencement of date of book closure of the investee fund declaring the dividend.
- Profit on balances with banks is recognized 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 utilised. 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 to the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed amongst the unitholders. Furthermore, for the purpose of determining distribution of at least 90 percent of the accounting income, the income distributed through bonus units shall not be taken into account.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV to the Second Schedule 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 period end exchange rates for monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

	Note	June 30, 2019 MCPPI-IX Rupees in '000
5 BALANCES WITH BANKS		
Saving accounts	5.1	15,908
5.1 The balances in savings accounts have an expected profit which ranges from 6.30% to 11.85% per annum.		

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		Note	June 30, 2019
			MCPPI-IX
			Rupees in '000
6	INVESTMENTS		
	Investments - 'at fair value through profit or loss'	6.1	<u>18,944</u>

6.1 Investments - 'at fair value through profit or loss' - Units of mutual funds

Name of investee funds	Purchases during the period	Sales during the period	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage in relation to
	(Number of units)			(Rupees in '000)			Total market value of investments
							(Percentage)
Meezan Capital Preservation Plan - IX							
Meezan Dedicated Equity Fund	195,853	42,429	153,424	5,679	5,449	(230)	28.76
Meezan Cash Fund	304,134	239,507	64,627	3,252	3,259	7	17.20
Meezan Sovereign Fund	198,820	-	198,820	10,224	10,236	12	54.03
				<u>19,155</u>	<u>18,944</u>	<u>(211)</u>	<u>100</u>

		Note	June 30, 2019
			MCPPI-IX
			Rupees in '000
7	PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED - Management Company		
	Management fee payable	7.1	4
	Sindh Sales Tax payable on remuneration of the -Management Company	7.2	1
	Allocated Expenses	7.3	1
	Sales load payable		761
	Sindh Sales Tax on sales load		99
			<u>866</u>

7.1 As per regulation 61 of the NBFC Regulations, 2008, the Management Company of the Fund is entitled to an accrued remuneration equal to an amount not exceeding 1.5% of average annual net assets in case of a Fund of Funds Scheme. The remuneration of the Management Company has been charged at the rate of 1% of daily bank balance for the period from May 20, 2019 to June 30, 2019.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Management Company and sales load through the Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the period SST at the rate of 13% was charged on the remuneration of Management Company, sales load and trustee fee.

7.3 Uptil June 19, 2019 in accordance with Regulation 60 of the NBFC Regulations, the Management Company was entitled to charge expenses related to registrar services, accounting, operations and valuation services, related to a Collective Investment Scheme (CIS) at the rate of 0.1% of the average annual net assets of the scheme or actual whichever is less. During the year, SECP vide SRO 639 dated June 20, 2019 has removed the maximum cap of 0.1%. Accordingly, the Management Company can now charge actual expenses related to registrar services, accounting, operations and valuation services to the CIS with effect from June 20, 2019.

However, the Management Company continued to charge expenses at the rate of 0.1% of the average annual net assets of the Fund for both the periods i.e from May 20, 2019 to June 19, 2019 and from June 20, 2019 to June 30, 2019, being lower than actual expenses.

		Note	June 30, 2019
			MCPPI-IX
			Rupees in '000
8	PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - Trustee		
	Trustee fee payable	8.1	1
	Sindh Sales Tax payable on trustee fee	8.2	-
			<u>1</u>

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

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The remuneration of the Trustee for the period from May 20, 2019 to June 30, 2019 has been calculated as per the following applicable tariff:

Net assets	Tariff
Up to 1,000 million	0.10% per annum
Over 1,000 million	Rs. 1 million plus 0.075% p.a. of Net Assets exceeding Rs. 1,000 million

8.2 During the current period, an amount of Rs 167 was charged on account of sales tax on remuneration of the Trustee levied through the Sindh Sales Tax on Services Act, 2011.

8.3 During the period, Sindh Sales Tax at the rate of 13% was charged on the remuneration of the trustee.

9 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of 0.095% of the average annual net assets of the fund payable to SECP under regulation 62 read with Schedule II of NBFC Regulation.

	June 30, 2019
	M CPP-IX
	Rupees in '000
10 ACCRUED EXPENSES AND OTHER LIABILITIES	
Auditors' remuneration payable	50
Shariah advisory fee payable	30
	80

11 CONTINGENCIES AND COMMITMENTS

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

	For the period
	from May 20,
	2019 to June
	30, 2019
	M CPP-IX
	Rupees in '000
12 AUDITORS' REMUNERATION	
Annual audit fee	50

13 EXPENSE RATIO

The Total Expense Ratio of the Fund for the period ended June 30, 2019 is 0.82% which include 0.01% representing government levy, Sindh Worker Welfare Fund and SECP fee for MCPP - IX. This ratio is within the maximum limit of 2.5% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Fund of Funds Scheme.

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 unitholders. The Fund has not recorded any tax liability as the Fund has incurred a net loss during the period.

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 as per Section 4B of the Income Tax Ordinance, 2001.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 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 unitholders holding 10 percent or more of the Fund's net assets.

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- 15.2 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.
- 15.3 Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of the NBFC Rules, the NBFC Regulations and the Trust Deed respectively.
- 15.4 Detail of transactions with connected persons and balances with them are as follows:

	As at June 30, 2019
	MCPPIX Rupees in '000
AI Meezan Investment Management Limited - Management Company	
Remuneration payable (Rs in '000)	4
Sindh Sales Tax on management fee (Rs in '000)	1
Allocated expenses (Rs in '000)	1
Sales load payable (Rs in '000)	761
Sindh Sales Tax on sales load payable (Rs in '000)	99
Meezan Bank Limited	
Bank balance (Rs in '000)	15,898
Profit receivable (Rs in '000)	26
Central Depository Company of Pakistan Limited - Trustee	
Trustee fee payable (Rs. in '000)	1
Sindh Sales Tax on trustee fee payable (Rs. in '000)	-
Meezan Dedicated Equity Fund	
Investment (Rs in '000)	5,449
Investment (Units)	153,424
Meezan Cash Fund	
Investment (Rs in '000)	3,259
Investment (Units)	64,627
Meezan Sovereign Fund	
Investment (Rs in '000)	10,236
Investment (Units)	198,820
Unitholders holding 10% or more units of the Fund	
Investment (Rs in '000)	4,802
Investment (Units)	99,555
	For the period from May 20, 2019 to June 30, 2019
	MCPPIX Rupees in '000
AI Meezan Investment Management Limited - Management Company	
Remuneration for the period (Rs in '000)	4
Sindh Sales Tax on management fee (Rs in '000)	1
Allocated expenses (Rs in '000)	1
Meezan Bank Limited	
Profit on saving account (Rs in '000)	32
Central Depository Company of Pakistan Limited - Trustee	
Trustee fee (Rs in '000)	1
Sindh Sales Tax on trustee fee (Rs in '000)	-

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For the period
from May 20,
2019 to June
30, 2019

MCPPI IX
Rupees in '000

Meezan Dedicated Equity Fund

Invested during the period (Rs in '000)	
Invested during the period (Units)	
Redeemed during the period (Rs in '000)	
Redeemed during the period (Units)	

	7,250
	195,852
	1,500
	42,428

Meezan Cash Fund

Invested during the period (Rs in '000)	
Invested during the period (Units)	
Redeemed during the period (Rs in '000)	
Redeemed during the period (Units)	

	16,200
	304,134
	12,974
	239,507

Meezan Sovereign Fund

Invested during the period (Rs in '000)	
Invested during the period (Units)	

	10,224
	198,820

16 FINANCIAL INSTRUMENTS BY CATEGORY

----- 2019 -----		
At amortised cost	At fair value through profit or loss	Total
----- Rupees in '000 -----		

Financial assets

Balances with banks	
Investments	
Profit accrued on balances with banks	

15,908	-	15,908
-	18,944	18,944
26	-	26
15,934	18,944	34,878

----- 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	
Payable to Central Depository Company of Pakistan Limited - Trustee	
Accrued expenses and other liabilities	

-	866	866
-	1	1
-	80	80
-	947	947

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, the constitutive documents of the Fund and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, liquidity risk and credit risk arising from the financial instruments it holds.

17.1 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: profit rate risk, currency risk, and price risk.

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iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. 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. The Fund's policy is, therefore, to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

As per the NBFC Regulations the Fund can borrow in the short-term to ensure settlement the maximum limit of which is fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund.

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The subscription period of the Fund is from May 13, 2019 to July 31, 2019. Hence, there were no redemptions during the current period.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

	2019					Total
	Within 1 month	More than one month and upto three months	More than one year and upto five years	More than 5 years	Financial instruments with no fixed maturity	
	Rupees in '000					
Financial assets						
Balances with banks	15,908	-	-	-	-	15,908
Investments	-	-	-	-	18,944	18,944
Profit accrued on balances with banks	26	-	-	-	-	26
	15,934	-	-	-	18,944	34,878
Financial liabilities						
Payable to Al Meezan Investment Management Limited - Management Company	866	-	-	-	-	866
Payable to Central Depository Company of Pakistan Limited - Trustee	1	-	-	-	-	1
Accrued expenses and other liabilities	-	80	-	-	-	80
	867	80	-	-	-	947
Net assets / (liabilities)	15,067	(80)	-	-	18,944	33,931

17.3 Credit risk

17.3.1 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:

	2019	
	Balance as per statement of assets and liabilities	Maximum exposure to credit risk
	Rupees in '000	
Balances with banks	15,908	15,908
Investments	18,944	-
Profit accrued on balances with banks	26	26
	34,878	15,934



17.3.2 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks and profit accrued thereon. The credit rating profile of balances with banks is as follows:

Rating	Amount of financial assets exposed to credit risk	% of financial assets exposed to credit risk
	2019	2019
AA+	15,908	100.00%
	<u>15,908</u>	<u>100.00%</u>

None of the financial assets were considered to be past due or impaired as on June 30, 2019.

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

18 UNIT HOLDERS' FUND RISK MANAGEMENT

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

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

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

The Fund will be required to meet the requirement of sub-regulation 54(3a) of the NBFC Regulations at the end of subscription period, which requires that the minimum size of an Open End Scheme shall be one hundred million rupees at all times during the life of the scheme.

19 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. 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).

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As at June 30, 2019, the Fund held the following financial instruments measured at fair values:

	2019		
	Level 1	Level 2	Level 3
	Rupees in '000		
Financial assets			
At fair value through profit or loss	-	18,944	-
	-	18,944	-

20 UNIT HOLDING PATTERN OF THE FUND

	MCPPI IX		
	2019		
	Number of investors	Investment amount	Percentage of total investment
		Rupees in '000	Percentage
Individuals	235	32,101	94.61
Retirement fund	1	1,829	5.39
Total	236	33,930	100

21 PERFORMANCE TABLE

	June 30, 2019
	MCPPI IX
Net assets (Rs. '000) (ex-distribution)	33,930
Net assets value / redemption price per unit (ex-distribution) as at June 30 (Rs.) (ex-distribution)	48.2374
Offer price per unit as at June 30 (Rs.)	49.8726
Highest offer price per unit (Rs.)	51.7103
Lowest offer price per unit (Rs.)	49.7845
Highest redemption price per unit (Rs.)	50.0148
Lowest redemption price per unit (Rs.)	48.1522
Total return (%)	-3.55%

Investment portfolio composition of the Fund is described in note 6.

Past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

22 INVESTMENT COMMITTEE MEMBERS

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

Name	Designation	Qualification	Experience in years
Mr. Mohammad Shoaib	Chief Executive Officer	CFA / MBA	Twenty Nine years
Mr. Muhammad Asad	Chief Investment Officer	CFA level II / MBA	Twenty Three years
Mr. Muhammad Mohsin	Head of Equity / Director - Research	MBA	Twenty Two years
Mr. Ahmed Hassan	SVP Investments	CFA / MBA	Twelve years
Mr. Ali Khan	VP Product Development	CFA / FRM / MBA	Nine years
Mr. Zain Malik	VP Investments	CFA / BBA	Ten years
Mr. Asif Imtiaz	AVP Investments	CFA / MBA - Finance	Eleven years
Mr. Imad Ansari	Head of Risk Management	B.S Actuarial Sciences & Risk Management / MBA - Finance	Fourteen years
Mr. Ali Asghar	VP/ Head of Research	CFA / MBA (in progress)	Eight years

The Fund Manager of this Fund is Mr. Asif Imtiaz. Other Funds being managed by the Fund Manager are:

- Meezan Balanced Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Fund
- Meezan Strategic Allocation Fund
- KSE Meezan Index Fund
- Meezan Strategic Allocation Fund-II; and
- Meezan Dedicated Equity Fund

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23 MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

- 23.1 The date of the meeting 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
		23-May-19
Mr. Ariful Islam	Chairman	Yes
Mr. Mohammad Shoaib	Chief Executive Officer	Yes
Mr. Moin M. Fudda	Director	Yes
Mr. Ijaz Farooq	Director	No
Syed Amir Ali Zaidi	Director	Yes
Mr. Abdullah Ahmed	Director	Yes
Mr. Arshad Majeed	Director	Yes
Ms. Saima Kamila Khan	Director	Yes
Mr. Naeem Sattar	Director	Yes

24 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on **August 19, 2019.**

25 GENERAL

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

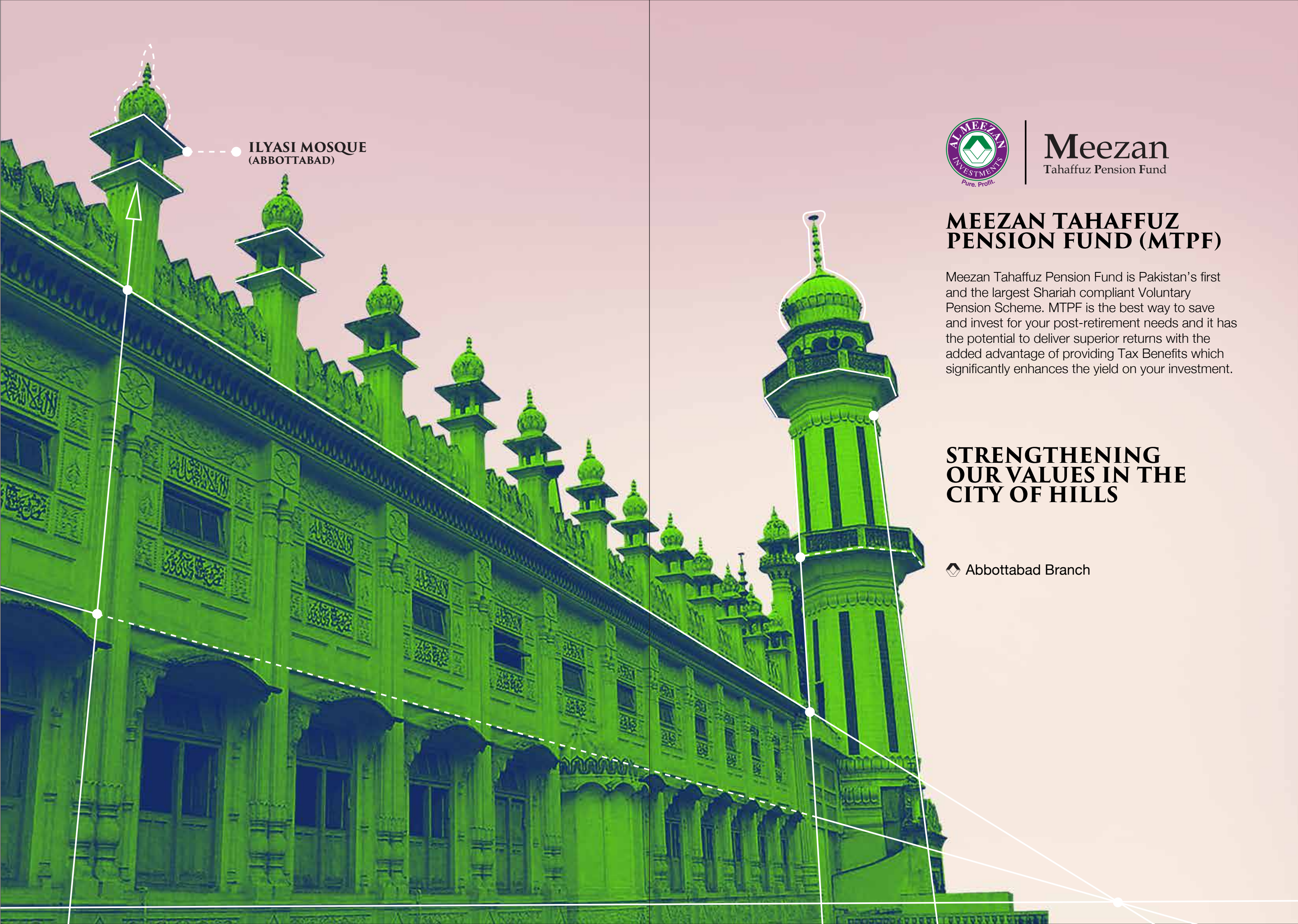
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For AI Meezan Investment Management Limited
(Management Company)

Chief Executive

Chief Financial Officer

Director



● ILYASI MOSQUE
(ABBOTTABAD)



Meezan
Tahaffuz Pension Fund

MEEZAN TAHAFFUZ PENSION FUND (MTPF)

Meezan Tahaffuz Pension Fund is Pakistan's first and the largest Shariah compliant Voluntary Pension Scheme. MTPF is the best way to save and invest for your post-retirement needs and it has the potential to deliver superior returns with the added advantage of providing Tax Benefits which significantly enhances the yield on your investment.

STRENGTHENING OUR VALUES IN THE CITY OF HILLS

◆ Abbottabad Branch

FUND INFORMATION

MANAGEMENT COMPANY

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

KPMG Taseer Hadi & Co
Chartered Accountants
Sheikh Sultan Trust Buildings, Ground No 2 Beaumont Rd, Civil Lines, Karachi-75530 Pakistan

SHARIAH ADVISER

Meezan Bank Limited

BANKERS TO THE FUND

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

LEGAL ADVISER

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

TRANSFER AGENT

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

DISTRIBUTORS

Al Meezan Investment Management Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

REPORT OF THE FUND MANAGER Meezan Tahaffuz Pension Fund (MTPF)

Type of Fund

Open end pension fund investing primarily in Shariah compliant stocks and debt instruments (Sukuks).

Objective

The objective of MTPF is to provide participants with a Shariah-compliant saving mechanism whereby they can save from their current income in order to gain benefits of an income stream after retirement or disability when other income avenues have been exhausted.

Investment Policy

This collective investment scheme is divided into four sub-funds namely equity, debt, money market and Gold sub-funds which have different investment policies in order to cater to investors with varying levels of risk tolerance. These sub-funds offer the investors a wide range of options to select an allocation according to their risk preference. The same can be summarized in the table below:

Allocation Scheme	Equity (%)	Debt (%)	Money Market (%)
High Volatility	80	20	0
Medium Volatility	50	40	10
Low Volatility	25	60	15
Lower Volatility	0	50	50

Performance Review

For the period under review, the equity sub-fund provided a return of -23.70%, debt sub-fund provided a return of 7.06%, and money market sub-fund returned 7.31% while the Gold Sub-fund provided a return of 28.46%.

Equity Sub Fund

Equity sub fund posted a total loss of Rs. 1,180 million in FY19 as compared to a total loss of Rs. 890 million last year. Total loss comprised of realized and unrealized losses on investments of Rs. 311 million and Rs. 1,116 million respectively, while the net outflow of the Fund during the year was 64 million. Dividend income contributed Rs. 229 million, while profit on saving accounts with banks amounted to Rs. 18 million. After accounting for expenses of Rs. 102 million and an element of income and capital gain included in prices of units issued and less those in units redeemed of Rs. 13 million, the Fund posted a net loss of Rs. 1,269 million. The net assets of the Fund as at June 30, 2019 were Rs. 4,086 million as compared to Rs. 5,432 million at the end of last year. The net asset value per unit as at June 30, 2019 was Rs. 377.58 as compared to Rs. 494.82 per unit as on June 30, 2018.

Debt Sub Fund

The Fund earned a gross income of Rs. 235 million, as compared to a gross income of Rs. 113 million last year. Total income was primarily due to profit on Sukuks certificates worth Rs. 110 million. Profit on saving accounts at Islamic banks including profit on term deposit receipts contributed Rs. 128 million. On the other side, the fund incurred realised and unrealized loss worth Rs. 1 million and 2 million respectively, while the net outflow of the Fund during the year was 136 million. The fund also incurred expenses totalling to Rs. 53 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 4 million, which brought the net income figure to Rs. 185 million. The net assets of the Fund as at June 30, 2019 were Rs. 2,807 million as compared to Rs. 2,762 million at the end of last year. The net asset value per unit as at June 30, 2019 was Rs. 236.11 as compared to Rs. 220.52 per unit as on June 30, 2018.

Summary of Actual Proxy Voted By the Fund

	Resolutions	For	Against	Abstain
Number	4	4	-	-
Percentage	100%	100%	-	-

The proxy voting policy of **Al Meezan Investment Management Limited**, duly approved by Board of Directors of the Management Company, is available on the website www.almeezangroup.com. A detailed information regarding actual proxies voted by the Management Company in respect of funds is also available without charge, upon request, to all unit holders.

Money Market Sub Fund

The Fund earned a gross income of Rs. 141 million, as compared to a gross income of Rs. 36 million last year, while the net inflow in the Fund during the year was 948 million. Total income was primarily due to profit on Sukuks certificates amounting to Rs. 16 million. Profit on saving accounts at Islamic banks including profit on term deposit receipt totalled Rs. 125 million. The fund also incurred expenses totalling Rs. 30 million and element of gain and capital gains included in price of units issued and less those in units redeemed was Rs. 30 million, which brought the net income figure to Rs. 141 million. The net assets of the Fund as at June 30, 2019 were Rs. 2,073 million as compared to Rs. 1,014 million at the end of last year. The net asset value per unit as at June 30, 2019 was Rs. 234.25 as compared to Rs. 218.28 per unit as on June 30, 2018.

Gold Sub Fund

The Fund posted a gross income of Rs. 18 million in FY 2018, as compared to Rs. 7 million last year. Total income was mainly due to unrealized gain on investment of Rs. 18 million, while the net inflow in the Fund during the year was 18 million. The fund also incurred expenses totalling to Rs. 2 million and element of gain and capital gains included in prices of units issued and less those in units redeemed of Rs. 2 million, which brought the net income figure to Rs. 19 million. The net assets of the Fund as at June 30, 2019 were Rs. 84 million. The net asset value per unit as at June 30, 2019 was Rs. 130.48.

Charity Statement

The Equity Sub Fund purifies the income earned by setting aside an amount payable by the Management Company out of the income of the Trust to charitable/welfare organizations, in consultation with Shariah Advisor, representing income that is Haram. During the year ended June 30, 2019 an amount of Rs. 4.22 million was accrued as charity payable.



Meezan Bank

The Premier Islamic Bank

Report of the *Shari'ah* Advisor – Meezan Tahaffuz Pension Fund

August 1, 2019/ Dhu Al-Qi'dah 28, 1440

Alhamdulillah, the period from July 2018 to June 30, 2019 was the Twelfth year of operations of Meezan Tahaffuz Pension Fund (MTPF) under management of Al Meezan Investment Management Limited (Al Meezan). We, Meezan Bank Limited, are the *Shari'ah* advisors of the Fund and are issuing the report in accordance with clause 8.2.7 of the Trust Deed of the Fund. The scope of the report is to express an opinion on the *Shari'ah* compliance of the Fund's activity

In the capacity of *Shari'ah* Advisor, we have prescribed six criteria for *Shari'ah* compliance of equity investments which relate to (i) Nature of business, (ii) Interest bearing debt to total assets, (iii) Investment in non- *Shari'ah* compliant activities to Total assets (iv) *Shari'ah* Non-Compliant Income to Gross Revenue (v) Illiquid assets to total assets, and (vi) Net liquid assets per share vs. share price.

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

- i. We have reviewed and approved the modes of investments of MTPF in light of *Shari'ah* requirements. Following is the list of top equity holdings of MTPF as on June 30, 2019 and their evaluation according to the screening criteria established by us. (December 31, 2018 accounts of the Investee companies have been used for the following calculations*):

Company Name	(i) Nature of Business	(ii)** Debt to Assets (<37%)	(iii) Non-Compliant Investments (<33%)	(iv) Non-Compliant Income to Gross Revenue (<5%)	(v) Illiquid Assets to Total Assets (>25%)	(vi) Net Liquid Assets vs. Share Price (B>A)	
						Net Liquid Assets per Share (A)	Share Price (B)
Oil & Gas Development Company	Oil & Gas Exploration Companies	0.00%	12.32%	4.26%	36%	77.25	128
Engro Corporation Ltd	Fertilizer	33.98%	20.80%	3.52%	66%	(144.42)	
Pakistan Petroleum Ltd.	Oil & Gas Exploration Companies	0.02%	11.98%	1.31%	39%	47.24	149.66



Engro Fertilizer	Fertilizer	25.93%	6.57%	0.43%	76%	(32.98)	
Mari Petroleum Ltd	Oil & Gas Exploration Companies	11.14%	15.09%	1.04%	33%	(597.55)	
Lucky Cement	Cement	13.58%	0.03%	2.09%	76%	(65)	
Pakistan Oil Fields	Oil & Gas Exploration Companies	0.00%	0.01%	3.2%	52.39%	(9.27)	

* These ratios are for the calculation of non-*Shari'ah* Compliant Element in the business and are not relevant for Islamic Banks & Islamic Financial Institutions.

** All interest based debts.

- ii. On the basis of information provided by the management, all operations of MTPF for the year ended June 30, 2019 have been in compliance with the *Shari'ah* principles.

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

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
Shari'ah Advisor

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 PARTICIPANTS

MEEZAN TAHAFFUZ PENSION FUND

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

We, Central Depository Company of Pakistan Limited, being the Trustee of Meezan Tahaffuz Pension Fund (the Fund) are of the opinion that Al Meezan Investment Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2019 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi, September 20, 2019

Independent auditors' report to the participants of Meezan Tahaffuz Pension Fund

We have audited the annexed financial statements comprising:

- i. Statement of asset and liabilities;
- ii. Income Statement and Statement of Comprehensive Income;
- iii. Cash flow Statement;
- iv. Statement of Movement in Participants' Sub-Funds;
- v. Contribution table; and
- vi. Number of units in issue

of **Meezan Tahaffuz Pension Fund** ("the Fund") as at June 30, 2019 together with the notes forming part thereof, for the year then ended.

It is the responsibility of Al Meezan Investment Management Limited (the Pension Fund Manager) to establish and maintain a system of internal controls; and prepare and present the financial statements of the Fund in conformity with the International Accounting Standards notified by Securities Exchange Commission of Pakistan under the Companies Act, 2017 and technical releases issued by the Institute of Chartered Accountants of Pakistan from time to time and the requirements of the Voluntary Pensions System Rules, 2005. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the financial statements prepared for the year ended June 30, 2019 have been properly drawn in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines thereunder;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2019 and the transactions of the Fund for the year then ended in accordance with approved accounting standards as applicable in Pakistan;
- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;

- e) the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted and deposited in the Central Zakat Fund established under section 7 of that Ordinance.


Chartered Accountants

Engagement Partner

Naresh Kumar

Date: September 18, 2019

Place: Karachi



MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2019

	Note	2019				2018	
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
(Rupees in '000)							
ASSETS							
Bank balances	4	222,960	1,270,206	1,801,571	11,985	3,306,722	1,450,885
Investments	5	3,921,054	1,497,299	263,400	71,218	5,752,971	7,854,015
Dividend receivable		15,260	-	-	-	15,260	15,610
Deposits and other receivables	6	8,618	53,282	25,886	56	87,842	46,853
Receivable against change of plan / change of fund manager / issuance of units		-	12,882	-	1,877	14,759	401
Receivable against sale of investments		3,698	-	-	-	3,698	-
Total assets		4,171,590	2,833,669	2,090,857	85,136	9,181,252	9,367,764
LIABILITIES							
Payable to AI Meezan Investment Management Limited - Pension Fund Manager	7	5,844	3,765	2,763	108	12,480	12,785
Payable to Central Depository Company of Pakistan Limited - Trustee	8	335	216	158	6	715	725
Payable to auditors		63	63	63	63	252	240
Payable to Securities and Exchange Commission of Pakistan	9	1,697	893	490	20	3,100	2,908
Payable against purchase of investments		-	-	-	17	17	6,499
Payable against withdrawal / change of plan		-	2,021	7,418	-	24,345	8,060
Accrued expenses and other liabilities	10	62,630	19,659	7,129	606	90,024	79,534
Total liabilities		85,475	26,617	18,021	820	130,933	110,751
NET ASSETS		4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013
Contingencies and commitments	12						
PARTICIPANTS' SUB - FUNDS (as per statement attached)		4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013
(Number of units)							
Number of units in issue (as per statement attached)		10,821,954	11,888,635	8,848,986	646,184		
(Rupees)							
Net assets value per unit		377.5765	236.1122	234.2456	130.4834		

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AI Meezan Investments Management Limited
(Pension Fund Manager)

Chief Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
 INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2019

	Note	For the year ended June 30, 2019				Total	For the year ended June 30, 2018
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		Total
----- (Rupees in '000) -----							
INCOME							
Profit from sukuk certificates		-	109,711	15,603	-	125,314	86,404
Profit on saving accounts with banks		17,620	79,474	93,200	349	190,643	39,222
Profit on term deposit receipts		-	48,300	32,155	-	80,455	63,914
Dividend income		229,481	-	-	-	229,481	260,126
Unrealised diminution on 're-measurement of investments at 'fair value through profit or loss' (net)	5.1 & 5.2	(1,116,081)	(1,674)	-	-	(1,117,755)	(773,324)
Unrealised appreciation on investment in gold	5.4	-	-	-	17,923	17,923	6,347
Net realised (loss) / gain on sale of investments		(310,877)	(1,418)	122	-	(312,173)	(417,622)
Other income		-	474	-	210	684	42
Total (loss) / income		(1,179,857)	234,867	141,080	18,482	(785,428)	(734,891)
EXPENSES							
Remuneration to Al Meezan Investment Management Limited - Pension Fund Manager	7	76,410	40,239	22,089	887	139,625	130,832
Sindh Sales Tax on remuneration of the Pension Fund Manager	7.2	9,933	5,231	2,872	115	18,151	17,009
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	4,313	2,273	1,249	50	7,885	7,534
Sindh Sales Tax on remuneration of the Trustee	8.2	561	296	162	7	1,026	980
Annual fee to Securities and Exchange Commission of Pakistan	9	1,697	893	490	20	3,100	2,908
Auditors' remuneration	14	120	120	120	108	468	412
Legal and professional charges		-	-	-	-	-	76
Brokerage charges		3,953	34	-	510	4,497	5,490
Bank and settlement charges		835	216	170	29	1,250	741
Charity expense		4,216	-	-	-	4,216	3,725
Provision for Sindh Workers' Welfare Fund	13	-	3,783	2,884	381	7,048	2,204
Total expenses		102,038	53,085	30,036	2,107	187,266	171,911
Net (loss) / income from operating activities		(1,281,895)	181,782	111,044	16,375	(972,694)	(906,802)
Element of gain / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed (net)		13,079	3,579	30,258	2,307	49,223	(55,502)
Net (loss) / income for the year before taxation		(1,268,816)	185,361	141,302	18,682	(923,471)	(962,304)
Taxation	21	-	-	-	-	-	-
Net (loss) / income for the year after taxation		(1,268,816)	185,361	141,302	18,682	(923,471)	(962,304)
Total comprehensive income for the year		(1,268,816)	185,361	141,302	18,682	(923,471)	(962,304)

The annexed notes from 1 to 22 form an integral part of these financial statements

DIA

For Al Meezan Investments Management Limited
 (Pension Fund Manager)

Chief Executive Office

Chief Financial Officer

Director

**MEEZAN TAHAFUZ PENSION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**



Meezan
Tahaffuz Pension Fund

For the year ended June 30, 2019				Total	For the year ended June 30, 2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		Total

Note

(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Net (loss) / income for the year before taxation (1,268,816) 185,361 141,302 18,682 (923,471) (962,304)

Adjustments :

Unrealised diminution on 're-measurement of investments at 'fair value through profit or loss' (net) 5.1 & 5.2 1,116,081 1,674 - - 1,117,755 773,324
Unrealised appreciation on investment in gold 5.4 - - - (17,923) (17,923) (6,347)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed (net) (13,079) (3,579) (30,258) (2,307) (49,223) 55,502

(165,814) 183,456 111,044 (1,548) 127,138 (139,825)

Decrease / (increase) in assets

Investments (net) 228,657 588,697 194,253 (10,395) 1,001,212 (1,068,827)
Receivable against sale of investments (net) (3,698) - - - (3,698) -
Dividend receivable 350 - - - 350 8,996
Deposits and other receivables 1,917 (24,492) (18,370) (44) (40,989) 16,002
227,226 564,205 175,883 (10,439) 956,875 (1,043,829)

(Decrease) / increase in liabilities

Payable to Al Meezan Investment Management Limited - Pension fund Manager (1,825) 57 1,423 40 (305) 114
Payable to Central Depository Company of Pakistan Limited - Trustee (100) 6 82 2 (10) 5
Payable to Securities and Exchange Commission of Pakistan (134) 80 241 5 192 233
Payable to auditors 6 6 6 (6) 12 16
Payable against purchase of investments (net) (6,499) - - 17 (6,482) 6,476
Accrued expenses and other liabilities 2,914 4,098 3,019 459 10,490 2,075
(5,638) 4,247 4,771 517 3,897 8,919

Net cash generated from / (used in) operating activities 55,774 751,908 291,698 (11,470) 1,087,910 (1,174,735)

CASH FLOW FROM FINANCING ACTIVITIES

Receipts of contribution / change of plan / change of fund manager / issuance of units 1,616,733 1,422,354 2,701,341 18,445 5,758,873 4,260,134
Payments on withdrawal / change of plan (1,671,349) (1,571,190) (1,746,066) (2,341) (4,990,946) (3,118,716)
Net cash (used in) / generated from financing activities (54,616) (148,836) 955,275 16,104 767,927 1,141,418

Net increase / (decrease) in cash and cash equivalents during the year 1,158 603,072 1,246,973 4,634 1,855,837 (33,317)

Cash and cash equivalents at beginning of the year 221,802 667,134 554,598 7,351 1,450,885 1,484,202

Cash and cash equivalents at end of the year 4 222,960 1,270,206 1,801,571 11,985 3,306,722 1,450,885

The annexed notes from 1 to 22 form an integral part of these financial statements.

M/N

For Al Meezan Investments Management Limited
(Pension Fund Manager)

Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF MOVEMENT IN PARTICIPANTS SUB FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	For the year ended June 30, 2019				Total	For the year ended June 30, 2018
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund		Total
	----- (Rupees in '000) -----					
Net assets at beginning of the year	5,431,850	2,761,605	1,013,598	49,960	9,257,013	9,023,252
Amount received on issuance of units (2019: Equity sub fund: 3,587,370 units Debt sub fund: 6,308,321 units; Money market sub fund: 12,008,864 units ; Gold sub fund: 175,464 units) (2018: Equity sub fund: 3,308,614 units Debt sub fund: 5,770,393 units; Money market sub fund: 5,441,073 units ; Gold sub fund: 50,814 units)	1,616,733	1,434,919	2,701,257	20,322	5,773,231	4,169,405
Amount paid on withdrawal of units (2019: Equity sub fund: 3,742,830 units Debt sub fund: 6,942,804 units; Money market sub fund: 7,803,500 units ; Gold sub fund: 21,153 units) (2018: Equity sub fund: 2,133,705 units; Debt sub fund: 4,948,524 units; Money market sub fund: 3,921,311 units ; Gold sub fund: 36,299 units)	(1,680,573) (63,840)	(1,571,254) (136,335)	(1,753,063) 948,194	(2,341) 17,981	(5,007,231) 766,000	(3,028,842) 1,140,563
Element of (income) / loss and capital losses / (gains) included in prices of units issued less those in units redeemed (net)	(13,079)	(3,579)	(30,258)	(2,307)	(49,223)	55,502
Net realised (loss) / gain on sale of investments Unrealised diminution on 're-measurement of investments at 'fair value through profit or loss' (net) Unrealised appreciation on investment in gold Other net income for the year	(310,877) (1,116,081) - 158,142 (1,268,816)	(1,418) (1,674) - 188,453 185,361	122 - - 141,180 141,302	- - 17,923 759 18,682	(312,173) (1,117,755) 17,923 488,534 (923,471)	(417,622) (773,324) 6,347 222,295 (962,304)
Net assets at end of the year	4,086,115	2,807,052	2,072,836	84,316	9,050,319	9,257,013

The annexed notes from 1 to 22 form an integral part of these financial statements.

For Al Meezan Investments Management Limited
(Pension Fund Manager)

Chief Executive Office

Chief Financial Officer

Director

MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF CONTRIBUTION TABLE
FOR THE YEAR ENDED JUNE 30, 2019



Meezan
Tahaffuz Pension Fund

For the year ended June 30, 2019								Total	For the year ended June 30, 2018
Equity sub fund		Debt sub fund		Money Market sub fund		Gold sub fund		(Rupees in '000)	Total
Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)	Units	(Rupees in '000)		(Rupees in '000)
Contribution net of front end fee for the year									
Individuals									
- issuance / conversion									
/ reallocation of units									
3,587,370	1,616,733	6,308,321	1,434,919	12,008,864	2,701,257	175,464	20,322	5,773,231	4,169,405

The annexed notes from 1 to 22 form an integral part of these financial statements.

For AI Meezan Investments Management Limited
(Pension Fund Manager)

Handwritten signature

Chief Executive Office

Chief Financial Officer

Director

**MEEZAN TAHAFFUZ PENSION FUND
STATEMENT OF NUMBER OF UNITS IN ISSUE
FOR THE YEAR ENDED JUNE 30, 2019**

For the year ended June 30, 2019				
Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	
----- (Number of units) -----				
Total units in issue at beginning of the year	10,977,414	12,523,118	4,643,622	491,873
Add: Units issued / converted / reallocated during the year	3,587,370	6,308,321	12,008,864	175,464
Less: Units redeemed / converted / reallocated during the year	(3,742,830)	(6,942,804)	(7,803,500)	(21,153)
Total units in issue at the end of the year	<u>10,821,954</u>	<u>11,888,635</u>	<u>8,848,986</u>	<u>646,184</u>

For the year ended June 30, 2018				
Equity sub fund	Debt sub fund	Money market sub fund	Gold sub fund	
----- (Number of units) -----				
Total units in issue at beginning of the year	9,802,505	11,701,249	3,123,860	477,358
Add: Units issued / converted / reallocated during the year	3,308,614	5,770,393	5,441,073	50,814
Less: Units redeemed / converted / reallocated during the year	(2,133,705)	(4,948,524)	(3,921,311)	(36,299)
Total units in issue at the end of the year	<u>10,977,414</u>	<u>12,523,118</u>	<u>4,643,622</u>	<u>491,873</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

D/P

**For Al Meezan Investments Management Limited
(Pension Fund Manager)**

Chief Executive Office

Chief Financial Officer

Director



1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Meezan Tahaffuz Pension Fund (the Fund) was established under a Trust Deed executed between Al Meezan Investment Management Limited as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) as trustee. The Trust Deed was executed and approved by the Securities and Exchange Commission of Pakistan on May 30, 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The registered office of the Pension Fund Manager of the Fund, is situated at Ground Floor, Block B Finance and Trade Centre Shahrah-e-Faisal, Karachi 74400, Pakistan.

The Fund offers a saving mechanism where an individual saves from his / her income during work life in order to retain financial security and comfort in terms of regular income stream after retirement. The Fund comprises of four Shariah compliant sub funds namely Equity Sub-Fund, Debt Sub-Fund and Money Market Sub-Fund and Gold Sub-Fund (collectively the "Sub-Funds"). Participants are offered various investment allocation schemes depending on their investment horizon, return requirements, risk tolerance and any unique circumstances. The Fund offers six types of allocation schemes to the contributors of the Fund namely High Volatility, Medium Volatility, Low Volatility, Lower Volatility, Variable Volatility and Life Cycle Allocation. The participants of the Fund voluntarily determine the contribution amount, subject to the minimum limit fixed by the Pension Fund Manager. Allocation scheme can be selected initially at the time of opening of account and subsequently the allocation and percentages may change twice in a financial year. The contributions from participants are invested in various instruments belonging to different asset classes to get full benefits of risk minimization through diversification.

1.2 Summary of significant investment policy for each of the Sub-Fund is as follows:

- The Equity Sub-Fund shall invest atleast 90% of net assets in listed equity securities based on quarterly average investment calculated on daily basis. Investment in single company shall not exceed 10% of net assets or paid-up capital of the investee company, whichever is lower. Surplus funds may be invested in Government Securities with maturity of less than one year or deposits with Banks which are rated not less than "A".
- The Debt Sub-Fund shall consist of debt securities with maturity of not more than 5 years. At least 25 % of net assets of the Debt Sub-Fund shall be invested in debt securities issued by the Federal Government and up to 25 % of net assets of Debt Sub-Fund may be deposited with Banks having not less than "AA Plus" rating. However, if such debt securities issued by Federal Government are not available, the assets of Debt Sub-Fund may be deposited in Islamic Commercial Banks, having not less than "A+" rating or Islamic windows of conventional commercial Banks, having not less than "AA" rating or may be invested in Islamic bonds or Sukuks issued by entities wholly-owned by the Federal Government or in such Islamic securities which are fully guaranteed by the Federal Government.
- The Money Market Sub-Fund consists of short term debt instruments with weighted average maturity upto one year. Shariah Compliant Money Market Sub Fund can invest in shariah compliant government securities where the time to maturity may be upto three years.
- The Gold Sub Fund consist of physical gold and aim to provide opportunities of capital appreciation and maximum exposure to price of gold in a Shariah Compliant manner, by investing a significant portion of net assets in deliverable gold base contracts available on Pakistan Mercantile Exchange (PMEX).

1.3 The Fund has been formed to enable the participants to contribute in a diversified portfolio of securities, which are Shariah compliant. Under the Trust Deed, all the conducts and acts of the Fund are based on Shariah. The pension fund manager has appointed Meezan Bank Limited (MBL) as its Shariah advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.

1.4 The Fund is an unlisted pension scheme. Units are offered for public subscription on a continuous basis. The units are non-transferable and can be redeemed by surrendering them to the Fund at the option of the participants.

1.5 Title to the assets of the Sub Funds are held in the name of CDC as a Trustee of the Fund.

1.6 PACRA and VIS Credit Rating Company Limited both have assigned management quality rating of 'AM1' to the Pension Fund Manager.

2. BASIS OF PRESENTATION

2.1 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 comprises of:

- International Financial Reporting Standard (IFRS Standard) issued by the International Accounting Standard Board (IASB) as notified under Companies Act, 2017;
- Provisions of the Voluntary Pension System Rules, 2005 (the VPS Rules) and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where the requirement of the VPS Rules or the said directives differ with requirement of IFRS, the requirement of the VPS Rules and the said directives issued by the SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for investments classified as 'at fair value through profit or loss' which are measured at fair value and 'at amortised cost', which are amortised during the year.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgements

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

- a) Classification and valuation of financial instruments (notes 3.1 and 5);
- b) Impairment of financial instruments (note 3.3);
- c) Provision (note 3.11)

2.5 Adoption of new standards, amendments and interpretations to the published approved accounting standards:

2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018

Effective from accounting period beginning on or after:

IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

'Certain annual improvements have also been made to a number of IFRSs.

2.5.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the fund's operations or are not expected to have significant impact on the fund's financial statements other than certain additional disclosures.

Effective from accounting period beginning on or after

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	a date to be determined. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 - Insurance Contracts

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

The accounting policies adopted and the methods of computation of balances used in the preparation of these annual 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, 2018 except for the changes in accounting policies as explained in note 3.2.

3.1 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Fund. Accordingly, the Fund has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

Details of these new requirements as well as their impact on the Fund's financial statements are described below except the General Hedge Accounting which the Fund does not apply. The Fund has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

3.1.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- 2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Fund changes its business model for managing financial assets.

Financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

Regular way contracts

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

Recognition

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

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

Measurement

Under IFRS 9, a necessary condition for classifying a loan or receivable at amortized cost or FVOCI is whether the asset is part of a group or portfolio that is being managed within a business model whose objective is to collect contractual cash flows (Amortized Cost), or to both collect contractual cash flow and to sell (FVOCI). Otherwise, the asset is classified and measured at FVTPL.

The business model is determined under IFRS 9 at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. It is not an instrument-by-instrument analysis; rather it can be performed at a higher level aggregation. It is typically observable through the activities that the entity undertakes to achieve the objective of the business model; all relevant evidence that is available at the date of the assessment (including history of sales of the financial assets) are considered. Following three business models are defined under the IFRS 9:

- 1) Hold to collect business model
- 2) Hold to collect and sell business model
- 3) FVTPL business model

Hold to collect business model

if an entity's objective is to hold the asset (or portfolio of assets) to collect the contractual cash flows, the assets (or the portfolio) will be classified under the 'hold to collect' business model, subjective to meeting the Sole Payment of Principle and Interests (SPPI) requirements.

Hold to collect and sell business model

An entity can hold financial assets to achieve a particular objective by both collecting contractual cash flow and selling financial assets; this will qualify for the "hold to collect and sell business model" (also known as the FVOCI business model). The objective of this business model is achieved by collecting contractual cash flows and selling financial assets, unlike the 'hold to collect' business model discussed above.

FVTPL business model

If a financial asset or group of financial assets is not held within the 'hold to collect' or the 'hold to collect and sell' business model, then it is measured at FVTPL, the default category.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

The SECP/Commission has through its letter no. SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 has deferred the applicability of the impairment requirements of IFRS 9 for debt securities. Therefore the Fund will not be subject to the impairment provisions of IFRS 9. Meanwhile, asset management companies shall continue to follow the requirements of Circular 33 of 2012.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework Rupees in '000	New carrying as per IFRS 9 Rupees in '000
--	--	----------------------------------	--	--

Financial assets

Bank balances	LR	AC	1,450,885	1,450,885
Term deposits	LR	AC	1,592,000	1,592,000
Commercial paper	LR	AC	-	-
Dividend receivable	LR	AC	15,610	15,610
Deposits and other receivables	LR	AC	46,853	46,853
Shares of listed companies	HFT	FVTPL	5,265,792	5,265,792
Sukuk certificates	HFT	FVTPL	760,095	760,095
Investment in gold	HFT	FVTPL	42,900	42,900

Financial liabilities

Payable to Al Meezan Investment Management Limited - Pension Fund Manager	OFL	AC	12,785	12,785
Payable to Central Depository Company of Pakistan Limited - Trustee	OFL	AC	725	725
Payable to Securities and Exchange Commission of Pakistan	OFL	AC	2,908	2,908

Financial assets and financial liabilities	Original classification as per old framework	New classification as per IFRS 9	Original carrying value as per old framework Rupees in '000	New carrying as per IFRS 9 Rupees in '000
Payable against purchase of investments - net	OFL	AC	6,499	6,499
Payable against withdrawal / change of plan	OFL	AC	8,060	8,060
Accrued expenses and other liabilities	OFL	AC	79,534	79,534

"LR" is loans and receivables

"AC" is ammortised cost

"HFT" is held for trading

"FVTPL" is fair value through profit or loss

"OFL" is other financial liabilities

3.2 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of debt securities:

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

Basis of valuation of government securities:

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

Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs. The preference shares received as dividend in specie are carried at cost.

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 (spot rate fixed by Pakistan Mercantile Exchange) less cost to sell. Gain or loss arising from changes in fair value less cost to sell are recognized in the income statement in the period of change.

3.3 Impairment

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. If in a subsequent period, the amount of an impairment loss recognised decreases, the impairment is reversed through the Income Statement.

As mentioned in note 3.1, the impairment requirement of IFRS – 9 for debt securities has been deferred. The Fund has been carrying policy for provision for non-performing debt securities and other exposures are in accordance with the criteria specified in Circular No. 33 of 2012 dated October 24, 2012 issued by SECP.

3.4 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

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

3.5 Offsetting of financial instruments

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

3.6 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

3.6.1 Classification

The Fund classifies its financial assets in the following categories: 'at fair value through profit or loss', loans and receivables, and 'available for sale'. The classification depends on the purpose for which the financial assets were acquired. The management determines the appropriate classification of its financial assets at the time of initial recognition and re-evaluates this classification on a regular basis.

(a) Investments as 'at fair value through profit or loss'

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

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

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

(b) Loans and receivables

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

(c) Available for sale

These are non-derivatives financial assets that are either designated in this category or are not classified in any of the other categories mentioned above.

3.6.2 Measurement

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

Subsequent to initial recognition, instruments classified as financial assets 'at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the Income Statement. The changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are transferred to Income Statement through other comprehensive income.

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

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

3.6.3 Impairment

In case of equity investment classified as 'available for sale', a significant or prolonged decline in the fair value of the equity security below its cost is considered an indicator that the securities are impaired. Impairment loss on investment is recognised in the Income Statement whenever the acquisition cost of investment exceeds its recoverable amount. Impairment losses recognised on equity securities in the Income Statement are not reversed subsequently in the Income Statement.

3.7 Regular way contracts

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

3.8 Recognition

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

3.9 Participants' fund

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

3.10 Issuance, allocation, reallocation and redemption of units

Contribution received in the individual pension account after deduction of takaful premium, if any, followed by front end fee, is used to purchase the units of sub-funds of the fund according to the allocation scheme selected by the participant. The units are allotted at the net asset value notified by the Pension Fund Manager at the close of that dealing day (forward pricing) for each sub-fund, when the contribution is realized. The front end fee is payable to the distributors and the Pension Fund Manager.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the participants are according to the allocation schemes selected by the participants.

Withdrawals made are used to redeem units of the sub-funds of the fund, according to the allocation scheme of the participant, at the net asset value prevalent on the date on which the distributors receive redemption application during business hours on that date.

3.11 Provisions

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

3.12 Net assets value per unit of each sub-fund

The net assets value (NAV) per unit, as disclosed on the statement of assets and liabilities, is calculated by dividing the net assets of each sub-fund by the number of units in issue at year end.

3.13 Taxation

The income of the Fund is exempt from income tax under clause 57(3)(viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision in respect of taxation has been made in these financial statements.

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

3.14 Revenue recognition

- (i) Gains / (losses) arising on sale of investments are included in the Income Statement on the date when the transaction takes place.
- (ii) Dividend income is recognised when the Fund's right to receive the same is established i.e. on the date of book closure of the investee company / institution declaring the dividend.
- (iii) Profit on bank balances and term deposits are recognised on time proportion basis using effective yield method.
- (iv) Income on sukuk certificates, placements and government securities is recognised on time proportion basis using the effective yield except for the securities which are classified as Non-Performing Asset under Circular No. 33 of 2012 issued by SECP for which the profits are recorded on cash basis.
- (v) Unrealised gains / (losses) arising on revaluation of investments classified as financial assets 'at fair value through profit or loss' are included in the 'income statement' in the period in which they arise.

3.15 Expenses

All expenses, including remuneration of the Pension Fund Manager, Trustee and annual fee to the Securities and Exchange Commission of Pakistan fee are recognised in the Income Statement as and when incurred.

3.16 Earnings per unit

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

3.17 Cash and cash equivalents

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

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

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

The Fund records that portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period which pertains to unrealised gains / (losses) held in the participants' funds in a separate account. The remaining portion of the net element of income / (loss) and capital gains / (losses) relating to units issued and redeemed during an accounting period is recognised in the Income Statement.

3.19 Distribution

Distribution of dividend or bonus units is not allowed under the VPS Rules 2005.

2019					2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total

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

4. BANK BALANCES

Current accounts		1,295	-	-	-	1,295	1,477
Savings accounts	4.1	221,665	1,270,206	1,801,571	11,985	3,305,427	1,449,408
		<u>222,960</u>	<u>1,270,206</u>	<u>1,801,571</u>	<u>11,985</u>	<u>3,306,722</u>	<u>1,450,885</u>

4.1 The balance in savings accounts carry expected profit which ranges from 3.00% to 12.50% (2018: 2.00% to 6.60%) per annum.

2019					2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total

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

5. INVESTMENTS

Held for trading

- shares of listed companies		-	-	-	-	-	5,265,792
- sukuk certificates		-	-	-	-	-	760,095
							<u>6,025,887</u>

Loans and advances

- term deposits		-	-	-	-	-	1,592,000
- commercial paper		-	-	-	-	-	-
							<u>1,592,000</u>

Investments designated at 'fair value through profit or loss

- shares of listed companies	5.1	3,921,054	-	-	-	3,921,054	-
- sukuk certificates	5.2	-	1,091,063	80,771	-	1,171,834	195,262
		<u>3,921,054</u>	<u>1,091,063</u>	<u>80,771</u>	<u>-</u>	<u>5,092,888</u>	<u>195,262</u>

Investments at amortised cost

term deposits	5.3	-	180,000	40,000	-	220,000	-
commercial paper		-	227,499	143,400	-	370,899	-

Investment in gold	5.4	-	-	-	71,218	71,218	42,900
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Less: provision for impairment losses		-	(1,263)	(771)	-	(2,034)	(2,034)
		<u>3,921,054</u>	<u>1,497,299</u>	<u>263,400</u>	<u>71,218</u>	<u>5,752,971</u>	<u>7,854,015</u>

5.1 Investment designated at 'fair value through profit and loss - shares of listed companies

Name of the investee company	As at July '01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----		Rupees in '000	-----Number of shares-----			-----Rupees in '000-----		-----%-----		

Equity Sub Fund

Sector / companies

Automobile Assembler

Atlas Honda Limited	-	20,300	7,906	4,060	-	24,360	7,906	7,836	(70)	0.19	0.02
Pak Suzuki Motor Company Limited	92,600	-	-	-	92,600	-	-	-	-	-	-
Honda Atlas Cars Pakistan Limited	273,500	15,000	3,265	-	288,500	-	-	-	-	-	-
Millat Tractors Limited	25,000	25,550	22,096	-	-	50,550	51,797	43,593	(8,204)	1.07	0.12
Gandhara Industries Limited	84,650	65,000	13,679	84,650	33,500	200,800	62,266	17,544	(44,722)	0.43	0.47
										1.69	0.61

Automobile parts and Accessories

General Tyre & Rubber Company	62,500	-	-	21,350	83,850	-	-	-	-	-	-
Gandhara Nissan Limited	271,316	-	-	-	271,316	-	-	-	-	-	-

Cement

D.G Khan Cement Company Limited	637,900	1,582,400	153,079	-	1,742,500	477,800	41,549	27,015	(14,534)	0.66	0.11
Dewan Cement Limited	2,362,500	-	-	-	2,362,500	-	-	-	-	-	-
Lucky Cement Limited	653,456	314,000	154,180	-	1,75,000	792,456	397,541	301,506	(96,035)	7.38	0.25
Fauji Cement Company Limited	7,000	1,500,000	27,924	-	1,507,000	-	-	-	-	-	-
Cheral Cement Company Limited	741,000	-	-	-	741,000	-	-	-	-	-	-
Pioneer Cement Company Limited	545,100	675,000	35,445	-	1,217,500	2,600	133	59	(74)	-	-
Maple Leaf Cement Factory Limited	559,082	1,000,000	40,857	-	1,205,000	354,062	9,013	8,459	(554)	0.21	0.05
Kohat Cement Company Limited	586,400	-	-	175,920	103,500	658,820	62,370	34,608	(27,762)	0.85	0.33
Attock Cement Pakistan Limited	-	20,500	2,059	-	-	20,500	2,059	1,463	(596)	0.04	0.01
										9.14	0.75

Chemical

Engropolymer & Chemicals Limited	3,885,340	3,143,709	92,421	-	5,052,340	1,976,709	59,711	53,292	(6,419)	1.30	0.22
ICI Pakistan Limited	185,920	20,000	13,245	-	100	205,820	162,149	109,593	(52,556)	2.68	0.22
Sitara Chemical Industries Limited	36,800	-	-	-	-	36,600	13,481	11,195	(2,286)	0.27	0.17
Sitara Peroxide Limited	-	450,000	13,891	-	450,000	-	-	-	-	-	-
										4.25	0.61

Engineering

K.S.B Pumps Company Limited	99,200	-	-	-	31,700	67,500	18,900	6,818	(12,082)	0.17	0.51
Amreli Steels Limited	-	350,000	18,339	-	350,000	-	-	-	-	-	-
Crescent Steel & Allied Products Limited	77,300	-	-	-	77,300	-	-	-	-	-	-
International Steels Limited	269,200	1,246,000	81,946	-	1,156,100	359,100	15,138	14,260	(878)	0.35	0.08
International Industries Limited	227,500	20,000	3,601	-	38,000	209,500	47,781	16,148	(31,635)	0.40	0.17
Mughal Iron & Steel Industries Limited	573,000	-	-	-	573,000	-	-	-	-	-	-
										0.92	0.76

Name of the investee company	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----		Rupees in '000		-----Number of shares-----		-----Rupees in '000-----	-----Rupees in '000-----		-----%-----	
Fertilizer											
Engro Corporation Limited (note 5.1.3)	1,412,200	222,000	74,127	133,920	295,000	1,473,120	423,968	391,261	(32,707)	9.58	0.26
Engro Fertilizers Limited	4,163,000	-	-	-	1,100,000	3,063,000	229,449	195,940	(33,509)	4.80	0.23
										14.38	0.49
Food and Personal Care Products											
Engro Foods Limited	100	-	-	-	100	-	-	-	-	-	-
National Foods Limited	-	100,000	18,800	-	-	100,000	18,800	18,416	(384)	0.45	0.16
Al-Shaheer Corporation Limited	33,160	-	-	-	-	33,160	904	418	(486)	0.01	0.02
Al- Tahur Limited	-	688,318	14,455	-	680,000	8,318	175	164	(11)	-	0.01
										0.46	0.19
Investment Company											
Dawood Hercules Corporation Limited	585,200	82,000	9,980	-	667,200	-	-	-	-	-	-
Oil and Gas Exploration Companies											
Oil and Gas Development Company Limited	2,953,900	770,000	113,808	-	758,600	2,965,300	455,900	389,907	(65,993)	9.54	0.07
Pakistan Oilfields Limited	493,350	461,350	224,196	90,820	243,000	802,520	409,175	325,735	(83,440)	7.97	0.28
Pakistan Petroleum Limited	1,792,057	692,500	126,506	276,308	457,100	2,303,765	425,427	332,733	(92,694)	8.14	0.10
Mari Petroleum Company Limited	205,400	25,000	29,213	21,040	-	251,440	338,583	253,786	(84,797)	6.21	0.21
										31.86	0.66
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	924,559	349,300	79,449	186,591	125,000	1,335,450	341,223	226,532	(114,691)	5.54	0.34
Attock Petroleum Limited	42,370	20,000	9,650	8,474	2,700	68,144	33,327	19,660	(13,667)	0.48	0.07
Sui Northern Gas Pipelines Limited	2,169,600	1,051,000	76,585	-	360,000	2,860,600	259,995	198,783	(61,212)	4.86	0.45
Sui Southern Gas Company Limited	-	142,500	2,722	-	-	142,500	2,722	2,947	225	0.07	0.02
Shell Pakistan Limited	-	30,300	9,803	-	30,300	-	-	-	-	-	-
Hascol Petroleum Limited	151,683	71,700	20,862	69,955	64,700	228,638	50,861	15,689	(35,172)	0.38	0.11
Hi-tech Lubricants	320,000	-	-	-	320,000	-	-	-	-	-	-
										11.33	0.99
Paper and Board											
Packages Limited	408,501	16,100	4,696	-	215,000	209,601	99,458	62,998	(36,460)	1.54	0.23
Cherat Packaging Limited	160,035	144,500	24,093	24,005	-	328,540	47,088	26,493	(20,595)	0.65	0.85
										2.19	1.08
Glass & Chemical											
Tariq Glass Industries Limited	-	382,600	36,274	-	-	382,600	36,274	29,319	(6,955)	0.72	0.52
Pharmaceuticals											
Abbott Laboratories (Pakistan) Limited	45,550	50	28	-	45,600	-	-	-	-	-	-
AGP Limited	806,000	109,000	9,393	-	85,000	830,000	73,396	56,880	(16,516)	1.39	0.30
GlaxoSmithKline Consumer Healthcare	17,500	-	-	-	-	17,500	7,088	3,378	(3,710)	0.08	0.01
GlaxoSmithKline Pakistan Limited	10,000	-	-	-	10,000	-	-	-	-	-	-
The Searle Company Limited	380,935	330,000	52,412	57,890	238,000	530,825	114,912	77,797	(37,115)	1.90	0.25
Highnoon Laboratories Limited	1,600	-	-	160	-	1,760	657	446	(211)	0.01	0.01
										3.38	0.57

Name of the investee company	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of Investee company
	-----Number of shares-----		Rupees in '000		-----Number of shares-----		-----Rupees in '000-----	-----Rupees in '000-----		-----%-----	
Power Generation & Distribution											
The Hub Power Company Limited	2,158,145	1,489,662	116,442	-	398,500	3,249,307	279,035	255,883	(23,152)	6.26	0.28
K-Electric Limited (note 6.1.1)	23,742,500	5,618,500	31,882	-	2,750,000	26,611,000	151,133	116,822	(34,311)	2.86	0.28
										9.12	0.56
Refinery											
Attock Refinery Limited	69,200	-	-	550	69,750	-	-	-	-	-	-
National Refinery Limited	76,200	-	-	-	76,200	-	-	-	-	-	-
Textile Composite											
Nishat Mills Limited	654,800	478,500	65,539	-	800,600	532,700	73,175	49,722	(23,453)	1.22	0.15
Kohinoor Textile Limited	-	350,000	15,342	-	350,000	-	-	-	-	-	-
										1.22	0.15
Textile Weaving											
Feroze1888 Mills Limited	-	350,000	23,100	-	55,000	295,000	19,470	29,757	10,287	0.73	0.08
Technology & Communication											
Pakistan Telecommunication Company Limited	-	308,000	2,953	-	100,000	208,000	1,793	1,720	(73)	0.04	0.01
Avanceon Limited	155,000	645,000	39,893	113,000	442,500	370,500	19,008	18,169	(839)	0.44	0.19
Systems Limited	385,500	25,000	2,425	23,050	180,000	253,550	23,272	24,333	1,061	0.60	0.21
Netsol Technologies Limited	-	115,000	14,082	-	100,000	15,000	1,837	988	(849)	0.02	0.02
										1.10	0.43
Miscellaneous											
Shifa International Hospitals Limited	60	-	-	-	60	-	-	-	-	-	-
Vanaspati & Allied Industries											
Unity Foods Limited	922,500	2,318,669	30,459	-	1,215,500	2,025,669	22,718	20,864	(1,854)	0.51	0.37
Textile & Apparel											
Interloop Limited	-	2,713,500	124,518	-	-	2,713,500	124,518	120,127	(4,391)	-	-
Total			<u>2,087,420</u>			<u>59,648,164</u>	<u>5,037,135</u>	<u>3,921,054</u>	<u>(1,116,081)</u>		

5.1.1 All shares have a nominal value of Rs. 10 each except K-Electric Limited having nominal value of Rs. 3.50.

5.1.2 Net assets are as defined in Rule 2(1)(m) of VPS Rules.

5.1.3 145,000 shares (2018 : 145,000 shares) of Engro Corporation Limited having market value of Rs. 38.5120 million as at June 30, 2019 (2018: 45.51 million) , have been pledged as collateral in favour of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

Name of the investee company	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Bonus / Rights issue during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2 below)	Percentage of paid-up capital of investee company
	-----Number of shares-----		Rupees in '000	-----Number of shares-----		-----Rupees in '000-----		-----Rupees in '000-----		-----%	

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

In this regard, a constitutional petition had been filed by Collective Investment Schemes (CISs) through their Trustees in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by CISs. The petition was based on the fact that because CISs are exempt from deduction of income tax under Clause 99 Part I to the Second Schedule of the Income Tax Ordinance 2001, the withholding tax provision should also not be applicable on bonus shares received by CISs. A stay order had been granted by the High Court of Sindh (HCS) in favour of CISs.

During the year ended June 30, 2018, the Supreme Court of Pakistan passed a judgement on June 27, 2018 whereby the suits which are already pending or shall be filed in future must only be continued / entertained on the condition that a minimum of 50 percent of the tax calculated by the tax authorities is deposited with the authorities. Accordingly, the CISs were required to pay minimum 50% of the tax calculated by the tax authorities for the case to remain continued. The CISs failed to deposit the minimum 50% of the tax liability and accordingly the stay got vacated automatically during the current year. Subsequent to the year ended June 30, 2019, the CISs have filed a fresh constitutional petition via CP 4653 dated July 11, 2019 as a result of which the HCS issued an order dated July 15, 2019 whereby the previous stay has been restored. The matter is still pending adjudication and no provision has been recorded or contingent liability has been disclosed in the financial statements as the management is confident that the case will be decided in favor of the CISs.

Further, the Finance Act, 2018 effective from July 1, 2018 has omitted Section 236M of Income Tax Ordinance, 2001 therefore, bonus shares, subsequent to this amendment, issued to the Fund were not withheld by the investee companies.

5.2 Investment designated at fair value through profit or loss - sukuk certificates

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	----- (Rupees in '000) -----		---%---				
Debt Sub Fund												
GoP - Ijarah sukuk XVI (note 5.2.1)	December 18, 2018	Expected Profit rate is 6.33%	1,900	-	-	-	1,900	-	-	-	-	-
GoP - Ijarah sukuk XVII (note 5.2.1)	February 15, 2019	Expected Profit rate is 6.1%	1,650	1,100	109,175	220	2,530	-	-	-	-	-
GoP - Ijarah sukuk XVIII (note 5.2.1)	March 29, 2019	Expected Profit rate is 5.59%	3,000	9,250	922,308	8,000	4,250	-	-	-	-	-
GoP - Ijarah sukuk XIX (note 5.2.1)	June 30, 2020	Expected Profit rate is 5.24%	-	1,000	98,130	1,000	-	-	-	-	-	-
Eden Housing Limited (note 5.2.2)	September 29, 2014	3 months Kibor plus base rate of 2.5%	500	-	-	-	-	500	-	-	-	-
Security Leasing Corporation Limited II (note 5.2.3)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
Fatima Fertilizer Company Limited (note 5.2.3)	November 28, 2021	6 months Kibor plus base rate of 1.10%	3,948	-	-	-	1,128	2,820	14,326	14,209	(117)	0.51
Dubai Islamic Bank Pakistan Limited (note 5.2.4)	July 14, 2027	6 months Kibor plus base rate of 0.5%	57	-	-	-	-	57	58,066	58,066	-	2.07
International Brand Limited (note 5.2.5)	November 15, 2021	12 months Kibor plus base rate of 0.5%	550	-	-	-	-	550	55,000	53,873	(1,127)	1.92

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates	----- (Rupees in '000) -----		---%---				
K-electric Limited (note 5.2.3)	June 17, 2022	3 months Kibor plus base rate of 1.00%	1,600	-	-	-	400	1,200	6,082	6,041	(41)	0.22
Neelum Jhelum Power Company (note 5.2.5)	July 01, 2026	6 months Kibor plus base rate of 1.13%	500	-	-	468.75	31.25	-	-	-	-	-
Shakarganj Foods Product Limited (note 5.2.4)	July 10, 2024	3 months Kibor plus base rate of 1.75%	-	18	18,000	-	-	18	18,000	17,610	(390)	0.63
Javedan Corporation Limited (note 5.2.5)	October 04, 2026	6 months Kibor plus base rate of 1.75%	-	250	25,000	-	-	250	25,000	24,884	(116)	0.89
Agha Steels Industries Limited (note 5.2.4)	October 9, 2024	3 months Kibor plus base rate of 0.80%	-	50	50,000	-	-	50	50,000	50,000	-	1.78
Engro Polymer & Chemicals Limited (note 5.2.1)	July 11, 2026	3 months Kibor plus base rate of 0.90%	-	250	25,000	-	-	250	25,000	25,117	117	0.89
Pakistan Energy Sukuk I (note 5.2.1)	March 1, 2029	6 months Kibor plus base rate of 0.80%	-	6,500	650,000	-	-	6,500	650,000	650,000	-	23.16
The Hub Power Company Limited (note 5.2.3)	November 27, 2019	3 months Kibor plus base rate of 1.00%	-	380,000	190,000	-	-	380,000	190,000	190,000	-	6.77
Total					<u>2,087,613</u>				<u>1,091,474</u>	<u>1,089,800</u>	<u>(1,674)</u>	

Name of the Security	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised (loss) / gain as at June 30, 2019	Percentage of net assets on the basis of market value of the respective sub fund (see note 5.1.2)
			Number of certificates	(Rupees in '000)	Number of certificates				(Rupees in '000)		---	

Money Market Sub Fund

GoP - Ijarah sukuk XVIII (note 5.2.1)	March 29, 2019	Expected Profit rate is 5.59%	1,050	-	-	1,050	-	-	-	-	-	-
Security Leasing Corporation Limited II (note 5.2.3)	January 19, 2022	-	154	-	-	-	-	154	-	-	-	-
The Hub Power Company Limited (note 5.2.3)	October 02, 2019	3 months Kibor plus base rate of 1.00%	-	16,000	80,000	-	-	16,000	80,000	80,000	-	3.86
Total					<u>80,000</u>			<u>80,000</u>	<u>80,000</u>	<u>-</u>		

5.2.1 The nominal value of the sukuk certificates is Rs.100,000 each.

5.2.2 The principal buy out reduces the face value per certificate instead of number of certificates. The face value of the sukuk certificates is Rs.984.38 each.

5.2.3 The nominal value of these sukuk certificates is Rs.5,000 each.

5.2.4 The nominal value of these sukuk certificates is Rs.1,000,000 each.

5.2.5 The nominal value of these sukuk certificates is Rs.1,00,000 each.

5.2.6 The agreement with Security Leasing Corporation Limited (SLCL) had been amended on February 19, 2012. In accordance with the revised terms no mark-up is payable on the said sukuk with the approval of contributors to the sukuk certificate. The sukuk certificates have been classified as non-performing by MUFAP on April 3, 2012. Therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the provisioning policy, amount of Rs. 1.542 million in both debt sub fund and money market sub Fund has also been held as provision against the outstanding principal as at June 30, 2019.

On May 6, 2011, Eden Housing sukuk certificates have been classified as non-performing by MUFAP therefore, in accordance with the requirement of SECP's Circular No.33 of 2012, the sukuk certificates have been classified as non-performing assets and no further profit has been accrued thereafter. Further, in accordance with the said Circular, an amount of Rs. 0.492 million has also been held as provision against the outstanding principal as at June 30, 2019.



5.2.7 Following investments of the Fund are in the sukuk which are below 'investment grade' securities:

Name of non-compliant investment	Type of investments	Value of investment before provision	Provision held (if any)	Value of investment after provision
-----Rs in 000-----				
Debt Sub Fund				
Eden Housing Limited	Non-traded sukuk certificates	492	492	-
Security Leasing Corporation Limited II	Non-traded sukuk certificates	771	771	-
		1,263	1,263	-
Money Market Sub Fund				
Security Leasing Corporation Limited II	Non-traded sukuk certificates	771	771	-

5.2.8 Provision / (reversal) on sukuk certificates

	2019	2018
	(Rupees in '000)	
Debt Sub Fund		
Opening	1,263	1,263
Reversal against sukuk certificates	-	-
Closing	1,263	1,263
Money Market Sub Fund		
Opening	771	771
Reversal against sukuk certificates	-	-
Closing	771	771

5.3 Investment designated at 'amortised cost

Note	June 30, 2019	June 30, 2018
(Rupees in '000)		
5.3.1	180,000	1,239,000
5.3.2	227,499	-
	<u>407,499</u>	<u>1,239,000</u>
5.3.1	40,000	353,000
5.3.2	143,400	-
	<u>183,400</u>	<u>353,000</u>

Debt Sub Fund

Term Deposits
Commercial Paper

Money Market Sub Fund

Term Deposits
Commercial Paper

5.3.1 Term Deposits

Name of the Bank	Maturity date	Profit rate per annum	Face value-----				Rating	Percentage of net assets on the basis of total value of investments of the respective sub fund (see note 5.1.2)
			As at July 01, 2018	TDR's placed during the year	Matured during the year	As at June 30, 2019		
----- (Rupees in '000) -----								
----- % -----								
Dubai Islamic Bank Pakistan Limited	July 05, 2018	6.15%	400,000	-	400,000	-	AA-	-
Bank Al Habib Limited	July 30, 2018	6.05%	469,000	-	469,000	-	AA+	-
Orix Modarba	May 22, 2019	10.65%	180,000	-	180,000	-	AA+	-
Faysal Bank Limited	August 09, 2018	6.13%	190,000	-	190,000	-	AA	-
Dubai Islamic Bank Pakistan Limited	October 06, 2018	6.65%	-	400,000	400,000	-	AA-	-
Faysal Bank Limited	October 13, 2018	7.55%	-	350,000	350,000	-	AA	-
Bank Islami Pakistan Limited	October 29, 2018	8.10%	-	300,000	300,000	-	A+	-
Dubai Islamic Bank Pakistan Limited	November 15, 2018	8.60%	-	350,000	350,000	-	AA-	-
United Bank Limited	March 07, 2019	10.25%	-	300,000	300,000	-	AAA	-
Faysal Bank Limited	May 11, 2019	10.60%	-	160,000	160,000	-	AA	-
United Bank Limited	April 08, 2019	10.25%	-	300,000	300,000	-	AAA	-
United Bank Limited	June 08, 2019	10.60%	-	300,000	300,000	-	AAA	-
Orix Modarba	May 08, 2020	12.80%	-	180,000	-	180,000	AA+	6.41
Total					<u>180,000</u>			

Name of the Bank	Maturity date	Profit rate per annum	Face value-----				Rating	Percentage of net assets on the basis of total value of investments of the respective sub fund (see note 5.1.2)
			As at July 01, 2018	TDR's placed during the year	Matured during the year	As at June 30, 2019		
----- (Rupees in '000) -----							----- % -----	
Money Market Sub Fund								
Bank Al Habib Limited	July 30, 2018	6.05%	153,000	-	153,000	-	AA+	-
Orx Modarba	November 22, 2018	6.90%	40,000	-	40,000	-	AA+	-
Faysal Bank Limited	August 09, 2018	6.13%	160,000	-	160,000	-	AA	-
Orx Modarba	May 22, 2019	11.20%	40,000	-	40,000	-	AA+	-
Dubai Islamic Bank Pakistan Limited	October 06, 2018	6.65%	-	100,000	100,000	-	AA-	-
Faysal Bank Limited	October 13, 2018	7.55%	-	150,000	150,000	-	AA	-
Faysal Bank Limited	December 04, 2018	8.25%	-	200,000	200,000	-	AA	-
Dubai Islamic Bank Pakistan Limited	November 15, 2018	8.60%	-	150,000	150,000	-	AA-	-
Bank Islami Pakistan Limited	November 01, 2018	8.10%	-	200,000	200,000	-	A+	-
Faysal Bank Limited	May 11, 2019	10.60%	-	300,000	300,000	-	AA	-
Allied Bank Limited	May 01, 2019	10.70%	-	350,000	350,000	-	AAA	-
Orx Modarba	November 08, 2019	12.70%	-	40,000	-	40,000	AA+	1.93
Total						40,000		

5.3.2 Commercial Paper

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Percentage of net assets on the basis of market value (see note 5.1.2)
			Face Value			(Rupees in '000)			----	----

Debt Sub Fund

Hascol Petroleum Limited CP (note 5.3.2.2)	January 4, 2019	6 months Kibor plus base rate of 1.25 %	-	63	62,459	63	-	-	-	-
Hascol Petroleum Limited CP (note 5.3.2.2)	July 15, 2019	6 months Kibor plus base rate of 1.50 %	-	64	60,332	-	64	63,696	63,696	2.27
K-electric Limited CP (note 5.3.2.2)	March 1, 2019	6 months Kibor plus base rate of 0.90 %	-	199	195,824	199	-	-	-	-
K-electric Limited CP (note 5.3.2.2)	September 2, 2019	6 months Kibor plus base rate of 0.90 %	-	167	157,613	-	167	163,803	163,803	5.84

Money Market Sub Fund

			<u>476,228</u>			<u>227,499</u>				
Hascol Petroleum Limited CP (note 5.3.2.2)	January 4, 2019	6 months Kibor plus base rate of 1.25 %	-	48	47,469	48	-	-	-	-
Hascol Petroleum Limited CP (note 5.3.2.2)	July 15, 2019	6 months Kibor plus base rate of 1.50 %	-	80	75,415	-	80	79,645	79,645	3.84
K-electric Limited CP (note 5.3.2.2)	March 1, 2019	6 months Kibor plus base rate of 0.90 %	-	42	41,226	42	-	-	-	-

Name of the investee company	Maturity date	Profit rate per annum	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Matured during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Percentage of net assets on the basis of market value (see note 5.1.2)
			Face Value			(Rupees in '000)			---	

K-electric Limited CP (note 5.3.2.2)	September 2, 2019	6 months Kibor plus base rate of 0.90 %		65	61,346		65	63,755	63,755	3.08
			<u>1,177,912</u>			<u>143,400</u>				

5.3.2.1 The securities are valued on the basis of amortization to its face value as per the requirements of Circular 33 of 2012 with respect to thinly and nonn traded debt securities with residual maturity of upto six months.

5.3.2.2 The nominal value of commercial paper is Rs.1,000,000 each

5.3.2.3 The nominal value of commercial paper is Rs 5,000

5.4 Investment in gold

Commodity	As at July 01, 2018	Purchases during the year	Cost of purchase during the year	Sales during the year	As at June 30, 2019	Carrying value as at June 30, 2019	Market value as at June 30, 2019	Unrealised gain as at June 30, 2019	Net Assets of the Fund on the basis of Investments (note 5.1.2)
	(Quantity in Tola)				(Rupees in '000)			(%)	
Total Gold	717	146	10,395		883	53,295	71,218	17,923	84.466
Total			<u>10,395</u>			<u>53,295</u>	<u>71,218</u>	<u>17,923</u>	

5.4.1 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

5.4.2 The investment in gold of Rs. 71,218 million has been measured at fair value based on the quoted market price in active markets.

6 DEPOSITS AND OTHER RECEIVABLES

	2019					2018
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	(Rupees in '000)					
Security Deposits	2,600	100	100	-	2,800	2,800
Profit receivable on saving accounts with banks and Term Deposits	1,271	14,969	23,393	56	39,689	24,424
Profit receivable on sukuks certificates	-	38,213	2,393	-	40,606	14,382
Advance tax	4,747	-	-	-	4,747	4,747
Advance against investments	-	-	-	-	-	500
	8,618	53,282	25,886	56	87,842	46,853

7 PAYABLE TO AL MEEZAN INVESTMENT MANAGEMENT LIMITED (Al Meezan) - PENSION FUND MANAGER

	2019					2018
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	(Rupees in '000)					
Management remuneration	5,172	3,332	2,445	96	11,045	11,314
Sindh Sales Tax on management fee	672	433	318	12	1,435	1,471
	5,844	3,765	2,763	108	12,480	12,785

Note

7.1 Under the provisions of the Trust Deed the Pension Fund Manager is entitled to an annual management fee not exceeding 1.5% of the net assets of each sub-fund calculated during the year for determining the net asset value of the units of the sub-funds.

7.2 The Sindh Provincial Government has levied Sindh Sales Tax (SST) on the remuneration of the Pension Fund Manager and sales load through Sindh Sales Tax on Services Act 2011 effective from July 1, 2011. During the year SST at the rate of 13 percent (2018: 13 percent) was charged on the remuneration of Pension Fund Manager and sales load.

8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

8.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed in accordance with the tariff specified therein, based on the daily net assets of the sub-funds.

Based on the Trust Deed, the tariff structure applicable to the Fund as at June 30, 2019 is as follows:

Average net asset value	Tariff per annum
Amount upto Rs. 1 billion	Rs. 0.3 million or 0.15% p.a of net asset value, whichever is higher
Amount exceeding Rs. 1 billion upto Rs. 3 billion	Rs. 1.5 million plus 0.10% p.a of net asset value exceeding Rs. 1 billion
Amount exceeding Rs. 3 billion upto Rs. 6 billion	Rs. 3.5 million plus 0.08% p.a of net asset value exceeding Rs. 3 billion
Amount exceeding Rs. 6 billion	Rs. 5.9 million plus 0.06% p.a of net asset value exceeding Rs. 6 billion

8.2 It includes amount payable in respect of Sindh Sales Tax at the rate of 13 percent (June 2018: 13 percent) on remuneration of the Trustee through the Sindh Sales Tax on Services Act, 2011.

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee at the rate of one thirtieth of one per cent of the average annual net asset value of the Pension Fund payable to SECP under Rule 36 of VPS Rules.

10 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2019				2018	
		Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	
		----- (Rupees in '000) -----					
Provision for Sindh Workers' Welfare Fund	13	38,142	9,776	4,438	492	52,848	45,799
Federal Excise Duty on remuneration of the Pension Fund Manager	10.1	15,436	8,816	2,449	-	26,701	25,915
Sindh Sales Tax on Federal Excise Duty on remuneration of the Pension Fund	10.2	1,800	962	242	-	3,004	3,004
Charity payable	10.3	4,225	-	-	-	4,225	3,710
Brokerage payable		3,027	105	-	7	3,139	1,047
Custodian Charges Payable		-	-	-	107	107	37
Sindh Sales Tax withheld on brokerage		-	-	-	-	-	22
		62,630	19,659	7,129	606	90,024	79,534

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

While disposing the above petition, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

Furthermore, the Finance Act 2016, also introduced an amendment to the Federal Excise Act, 2005 whereby FED was withdrawn on services of different industries including Non-Banking Financial Institutions, which are for already subject to provisional sales tax.

However, since the appeal is pending in Supreme Court of Pakistan, the Pension Fund Manager, as a matter of abundant caution, is carrying provision for FED, aggregating to Rs. 15.436 million, Rs. 8.816 million and Rs. 2.449 million for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

Had the provision not being made, the Net Asset Value per unit as at June 30, 2019 would have been higher by Rs. 1.42 (2018: Rs. 1.37) per unit, Re. 0.74 (2018: Re. 0.68) per unit and Re. 0.27 (2018: Re. 0.50) per unit for Equity Sub Fund, Debt Sub Fund and Money Market Sub Fund respectively.

During the current year, the AMC has returned the FED accrual amounting Rs. 0.786 million related to June 13, 2013 till September 04, 2013 which the Fund paid to the AMC along with management remuneration. The AMC kept it as accrual due to

- 10.2 It represents amount payable in respect of Sindh Sales Tax at the rate of 13 percent (2018: 13 percent) on remuneration of the Pension Fund Manager through the Sindh Sales Tax on Services Act, 2011, being Sindh Sales Tax accrued on Federal Excise Duty (FED) on remuneration of the Pension Fund Manager as fully explained in note 10.1 above.

The amount of FED and SST accrued on FED on remuneration of the Pension Fund Manager will be paid via Pension Fund Manager to the taxation authorities, if required.

- 10.3 According to the instructions of the Shariah Advisor, any income earned by the Fund from investments whereby portion of the investment of such investees has been made in shariah non-compliant avenues, such proportion of income of the Fund from those investees should be given away for charitable purposes directly by the Fund. Accordingly, an amount of Rs. 4.23 million (2018: Rs. 3.71 million) is outstanding in this regard after making charity payments of Rs. 3.70 million (2018: Rs. 2.50 million) to renowned charitable institutions. None of the directors of the Pension Fund Manager of the Fund were interested in any of donee's.

11. PRICE ADJUSTMENT CHARGES

Securities and Exchange Commission of Pakistan (SECP) vide letter No. SCD/PRDD/VPS/AIML/O1/2018 dated January 01, 2018 permit the Fund to charge price adjustment charges. Price Adjustment Charges (PAC) means difference between the offer price and the bid price from the closing price of the Gold transactions (Contract) available at PMEX, which shall be added to and deducted from the NAV of the Gold sub fund to determine offer price and redemption price respectively. Such charges shall form part of Fund Property.

Currently, PAC added / Deducted to / from Nav of Gold sub fund to determine offer/ redemption price is 1% of NAV.

12. CONTINGENCIES AND COMMITMENTS

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

13. SINDH WORKERS' WELFARE FUND

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

In current year, SWWF recognized in all funds except equity sub fund as there is net loss in it. Had the provision not been made, the net asset value per unit of the Fund as at June 30, 2019 would have been higher by Rs. 3.52, Re. 0.82, Re. 0.50 and Rs. 0.76 per unit for Equity Sub Fund, Debt Sub Fund, Money Market Sub Fund and Gold Sub Fund respectively.

14. AUDITORS' REMUNERATION

	2019					2018
	Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total
	(Rupees in '000)					
Audit fee	85	85	85	73	328	272
Half yearly review	33	33	33	33	132	120
Out of pocket expenses	2	2	2	2	8	20
	120	120	120	108	468	412

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

15.1 Connected persons and related parties include Al Meezan Investment Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, Meezan Bank Limited being the holding company of the Pension Fund Manager, Directors and executives of the Pension Fund Manager, other collective investment schemes managed by the Pension Fund Manager, Pakistan Kuwait Investment Company (Private) Limited being the associated company of the Pension Fund Manager due to common directorship, post employment benefit funds of the Pension Fund Manager and unit holders holding ten percent or more of the Sub-Fund's net assets.

15.2 The transactions with connected persons are carried out at agreed rates and terms.

15.3 Remuneration of the Pension Fund Manager is determined in accordance with the provisions of the provisions of VPS Rules, 2005 and the Trust Deed respectively.

15.4 Remuneration payable to the Trustee is determined in accordance with the provisions of the Trust Deed.

15.5 Amount outstanding as at year end are as follows:

2019					2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	Total

(Rupees in '000)

**Al Meezan Investment Management Limited
(Al Meezan) - Pension Fund Manager**

Remuneration payable	5,172	3,332	2,445	96	11,045	11,314
Sindh Sales Tax and Federal Excise Duty on management fee	672	433	318	12	1,435	1,471
Investments as at June 30, 2019: (Equity sub fund: 260,077 units; Gold Sub Fund: 300,000) as at June 30, 2018 (Equity sub fund: 260,077 units ; Gold Sub Fund : 300,000 units)	98,199	-	-	39,145	137,344	159,163

Meezan Bank Limited (MBL)

Bank balance	5,696	8,643	14,860	11,966	41,165	51,488
Profit receivable on saving account	236	75	139	54	504	736

Central Depository Company of Pakistan Limited (CDC) - Trustee

Trustee fee payable	296	191	140	5	632	641
Sindh Sales Tax on trustee fee payable	39	25	18	1	83	84
Deposits	100	100	100	-	300	300

Directors and Executives of the Pension Fund Manager

Investments as at June 30, 2019: (Equity sub fund: 1,221,816 units; Debt Sub Fund: 459,033 units; Money Market Sub Fund: 93,032 units; Gold Sub Fund: 226,401 Units) as at June 30, 2018: (Equity sub fund: 961,580 units; Debt sub fund: 376,620 units; Money Market sub fund: 9,173 units ; Gold Sub Fund : 155,053 units)	461,253	108,383	21,792	29,542	620,970	576,612
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15.6 Detail of transactions with connected person and related parties are as follow:

For the year ended June 30, 2019					For the year ended June 30, 2018
Equity sub fund	Debt sub fund	Money Market sub fund	Gold sub fund	Total	

(Rupees in '000)

**Al Meezan Investment Management Limited
(Al Meezan) - Pension Fund Manager**

Remuneration for the year	76,410	40,239	22,089	887	139,625	130,832
Sindh Sales Tax and Federal Excise Duty on management fee	9,933	5,231	2,872	115	18,151	17,009

Meezan Bank Limited (MBL)

Profit on savings account	4,082	505	456	348	5,391	1,765
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Central Depository Company of Pakistan Limited (CDC) - Trustee

Remuneration for the year	4,313	2,273	1,249	50	7,885	7,534
Sindh Sales Tax on trustee fee	561	296	162	7	1,026	980
CDS Charges for the year	195	41	7	-	243	197

Directors and Executives of the Pension Fund Manager

Units issued (Equity Sub Fund: 296,402 units; Debt Sub Fund: 158,185 units; Money Market Sub Fund: 100,758 units; Gold sub fund: 75,413 units)	133,751	36,025	22,912	8,312	203,215	100,721
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Units redeemed / reallocated (Equity Sub Fund 36,366 units; Debt Sub Fund: 75,772 units; Money Market Sub Fund: 16,898 units; Gold sub fund: 4,065 units)

	3,001	15,939	3,842	497	24,279	41,023
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16. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

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

Risk of the Funds is being managed by the Pension Fund Manager in accordance with the approved policies of the Investment Committee which provides broad guidelines for management of risk pertaining to market risks (including price risk and interest rate risk), credit risk and liquidity risk. Further, the overall exposure of the Fund complies with the VPS Rules and the directives issued by SECP.

Risks managed and measured by the Fund are explained below:

16.1 Market risk

16.1.1 Price risk

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

The Pension Fund Manager'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 participants from investment in Shariah compliant investments for the given level of risks. The Fund's market risk is managed on a daily basis by the Pension Fund Manager in accordance with the policies and procedures laid down by the SECP. The funds are allocated among various asset classes based on the attractiveness of the particular asset class. The allocation among these is dependent on the time horizon for investments and liquidity requirements of the portfolio. The market risk is managed by monitoring exposure to marketable securities, and by complying with the internal risk management policies and regulations laid down in VPS Rules and directives issued by the SECP.

The Fund's overall market positions are monitored on a quarterly basis by the board of directors of the Pension Fund Manager.

Details of the Fund's investment portfolio exposed to price risk, at the balance sheet date are disclosed in note 5 to these financial statements. At June 30, 2019 the Fund's overall exposure to price risk is limited to the fair value of those positions. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weighting to that of the Karachi Meezan Index - 30 (KMI). The Fund's policy is to concentrate the investment portfolio in sectors where management believes that the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

In case of 5% increase / decrease in fair value on June 30, 2019, the net income for the year would increase / decrease by Rs. 196 million (net off SWWF) (2018: Rs. 263 million) and net assets of the Fund would increase / decrease by the same amount. The sensitivity analysis is based on the Fund's equity security as at the statements of assets and liabilities date with all other variables held constant.

16.1.2 Interest rate risk

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

a) Sensitivity analysis for variable rate instruments

The Fund's interest rate risk arises from the balance in saving accounts and investments in debt securities. The net assets of the Fund will increase / decrease by approximately Rs. 46.952 million (2018: approximately Rs. 32.35 million) if the market interest rates increase / decrease by 100 basis.

b) Sensitivity analysis for fixed rate instruments

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

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

As at June 30, 2019					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

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

On-balance sheet financial instruments

Financial assets

Bank balances	3.00% to 12.50%	3,305,427	-	-	1,295	3,306,722
Investments						
- Investments designated at fair value through profit or loss upon initial recognition'						
- shares of listed companies		-	-	-	3,921,054	3,921,054
- sukuk certificates - net of provision	KIBOR +2.25% 6.13% to 12.80%	-	270,000	900,571	-	1,170,571
- Investment designated at amortised cost		-	-	-	590,899	590,899
Receivable against sale of investments (net)		-	-	-	3,698	3,698
Deposits and other receivables		-	-	-	87,842	46,853
Dividend receivable		-	-	-	15,260	15,260
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	14,759	14,759
		3,305,427	270,000	900,571	4,634,807	9,069,816

Financial liabilities

Payable to Al Meezan Investment Management Limited - Pension Fund Manager	-	-	-	-	12,480	12,480
Payable to Central Depository Company of Pakistan Limited - Trustee	-	-	-	-	715	715
Payable to auditors	-	-	-	-	252	252
Payable against purchase of investments (net)	-	-	-	-	17	17
Payable against withdrawal / change of plan	-	-	-	-	24,345	24,345
Accrued expenses and other liabilities	3,246	-	-	-	-	3,246
	3,246	-	-	-	37,809	41,055
On-balance sheet gap		3,302,181	270,000	900,571	4,596,998	9,028,761

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

3,302,181	270,000	900,571
3,302,181	3,572,181	4,472,752

As at June 30, 2018					
Effective yield / interest rate	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

(Rupees in '000)

On-balance sheet financial instruments

Financial assets						
Bank balances	2.00% to 6.60%	1,449,408	-	-	1,477	1,450,885
Investments						
- Held for trading (shares of listed companies)		-	-	-	5,265,792	5,265,792
- Held for trading (sukuk certificates)		-	760,095	-	-	760,095
- Investments designated at fair value through profit or loss upon initial recognition						
- Sukuk certificates	KIBOR + 2.25%	-	-	193,228	-	193,228
- Investment designated at amortised cost	5.70% to 6.40%	-	-	-	1,592,000	1,592,000
Receivable against sale of investments (net)		-	-	-	-	-
Dividend receivable		-	-	-	15,610	15,610
Receivable against change of plan / change of fund manager / issuance of units		-	-	-	401	401
		1,449,408	760,095	193,228	6,875,280	9,278,011

Financial liabilities

Payable to Al Meezan Investment Management Limited						
- Pension Fund Manager		-	-	-	12,785	12,785
Payable to Central Depository Company of Pakistan Limited						
- Trustee		-	-	-	725	725
Payable to auditors		-	-	-	240	240
Payable against purchase of investments (net)		-	-	-	6,499	6,499
Payable against withdrawal / change of plan		-	-	-	8,060	8,060
Accrued expenses and other liabilities		1,084	-	-	-	1,084
		1,084	-	-	28,309	29,393

On-balance sheet gap

	1,448,324	760,095	193,228	6,846,971	9,248,618
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Off-balance sheet financial instruments

Off-balance sheet gap

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

Total interest rate sensitivity gap

	1,448,324	760,095	193,228		
--	------------------	----------------	----------------	--	--

Cumulative interest rate sensitivity gap

	1,448,324	2,208,419	2,401,647		
--	------------------	------------------	------------------	--	--

16.1.3 Currency risk

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

16.2 Credit risk

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

Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of investment in debt securities, profit receivable on debt securities, dividends receivable on equity securities, receivable against sale of investments and other deposits.

Credit risk arising on the debt instruments is mitigated by investing in rated instruments or instruments issued by rated counterparties of credit ratings of at least investment grade by the recognised rating agencies. The Fund receives a monthly rating update, against which investments are reviewed. The credit rating wise analysis of investment in debt instruments has been tabulated as follows:

Rating agency	2019				2018				
	Debt sub fund		Money market sub fund		Debt sub fund		Money market sub fund		
	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)	(Rs. in '000)	(%)	
Government guaranteed	-	0.00%	-	0%	655,442	31.40%	104,653	23%	
AA	JCR-VIS	1,089,800	85.82%	80,000	67%	193,228	9.26%	-	-
AA-	PACRA	180,000	14.18%	40,000	33%	1,239,000	59.35%	353,000	77%
		<u>1,269,800</u>	<u>100%</u>	<u>120,000</u>	<u>100%</u>	<u>2,087,670</u>	<u>100%</u>	<u>457,653</u>	<u>100%</u>

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

Credit Rating wise analysis of balances with banks of the Fund are tabulated below:

	Rating agency	2019	
		(Rs. in '000)	(%)
AAA	JCR-VIS, PACRA	1,062,654	36%
AA+	JCR-VIS, PACRA	486,495	16%
AA	JCR-VIS, PACRA	433,761	15%
A+	JCR-VIS, PACRA	983,812	33%
		<u>2,966,722</u>	<u>100%</u>

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 concentration of credit risk.

The maximum exposure to credit risk as at June 30, 2019 along with comparative is tabulated below:

Financial assets exposed to credit risk	2019	2018
	(Rupees in '000)	
Bank balances	3,306,722	1,450,885
Investments	1,762,733	1,828,128
Receivable against sale of investment	3,698	-
Dividend receivable	15,260	15,610
Deposits and other receivables	83,095	42,106
Receivable against change of plan / change of fund manager	14,759	401
	<u>5,186,267</u>	<u>3,337,130</u>

The Fund does not have any collateral against any of the aforementioned assets. The issuer of the sukus, however, pledged security to the investment agent in trust for the benefit of sukuk holders.

16.3 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 participant's early redemptions at any time. The funds investment are considered to be readily realisable.

In accordance with the rule 28 (2) of the VPS Rules, the Fund has the ability to borrow funds for meeting the redemption requests, with the approval of the Trustee, for a period not exceeding ninety days to the extent of fifteen per cent of the net assets value of the Fund. However, no such borrowing has been obtained during the year.

In accordance with the risk management policy of the Fund, the investment committee monitors the liquidity position which is reviewed by the Board of Directors of the Pension Fund Manager.

An analysis of the Fund's financial liabilities into relevant maturity grouping as at June 30, 2019 and June 30, 2018 is tabulated below:

2019				
Maturity up to				Total
Three months	Six months	One year	More than one year	

(Rupees in '000)

Payable to Pension Fund Manager	12,480	-	-	-	12,480
Payable to Trustee	715	-	-	-	715
Payable to auditors	252	-	-	-	252
Payable against purchase of investments - net	17	-	-	-	17
Payable against withdrawal / change of plan	24,345	-	-	-	24,345
Accrued expenses and other liabilities	7,471	-	-	-	7,471
Net assets attributable to redeemable units	9,050,319	-	-	-	9,050,319
	<u>9,095,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,095,599</u>

2018				
Maturity up to				Total
Three months	Six months	One year	More than one year	

(Rupees in '000)

Payable to Pension Fund Manager	12,785	-	-	-	12,785
Payable to Trustee	725	-	-	-	725
Payable to auditors	240	-	-	-	240
Payable against purchase of investments (net)	6,499	-	-	-	6,499
Payable against withdrawal / change of plan	8,060	-	-	-	8,060
Accrued expenses and other liabilities	4,794	-	-	-	4,794
Net assets attributable to redeemable units	9,257,013	-	-	-	9,257,013
	<u>9,290,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,290,116</u>



17. PARTICIPANTS' FUND RISK MANAGEMENT

All units and fractions thereof represent an undivided share in the respective sub-fund and rank pari passu as to their rights in the net assets and earnings of that sub-fund. The relevant movements are shown on the 'statement of movement in participants' sub-funds'.

Each participant has a beneficial interest in the Fund proportionate to the units held by such participant in the respective sub-fund in his individual pension account (IPA). The liability of the participant is limited to the number of units, held by each participant in his IPA. These are only redeemable in case of retirement, premature encashment / redemption, death of the participant, and change of Pension Fund Manager, change of allocation schemes and / or rebalancing of the IPA according to the percentages selected allocation schemes.

In accordance with risk management policies stated in note 16, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet early withdrawal requests, such liquidity being augmented by disposal of investments where necessary.

18. 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.

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

- Level 1: Quoted 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 or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets that are measured at fair value

	Note	Carrying amount				Fair value				
		Investments	Other receivables	Cash and cash equivalents	Other payables	Total	Level 1	Level 2	Level 3	Total
June 30, 2019 (Rupees in '000)										
Financial assets - measured at fair value										
Investments										
- Investments designated at fair value through profit										
- shares of listed companies	18.3	3,921,054	-	-	-	3,921,054	3,921,054	-	-	3,921,054
- sukuk certificates	18.3	1,171,834	-	-	-	1,171,834	-	1,171,834	-	1,171,834
		5,092,888	-	-	-	5,092,888	3,921,054	1,171,834	-	5,092,888
Financial assets - not measured at fair value										
Bank balances	18.3	-	-	3,306,722	-	3,306,722	-	-	-	-
Investments designated at amortised cost	18.3	590,899	-	-	-	590,899	-	-	-	-
Dividend receivable	18.3	-	15,260	-	-	15,260	-	-	-	-
Deposits and other receivables	18.3	-	83,095	-	-	83,095	-	-	-	-
Receivable against change of plan / change of fund manager / issuance of units	18.3	-	14,759	-	-	14,759	-	-	-	-
		590,899	113,114	3,306,722	-	4,010,735	-	-	-	-
Total		5,683,787	113,114	3,306,722	-	9,103,623	3,921,054	1,171,834	-	5,092,888
Financial liabilities - not measured at fair value										
Payable to Al Meezan Investment Management Limited										
- Pension Fund Manager	18.3	-	-	-	12,480	12,480	-	-	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	18.3	-	-	-	715	715	-	-	-	-
Payable to auditors	18.3	-	-	-	252	252	-	-	-	-
Payable against purchase of investments (net)	18.3	-	-	-	17	17	-	-	-	-
Payable against withdrawal / change of plan	18.3	-	-	-	24,345	24,345	-	-	-	-
Accrued expenses and other liabilities	18.3	-	-	-	3,246	3,246	-	-	-	-
		-	-	-	41,055	41,055	-	-	-	-

18.1 There were no transfers between above levels during the year.

18.2 Underlying the definition of fair values 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.

18.3 The Fund has not disclosed fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value and are carried at amortised cost.

19. PERFORMANCE TABLE

	For the year ended June 30, 2019	For the year ended June 30, 2018	Percentage change	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
	(Rupees)		(%)	(Rupees in '000)		
EQUITY SUB FUND						
Net (loss)/ income	(1,268,816)	(1,070,301)	(20)	983,882	627,422	575,199
Net realised (loss)/ gain on sale of investments	(310,877)	(397,392)	33	262,772	83,000	33,649
Unrealised (diminution) / appreciation on 're-measurement of Investments at 'fair value through profit or loss' (net)	(1,116,081)	(759,404)	(71)	499,111	443,793	413,933
Dividend income	229,481	260,126	(16)	189,475	134,962	83,044
Profit on savings accounts with banks	17,620	6,088	115	10,049	5,324	6,048
Transactions in securities			-			
Purchases	2,087,420	2,450,808	(13)	2,904,774	3,050,708	1,851,923
Sales	2,316,077	1,854,015	24	1,937,982	2,144,252	2,597,064
Total contribution received	1,616,733	1,739,581	-	-	1,390,729	1,171,025
Total net asset value	4,086,115	5,431,850	(23)	5,806,229	4,099,339	2,740,148
Net asset value per unit (Rs.)	377.5765	494.8205	(20)	592.32	491.95	416.67
DEBT SUB FUND						
Net income	185,361	74,278	150	118,284	85,892	86,322
Net realised (loss) / gain on sale of investments	(1,418)	(17,356)	(92)	103	(4,885)	(3,568)
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	(1,674)	(11,557)	(86)	17,117	10,943	(1,867)
Profit on savings accounts with banks	79,474	17,532	353	53,711	15,707	7,077
Profit on term deposit receipts	48,300	50,442	(4)	22,259	17,720	8,147
Profit on sukuk certificates	109,711	73,901	48	53,251	66,385	94,122
Transactions in securities			-			
Purchases	2,563,841	249,325	928	814,971	2,486,333	486,514
Sales	3,152,538	(46,183)	(6,926)	813,828	1,853,448	688,797
Total contribution received	1,434,919	1,254,161	-	-	805,986	642,794
Total net asset value	2,807,052	11,701,249	(76)	11,701,249	1,997,375	1,398,572
Net asset value per unit (Rs.)	236.1122	220.5205	7	214.59	204.48	195.69
MONEY MARKET SUB FUND						
Net income	141,302	28,316	399	27,952	17,554	21,721
Net realised gain / (loss) on sale of investments	122	(2,953)	-	-	(1,391)	67
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	-	(2,363)	(100)	2,931	1,187	(82)
Profit on savings accounts with banks	93,200	15,469	502	18,530	10,327	4,801
Profit on term deposit receipts	32,155	13,472	139	2,745	1,245	-
Profit on sukuk certificates	15,603	12,503	25	7,987	11,973	24,278
Transactions in securities			-			
Purchases	1,177,912	-	-	285,848	465,848	160,141



	For the year ended June 30, 2019	For the year ended June 30, 2018	Percentage change	For the year ended June 30, 2017	For the year ended June 30, 2016	For the year ended June 30, 2015
	(Rupees)		(%)	(Rupees in '000)		
Sales	1,372,165	(177,392)	(874)	155,343	603,601	223,907
Total contribution received	2,701,257	-	1,199	-	225,300	156,548
Total net asset value	2,072,836	1,013,598	105	662,819	453,309	337,801
Net asset value per unit (Rs.)	234.2456	218.2775	7	212.18	203.23	195.36

GOLD SUB FUND

Net income / (loss)	18,682	5,403	246	(4,493)	-	-
Net realised gain on sale of investments	-	79	-	-	-	-
Unrealised appreciation / (diminution) on 're-measurement of investments at 'fair value through profit or loss'	17,923	6,347	182	(3,112)	-	-
Profit on savings accounts with banks	349	133	162	138	-	-
Profit on term deposit receipts	-	-	-	-	-	-
Profit on sukuk certificates	-	-	-	-	-	-
Transactions in securities	-	-	-	-	-	-
Purchases	10,395	-	-	734	-	-
Sales	-	866	-	-	-	-
Total contribution received	20,322	-	-	-	-	-
Total net asset value	84,316	49,960	69	43,243	-	-
Net asset value per unit (Rs.)	130.4834	101.5719	28	90.59	-	-

Net Asset value per unit (Rs.)	Equity sub fund		Debt sub fund		Money market sub fund		Gold Sub Fund	
	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price	Lowest issue price	Highest issue price
	(Rupees)							
For the year ended June 30, 2019	361.1785	510.7351	220.5925	236.1122	218.3530	234.2456	94.7600	133.8669
For the year ended June 30, 2018	457.3652	600.0524	213.9056	220.4958	211.9147	218.2535	89.1073	103.2814

20. COMMODITY RISK MANAGEMENT

20.1 Commodity risk

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

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

21. TAXATION

The income of the Fund is exempt from income tax under clause 57(3) (viii) of part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision has been made for current and deferred taxation in these financial statements.

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

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 19, 2019 by the Board of Directors of the Pension Fund Manager.

For Al Meezan Investments Management Limited
(Pension Fund Manager)

DIP

Chief Executive Office

Chief Financial Officer

Director



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 Ground Floor, Finance and Trade Centre, Shahrah-e-Faisal, Karachi
Tel: (92-21) 111-633-926, 35630722-26


Sales Hub, Karachi:

 Banglow # 43-5-E/2, Shah Abdul Latif Road, PECHS Block 6, Karachi.
Tel: (92-21) 34559262-5

North Nazimabad Branch, Karachi:

 Shop # G-1, G-2, Ground Floor, Ajwa Residency, B-1, Block-L, North Nazimabad, Karachi
Tel: (92-21) 36641491-4


Bahadurabad Branch, Karachi:

 Shop # 4, Ground floor, Adam Arcade, B.M.C.H Society, Shaheed-e-Millat Road, Block #3, Karachi
Tel: (92-21) 34923112-6


DHA Branch, Karachi:

 Shop # 01 Ground Floor, Sunset Commercial St-02, Khayaban e Jami, Near Baitussalam Masjid, Phase IV, D.H.A Karachi.
Tel: (92-21) 35802411-4


Gulshan-e-Iqbal Branch, Karachi:

 Shop # 02, Ground Floor, Shelozon Center, Block 15, Gulshan-e-Iqbal Karachi.
Tel: (92-21) 34990491-4

Site Area Branch, Karachi:

 Shop # 05, plot # B/9-D, Main Estate Avenue, Site Area Karachi.
Tel: (92-21) 32570051-4


DHA, Badar Commercial Branch, Karachi:

 Plot # 8C, Shop # 03 , Street # 10, Badar Commercial, DHA phase V, Karachi.
Tel: (92-21) 35171381-4, 021-37131680-1, 021-37131683-4


Gulistan-e-Jauhar Branch, Karachi:

 Plot # B11, Shop # 06, Ground Floor, Alam Shah Bukhari Apartment (Right Opposite Hilltop Banquet Hall), Block -19, Gulistan-e-Jauhar, Karachi.
Tel: (92-21) 34187181-84


Clifton Branch, Karachi:

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Tel: (92-21) 35155219, 021-35155220, 021-35155221

Gulberg Branch, Lahore:

 Ground Floor, Leeds Centre, Gulberg III, Main Boulevard, Lahore
Tel: (92-42) 111-633-926, 042-35783608-12, 042-32560548


DHA Branch, Lahore:

 1st Floor, Meezan Bank T Block Branch, Plot No. 7, CCA-2, T Block, Phase II, DHA Lahore.
Tel: (92-42) 35747060-3, 042-32560125


Johar Town Branch, Lahore:

Plot No.39, Block-L, M.A. Johar Town Scheme, Abdul Haq Road, Lahore.
Tel: (92-42) 35290585-6, 042-35290588

Faisalabad Branch:

 First Floor, Taj Plaza, Kotwali Road, Faisalabad
Tel: (92-41) 32412371-4


Faisalabad Branch (Susan Road):

 Shop # 27, First Floor Plot # 27, Susan Road Near Chenab Market Faisalabad
Tel: 041-8503267, 041-8503268, 041-8503269, (92-41)5250001


Islamabad Branch:

 Office No 7 Ground Floor, Buland Markaz Jinnah Avenue Blue Area, Islamabad.
Tel: (92-51) 2801471-73


Peshawar Branch:

 Office No 6-D, Ground Floor, 6 Saddar Road, Peshawar Cantt, Peshawar.
Tel: (92-91) 5271911-14


Multan Branch:

 1st Floor, Meezan Bank Rasheedabad Chowk Branch, Aneesa Plaza Rasheedabad Chowk, Khanewal Road Multan.
Tel: (92- 61) 6305911-5

Abbottabad Branch:

 Office No 2, 3rd Floor Zaman Plaza, Near Ayub Medical Complex, Mansehra Road, Abbottabad.
Tel: (92-992) 384133-4

Rawalpindi Branch:

 Plot # 17, Zubair Plaza, 1st Floor, Chaklala Scheme III, Main Commercial Area Rawalpindi Cantt, Rawalpindi.
Tel: (92-51) 5766364-6

Gujranwala Branch:

 Ground Floor, 387-A, Model Town, Gujranwala
Tel: (92-55) 842205-8


Swat Branch:

 Mezzanine Floor, Sultan e Room Plaza, Main G.T Road, Mingora Swat
Tel: (92-946) 714023-6


Sialkot Branch:

 Second floor Meezan Bank, Qayum plaza, Aziz Shaheed Road, Sialkot Cant, Sialkot
Tel: (92-52) 4290460-2

Hyderabad Branch:

 Shop # A-1, 1 & 2, Mezzanine Floor Shifa Heaven, Main Auto Bhan Road Hyderabad
Tel:(92-22) 3821277-80

Quetta Branch:

 1st floor Mega Trade Center, Ward No.18, Tappa Urban No.1, Shahrah-e-iqbal, Manan Chowk, Tehsil & District Quetta
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(AM1 rating by VIS & PACRA)

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